

BABSON CAPITAL CORPORATE INVESTORS

Form N-30D

May 30, 2013

Adviser

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

Transfer Agent & Registrar

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Independent Registered Public Accounting Firm

KPMG LLP
Boston, Massachusetts 02110

Internet Website

www.babsoncapital.com/mci

Counsel to the Trust

Ropes & Gray LLP
Boston, Massachusetts 02110

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c/o Babson Capital Management LLC
1500 Main Street, Suite 2200
Springfield, Massachusetts 01115
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Custodian

State Street Bank and Trust Company
Boston, Massachusetts 02116

Investment Objective and Policy

Babson Capital Corporate Investors (the “Trust”) is a closed-end management investment company, first offered to the public in 1971, whose shares are traded on the New York Stock Exchange under the trading symbol “MCI”. The Trust’s share price can be found in the financial section of most newspapers under either the New York Stock Exchange listings or Closed-End Fund Listings.

The Trust’s investment objective is to maintain a portfolio of securities providing a fixed yield and at the same time offering an opportunity for capital gains. The Trust’s principal investments are privately placed, below-investment grade, long-term debt obligations with equity features such as common stock, warrants, conversion rights, or other equity features and, occasionally, preferred stocks. The Trust typically purchases these investments, which are not publicly tradable, directly from their issuers in private placement transactions. These investments are typically mezzanine debt instruments with accompanying private equity securities made to small or middle market companies. In addition, the Trust may temporarily invest, subject to certain limitations, in marketable investment grade debt securities, other marketable debt

Form N-Q

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

Proxy Voting Policies & Procedures; Proxy Voting Record

The Trustees of the Trust have delegated proxy voting responsibilities relating to the voting of securities held by the Trust to Babson Capital. A description of Babson Capital’s proxy voting policies and procedures is available (1) without charge, upon request, by calling, toll-free 866-399-1516; (2) on the Trust’s website: <http://www.babsoncapital.com/mci>; and (3) on the SEC’s 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 the Trust’s website: <http://www.babsoncapital.com/mci>; and (2) on the SEC’s website at <http://www.sec.gov>.

securities (including high yield securities) and marketable common stocks. 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.

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 in January, May, August, and November. The Trust pays dividends to its shareholders in cash, unless the shareholder elects to participate in the Dividend Reinvestment and Share Purchase Plan.

Babson Capital Corporate Investors

TO OUR SHAREHOLDERS

April 30, 2013

We are pleased to present the March 31, 2013 Quarterly Report of Babson Capital Corporate Investors (the "Trust").

The Board of Trustees declared a quarterly dividend of 30 cents per share, payable on May 10, 2013 to shareholders of record on April 29, 2013. The Trust paid a 30 cent per share dividend for the preceding quarter. The Trust earned 31 cents per share of net investment income for the first quarter of 2013, compared to 35 cents per share in the previous quarter, of which approximately \$0.04 per share represented income due to nonrecurring items.

During the first quarter, the net assets of the Trust increased to \$268,758,554 or \$13.94 per share compared to \$257,378,392 or \$13.38 per share on December 31, 2012. This translates into a 4.2% total return for the quarter, based on the change in the Trust's net assets assuming the reinvestment of all dividends. Longer term, the Trust returned 19.5%, 16.8%, 10.8%, 13.8%, and 13.3% for the 1-, 3-, 5-, 10-, and 25-year time periods, respectively, based on the change in the Trust's net assets assuming the reinvestment of all dividends.

The Trust's share price increased 6.9% during the quarter, from \$15.28 per share as of December 31, 2012 to \$16.34 per share as of March 31, 2013. The Trust's market price of \$16.34 per share equates to a 17.2% premium over the March 31, 2013 net asset value per share of \$13.94. The Trust's average quarter-end premium for the 3, 5 and 10-year periods was 21.6%, 13.2% and 12.2%, respectively. U.S. equity markets, as approximated by the Russell 2000 Index, increased 12.4% for the quarter. U.S. fixed income markets, as approximated by the Barclays Capital U.S. Corporate High Yield Index, increased 2.9% for the quarter.

The Trust closed two new private placement investments and one "follow-on" investment in an existing portfolio company during the first quarter. The two new investments were in gloProfessional Holdings, Inc. and Signature Systems Holdings Company, while the follow-on investment was in Synteract Holdings Corporation. A brief description of these investments can be found in the Consolidated Schedule of Investments. The total amount invested by the Trust in these transactions was \$5,631,000.

After a very busy fourth quarter of 2012, U.S. middle market buyout activity in the first quarter of 2013 was sluggish at best. Many market participants do expect deal flow to improve throughout the rest of the year as there continues to be an abundance of debt and equity capital available to be invested. We saw a significant increase in deal flow in the latter part of the first quarter which has continued into the second quarter. As a result, we expect the level of new investment activity in the second quarter to exceed the first quarter's pace.

The condition of the Trust's existing portfolio remained strong through the first quarter. We are pleased that sales and earnings for the Trust's portfolio as a whole continued their upward momentum. We had two companies exit the portfolio in the first quarter. Both companies, EXC Acquisition Corporation and HGGC Citadel Plastic Holdings, were successful investments for the Trust. We continue to have a healthy backlog of companies in the process of being sold and expect 2013 to be a good year for realizations. On the negative side of the ledger, however, we saw an unprecedented level of refinancing activity in the portfolio in the first quarter of 2013 and continuing into the second quarter. These transactions, in which the debt instruments held by the Trust were fully or partially prepaid, are being driven by companies seeking to take advantage of low interest rates and plentiful credit. We had eight portfolio companies fully or partially prepay the Trust's debt holdings in the first quarter, with another three companies prepaying their debt already in the second quarter. As mentioned in prior reports, the loss of these income-producing investments, unless replaced by new investments, could adversely affect the Trust's ability to sustain its dividend level in the quarters ahead.

(Continued)

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At the Trust's Annual Meeting on April 19, 2013, shareholders approved the conversion of the Trust's investment objective from fundamental to non-fundamental. This change increases the investment flexibility of the Trust by permitting the Board of Trustees to react to changing market conditions and other developments by modifying the Trust's investment objective without shareholder approval, thereby avoiding the delay and expense associated with a proxy solicitation.

Lastly, on behalf of the Trust's shareholders, the members of the Board of Trustees, and the officers of the Trust, I would like to thank Donald Benson and Donald Glickman for their many years of service to the Trust as Trustees. Don Benson was elected as a Trustee in 1986, while Don Glickman was elected as a Trustee in 1992. The April 2013 meeting was their last meeting as Trustees. Both of them have provided the Trust with invaluable insight and guidance, and have served our shareholders extremely well throughout their tenure as Trustees. We will miss both of them and their contributions to the Trust.

Thank you for your continued interest in and support of Babson Capital Corporate Investors.

Sincerely,

Michael L. Klofas
President

* Based on market value of total investments (including cash)

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

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

March 31, 2013

(Unaudited)

Babson Capital Corporate
Investors

Assets:

Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value

(Cost - \$235,649,590)

\$226,652,800

Corporate restricted securities at market value

(Cost - \$17,082,386)

18,011,948

Corporate public securities at market value

(Cost - \$26,501,681)

28,417,194

Short-term securities at amortized cost

17,695,242

Total investments (Cost - \$296,928,899)

290,777,184

Cash

9,980,648

Interest receivable

4,355,035

Other assets

28,911

Total assets

305,141,778

Liabilities:

Note payable

30,000,000

Payable for investments purchased

3,741,760

Deferred tax liability

1,155,443

Investment advisory fee payable

839,870

Tax Payable

252,820

Interest payable

202,400

Accrued expenses

190,931

Total liabilities

36,383,224

Total net assets

\$ 268,758,554

Net assets:

Common shares, par value \$1.00 per share

\$ 19,285,799

Additional paid-in capital

111,296,429

Retained net realized gain on investments, prior years

128,487,422

Undistributed net investment income

9,312,970

Accumulated net realized gain on investments

7,683,092

Net unrealized depreciation of investments

(7,307,158)

Total net assets

\$ 268,758,554

Common shares issued and outstanding (28,054,782 authorized)

19,285,799

Net asset value per share

\$ 13.94

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF OPERATIONS

For the three months ended March 31, 2013

(Unaudited)

Investment Income:

Interest	\$ 7,251,352
Dividends	2,503
Other	158,242
Total investment income	7,412,097

Expenses:

Investment advisory fees	839,870
Interest	396,000
Trustees' fees and expenses	120,000
Professional fees	61,785
Reports to shareholders	22,500
Custodian fees	8,400
Other	9,250
Total expenses	1,457,805
Investment income - net	5,954,292

Net realized and unrealized gain on investments:

Net realized gain on investments before taxes	1,862,803
Income tax expense	(3,162)
Net realized gain on investments after taxes	1,859,641
Net change in unrealized depreciation of investments before taxes	3,086,690
Net change in deferred income tax expense	(253,403)
Net change in unrealized depreciation of investments after taxes	2,833,287
Net gain on investments	4,692,928
Net increase in net assets resulting from operations	\$ 10,647,220

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended March 31, 2013

(Unaudited)

Babson Capital Corporate
Investors

Net increase in cash:

Cash flows from operating activities:

Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$ (9,692,613)
Purchases of portfolio securities	(8,232,726)
Proceeds from disposition of portfolio securities	28,314,944
Interest, dividends and other income received	5,109,918
Interest expense paid	(396,000)
Operating expenses paid	(1,017,788)
Income taxes paid	(1,987,142)
Net cash provided by operating activities	12,098,593

Cash flows from financing activities:

Cash dividends paid from net investment income	(7,695,869)
Receipts for shares issued on reinvestment of dividends	732,942
Net cash used for financing activities	(6,962,927)

Net increase in cash 5,135,666Cash - beginning of year 4,844,982Cash - end of period \$ 9,980,648

Reconciliation of net increase in net assets to net cash provided by operating activities:

Net increase in net assets resulting from operations	\$ 10,647,220
Decrease in investments	1,514,877
Increase in interest receivable	(2,212,807)
Decrease in receivable for investments sold	122,631
Increase in other assets	(28,528)
Increase in payable for investments purchased	3,741,760
Increase in deferred tax liability	253,403
Increase in investment advisory fee payable	35,563
Decrease in tax payable	(1,983,980)
Increase in accrued expenses	8,454
Total adjustments to net assets from operations	1,451,373
Net cash provided by operating activities	\$ 12,098,593

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	For the three months ended 03/31/2013 (Unaudited)	For the year ended 12/31/2012
Increase in net assets:		
Operations:		
Investment income - net	\$ 5,954,292	\$ 24,510,117
Net realized gain on investments after taxes	1,859,641	5,288,921
Net change in unrealized depreciation of investments after taxes	2,833,287	7,904,425
Net increase in net assets resulting from operations	10,647,220	37,703,463
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2013 - 46,126; 2012 - 169,463)	732,942	2,676,531
Dividends to shareholders from:		
Net investment income (2013 - \$0.00 per share; 2012 - \$1.25 per share)	-	(24,075,541)
Net realized gains (2013 - \$0.00; 2012 - \$0.05 per share)	-	(869,595)
Total increase in net assets	11,380,162	15,434,858
Net assets, beginning of year	257,378,392	241,943,534
Net assets, end of period/year (including undistributed net investment income of \$9,312,970 and \$3,358,678, respectively)	\$ 268,758,554	\$ 257,378,392

See Notes to Consolidated Financial Statements

CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

Babson Capital Corporate
Investors

Selected data for each share of beneficial interest outstanding:

	For the three months ended 03/31/2013 (Unaudited)		For the years ended December 31,								
	2012	2011(a)	2010(a)	2009(a)	2008(a)						
Net asset value:											
Beginning of year	\$ 13.38	\$ 12.69	\$ 12.56	\$ 11.45	\$ 11.17	\$ 13.60					
Net investment income (b)	0.31	1.28	1.29	1.13	1.03	1.16					
Net realized and unrealized gain (loss) on investments	0.24	0.69	0.17	1.06	0.33	(2.51)					
Total from investment operations	0.55	1.97	1.46	2.19	1.36	(1.35)					
Dividends from net investment income to common shareholders		(1.25)	(1.34)	(1.08)	(1.08)	(1.08)					
Dividends from realized gain on investments to common shareholders		(0.05)	(0.01)								
Increase from dividends reinvested	0.01	0.02	0.02	0.00 (c)	0.00 (c)	0.00 (c)					
Total dividends	0.01	(1.28)	(1.33)	(1.08)	(1.08)	(1.08)					
Net asset value: End of period/year	\$ 13.94	\$ 13.38	\$ 12.69	\$ 12.56	\$ 11.45	\$ 11.17					
Per share market value: End of period/year	\$ 16.34	\$ 15.28	\$ 17.99	\$ 15.28	\$ 12.55	\$ 9.63					
Total investment return											
Net asset value (d)	4.19 %	17.07 %	12.00 %	19.81 %	12.64 %	(10.34 %)					
Market value (d)	6.49 %	(7.11 %)	27.92 %	31.73 %	39.89 %	(30.44 %)					
Net assets (in millions):											
End of period/year	\$ 268.76	\$ 257.38	\$ 241.94	\$ 237.58	\$ 214.44	\$ 208.14					
Ratio of operating expenses to average net assets	1.64 % ^(f)	1.66 %	1.62 %	1.60 %	1.58 %	1.49 %					
Ratio of interest expense to average net assets	0.61 % ^(f)	0.63 %	0.64 %	0.70 %	0.75 %	0.67 %					
Ratio of income tax expense to average net assets (e)	0.00 % ^(f)	0.88 %	0.16 %	0.27 %	0.00 %	0.00 %					
Ratio of total expenses to average net assets	2.25 % ^(f)	3.17 %	2.42 %	2.57 %	2.33 %	2.16 %					
Ratio of net investment income to average net assets	9.22 % ^(f)	9.78 %	9.91 %	9.46 %	9.06 %	9.01 %					
Portfolio turnover	4 %	34 %	21 %	39 %	23 %	32 %					

- (a) Per share amounts were adjusted to reflect a 2:1 stock split effective February 18, 2011. (b) Calculated using average shares.
- (b) Calculated using average shares.
- (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 value assuming the reinvestment of all dividends and distributions which differs from the total investment return based on the Trust's market value due to the difference between the Trust's net asset value and the market value of its shares outstanding; past performance is no guarantee of future results.
- (e) As additional information, this ratio is included to reflect the taxes paid on retained long-term 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 on to the shareholders.
- (f) Annualized

Senior borrowings:

Total principal amount (in millions)	\$30	\$30	\$30	\$30	\$30	\$30
Asset coverage per \$1,000 of indebtedness	\$9,959	\$9,579	\$9,065	\$8,919	\$8,148	\$7,938

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2013

(Unaudited)

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Corporate Restricted Securities - 91.04%: (A)				
Private Placement Investments - 84.34%				
1492 Acquisition LLC				
A leading producer of premium Italian cured meats and deli meats in the U.S.				
14% Senior Subordinated Note due 2019 Limited Liability Company Unit Class A Common (B)	\$ 2,752,025 27,273 uts.	10/17/12	\$ 2,699,634 27,273	\$ 2,705,844 26,095
Limited Liability Company Unit Class A Preferred (B)	245 uts.	10/17/12	245,450 2,972,357	249,541 2,981,480
A E Company, Inc.				
A designer and manufacturer of machined parts and assembly structures for the commercial and military aerospace industries.				
Common Stock (B) Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	323,077 shs. 161,538 shs.	11/10/09 11/10/09	323,077 119,991 443,068	706,272 353,135 1,059,407
A H C Holding Company, Inc.				
A designer and manufacturer of boilers and water heaters for the commercial sector.				
Limited Partnership Interest (B)	23.16% int.	11/21/07	224,795	285,179
A S C Group, Inc.				
A designer and manufacturer of high reliability encryption equipment, communications products, computing systems and electronic components primarily for the military and aerospace sectors.				
Limited Liability Company Unit Class A (B) Limited Liability Company Unit Class B (B) * 10/09/09 and 10/27/10.		4,128 uts. 2,793 uts.	* 10/09/09	147,972 100,114 248,086
165,021 111,653 276,674				
A W X Holdings Corporation				
A provider of aerial equipment rental, sales and repair services to non-residential construction and maintenance contractors operating in the state of Indiana.				
10.5% Senior Secured Term Note due 2014 (D) 13% Senior Subordinated Note due 2015 (D) Common Stock (B) Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	\$ 735,000 \$ 735,000 105,000 shs. 36,923 shs.	05/15/08 05/15/08 05/15/08 05/15/08	724,402 673,096 105,000 62,395	551,250 - - -

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			1,564,893	551,250
ABC Industries, Inc.				
A manufacturer of mine and tunneling ventilation products in the U.S.				
13% Senior Subordinated Note due 2019	\$ 1,200,000	08/01/12	1,081,236	1,190,307
Preferred Stock Series A (B)	300,000 shs.	08/01/12	300,000	270,685
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	53,794 shs.	08/01/12	101,870	-
			1,483,106	1,460,992

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
 March 31, 2013
 (Unaudited)

Babson Capital Corporate
 Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
ACP Cascade Holdings LLC A manufacturer and distributor of vinyl windows and patio doors throughout the northwestern United States.				
Limited Liability Company Unit Class B (B)	64 uts.	11/09/12	\$ -	\$ -
Advanced Manufacturing Enterprises LLC A designer and manufacturer of large, custom gearing products for a number of critical customer applications.				
14% Senior Subordinated Note due 2018	\$ 2,723,077	12/07/12	2,683,626	2,689,568
Limited Liability Company Unit (B)	2,769 uts.	12/07/12	276,923 2,960,549	209,968 2,899,536
Advanced Technologies Holdings A provider of factory maintenance services to industrial companies.				
Preferred Stock Series A (B)	796 shs.	12/27/07	393,754	1,401,817
Convertible Preferred Stock Series B (B)	52 shs.	01/04/11	40,800 434,554	92,475 1,494,292
All Current Holding Company A specialty re-seller of essential electrical parts and components primarily serving wholesale distributors.				
12% Senior Subordinated Note due 2015	\$ 1,140,317	09/26/08	1,091,029	1,140,317
Common Stock (B)	1,347 shs.	09/26/08	134,683	234,141
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	958 shs.	09/26/08	87,993 1,313,705	166,524 1,540,982
American Hospice Management Holding LLC A for-profit hospice care provider in the United States.				
	\$ 3,187,495	*	3,161,801	3,187,495

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12% Senior Subordinated Note
due 2013

Preferred Class A Unit (B)	3,223 uts.	**	322,300	441,367
Preferred Class B Unit (B)	1,526 uts.	06/09/08	152,626	324,755
Common Class B Unit (B)	30,420 uts.	01/22/04	1	-
Common Class D Unit (B)	6,980 uts.	09/12/06	1	-
* 01/22/04 and 06/09/08.			3,636,729	3,953,617
** 01/22/04 and 09/12/06.				

AMS Holding LLC

A leading multi-channel direct marketer of high-value collectible coins and proprietary-branded jewelry and watches.

14.25% Senior Subordinated

Note due 2019	\$ 2,757,355	10/04/12	2,705,116	2,725,191
Limited Liability Company Unit				
Class A Preferred (B)	273 uts.	10/04/12	272,727	272,730
			2,977,843	2,997,921

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Apex Analytix Holding Corporation				
A provider of audit recovery and fraud detection services and software to commercial and retail businesses in the U.S. and Europe.				
12.5% Senior Subordinated Note due 2017	\$ 1,912,500	04/28/09	\$ 1,746,879	\$ 1,912,500
Preferred Stock Series B (B)	3,065 shs.	04/28/09	306,507	408,754
Common Stock (B)	1,366 shs.	04/28/09	1,366	106,304
			2,054,752	2,427,558
Arch Global Precision LLC				
A leading manufacturer of high tolerance precision components and consumable tools.				
14.75% Senior Subordinated Note due 2018	\$ 2,330,004	12/21/11	2,278,024	2,371,581
Limited Liability Company Unit Class B (B)	85 uts.	12/21/11	85,250	118,370
Limited Liability Company Unit Class C (B)	665 uts.	12/21/11	664,750	923,004
			3,028,024	3,412,955
Arrow Tru-Line Holdings, Inc.				
A manufacturer of hardware for residential and commercial overhead garage doors in North America.				
12% Senior Subordinated Note due 2016 (D)	\$ 1,541,407	05/18/05	1,417,930	1,541,407
Preferred Stock (B)	63 shs.	10/16/09	62,756	148,954
Common Stock (B)	497 shs.	05/18/05	497,340	7,538
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	130 shs.	05/18/05	112,128	1,976
			2,090,154	1,699,875
Baby Jogger Holdings LLC				
A designer and marketer of premium baby strollers and stroller accessories.				
14% Senior Subordinated Note due 2019	\$ 2,826,634	04/20/12	2,776,130	2,911,433
Common Stock (B)	2,261 shs.	04/20/12	226,132	349,054
			3,002,262	3,260,487
Blue Wave Products, Inc.				
A distributor of pool supplies.				
	\$ 714,893	10/12/12	701,437	705,704

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10% Senior Secured Term Note due 2018				
13% Senior Subordinated Note due 2019	\$ 718,273	10/12/12	667,538	706,261
Common Stock (B)	114,894 shs.	10/12/12	114,894	113,233
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	45,486 shs.	10/12/12	45,486 1,529,355	44,828 1,570,026
BP SCI LLC				
A leading value-added distributor of branded pipes, valves, and fittings (PVF) to diversified end markets.				
14% Senior Subordinated Note due 2018	\$ 2,523,108	10/17/12	2,475,605	2,484,985
Limited Liability Company Unit Class A (B)	1,000 uts.	10/17/12	100,000	82,014
Limited Liability Company Unit Class B (B)	400 uts.	10/17/12	400,000 2,975,605	410,000 2,976,999

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013
(Unaudited)

Babson Capital Corporate
Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Bravo Sports Holding Corporation				
A designer and marketer of niche branded consumer products including canopies, trampolines, in-line skates, skateboards, and urethane wheels.				
12.5% Senior Subordinated Note due 2014	\$ 2,281,593	06/30/06	\$ 2,249,301	\$ 2,167,513
Preferred Stock Class A (B)	879 shs.	06/30/06	268,121	157,542
Common Stock (B)	1 sh.	06/30/06	286	-
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	309 shs.	06/30/06	92,102 2,609,810	55,368 2,380,423
C D N T, Inc.				
A value-added converter and distributor of specialty pressure sensitive adhesives, foams, films, and foils.				
10.5% Senior Secured Term Note due 2014	\$ 234,647	08/07/08	233,337	234,647
12.5% Senior Subordinated Note due 2015	\$ 750,872	08/07/08	718,204	750,872
Common Stock (B)	73,256 shs.	08/07/08	73,256	99,093
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	57,600 shs.	08/07/08	57,689 1,082,486	77,915 1,162,527
Capital Specialty Plastics, Inc.				
A producer of desiccant strips used for packaging pharmaceutical products.				
Common Stock (B)	109 shs.	*	503	1,031,767
*12/30/97 and 05/29/99.				
CHG Alternative Education Holding Company				
A leading provider of publicly-funded, for profit pre-K-12 education services targeting special needs children at therapeutic day schools and "at risk" youth through alternative education programs.				
13.5% Senior Subordinated Note due 2018	\$ 2,209,998	01/19/11	2,108,691	2,254,197
14% Senior Subordinated Note due 2019	\$ 570,033	08/03/12	559,445	573,365

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Common Stock (B)	1,125 shs.	01/19/11	112,500	121,180
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	884 shs.	01/19/11	87,750 2,868,386	95,255 3,043,997
Church Services Holding Company				
A provider of diversified residential services to homeowners in the Houston, Dallas, and Austin markets.				
14.5% Senior Subordinated Note due 2018	\$ 1,224,451	03/26/12	1,188,098	1,248,940
Common Stock (B)	3,981 shs.	*	398,100	370,273
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	172 shs.	03/26/12	17,220	15,998
*03/26/12, 05/25/12 and 06/19/12.			1,603,418	1,635,211

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Clough, Harbour and Associates An engineering service firm that is located in Albany, NY. Preferred Stock (B)	277 shs.	12/02/08	\$ 276,900	\$ 384,328
Connecticut Electric, Inc. A supplier and distributor of electrical products sold into the retail and wholesale markets. 10% Senior Subordinated Note due 2014 (D)	\$ 1,456,429	01/12/07	1,358,675	1,404,463
Limited Liability Company Unit Class A (B)	156,046 uts.	01/12/07	156,046	19,462
Limited Liability Company Unit Class C (B)	112,873 uts.	01/12/07	112,873	15,086
Limited Liability Company Unit Class D (B)	1,268,437 uts.	05/03/10	-	1,338,622
Limited Liability Company Unit Class E (B)	2,081 uts.	05/03/10	-	-
			1,627,594	2,777,633
Connor Sport Court International, Inc. A designer and manufacturer of outdoor and indoor synthetic sports flooring and other temporary flooring products. Preferred Stock Series B-2 (B)	17,152 shs.	07/05/07	700,392	1,715,247
Preferred Stock Series C (B)	7,080 shs.	07/05/07	236,503	707,977
Common Stock (B)	718 shs.	07/05/07	7	317
Limited Partnership Interest (B) *08/12/04 and 01/14/05.	12.64% int.	*	189,586	-
			1,126,488	2,423,541
CorePharma LLC A manufacturer of oral dose generic pharmaceuticals targeted at niche applications. Warrant, exercisable until 2013, to purchase common stock at \$.001 per share (B)	20 shs.	08/04/05	137,166	785,892
Crane Rental Corporation A crane rental company since 1960, headquartered in Florida.				

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13% Senior Subordinated Note due 2015	\$ 2,295,000	08/21/08	2,183,167	2,281,751
Common Stock (B)	255,000 shs.	08/21/08	255,000	104,965
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	136,070 shs.	08/21/08	194,826	56,010
			2,632,993	2,442,726

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013
(Unaudited)

Babson Capital Corporate
Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Custom Engineered Wheels, Inc.				
A manufacturer of custom engineered, non-pneumatic plastic wheels and plastic tread cap tires used primarily for lawn and garden products and wheelchairs.				
12.5% Senior Subordinated Note due 2016				
	\$ 1,446,635	10/27/09	\$ 1,323,739	\$ 1,446,635
Preferred Stock PIK (B)	296 shs.	10/27/09	295,550	221,018
Preferred Stock Series A (B)	216 shs.	10/27/09	197,152	161,484
Common Stock (B)	72 shs.	10/27/09	72,238	-
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share				
(B)	53 shs.	10/27/09	48,608	-
			1,937,287	1,829,137
DPL Holding Corporation				
A distributor and manufacturer of aftermarket undercarriage parts for medium and heavy duty trucks and trailers.				
14% Senior Subordinated Note due 2019				
	\$ 3,126,620	05/04/12	3,070,021	3,149,557
Preferred Stock (B)	61 shs.	05/04/12	605,841	613,204
Common Stock (B)	61 shs.	05/04/12	67,316	41,719
			3,743,178	3,804,480
Duncan Systems, Inc.				
A distributor of windshields and side glass for the recreational vehicle market.				
10% Senior Secured Term Note due 2013				
	\$ 135,000	11/01/06	134,774	133,908
13% Senior Subordinated Note due 2014				
	\$ 855,000	11/01/06	826,157	842,796
Common Stock (B)	180,000 shs.	11/01/06	180,000	48,322
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share				
(B)	56,514 shs.	11/01/06	78,160	15,172
			1,219,091	1,040,198
E S P Holdco, Inc.				
A manufacturer of power protection technology for commercial office equipment, primarily supplying the office equipment dealer network.				
14% Senior Subordinated Note due 2015				
		\$ 2,464,326	01/08/08	2,442,617
Common Stock (B)		660 shs.	01/08/08	329,990
				360,212

2,772,607 2,824,538

Eatem Holding Company

A developer and manufacturer of savory flavor systems for soups, sauces, gravies, and other products produced by food manufacturers for retail and foodservice end products.

12.5% Senior Subordinated Note due 2018	\$ 2,850,000	02/01/10	2,570,480	2,853,069
Common Stock (B)	150 shs.	02/01/10	150,000	127,131
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	358 shs.	02/01/10	321,300	303,123
			3,041,780	3,283,323

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
ELT Holding Company				
A provider of web-based ethics and compliance training solutions for companies in the United States.				
14% Senior Subordinated Note due 2019	\$ 2,787,613	03/01/12	\$ 2,738,664	\$ 2,835,868
Common Stock (B)	122 shs.	03/01/12	272,727	314,738
			3,011,391	3,150,606
F F C Holding Corporation				
A leading U.S. manufacturer of private label frozen novelty and ice cream products.				
16% Senior Subordinated Note due 2017	\$ 2,715,309	09/27/10	2,680,000	2,742,462
Limited Liability Company Unit Preferred (B)	512 uts.	09/27/10	175,035	552,844
Limited Liability Company Unit (B)	512 uts.	09/27/10	51,220	91,331
			2,906,255	3,386,637
F G I Equity LLC				
A manufacturer of a broad range of filters and related products that are used in commercial, light industrial, healthcare, gas turbine, nuclear, laboratory, clean room, hotel, educational system, and food processing settings.				
14.25% Senior Subordinated Note due 2018	\$ 676,494	02/29/12	676,692	690,024
Limited Liability Company Unit Class B-1 (B)	394,737 uts.	12/15/10	394,737	801,476
Limited Liability Company Unit Class B-2 (B)	49,488 uts.	12/15/10	49,488	100,481
Limited Liability Company Unit Class B-3 (B)	39,130 uts.	08/30/12	90,000	89,115
Limited Liability Company Unit Class C (B)	9,449 uts.	12/20/10	96,056	126,946
			1,306,973	1,808,042
Flutes, Inc.				
An independent manufacturer of micro fluted corrugated sheet material for the food and consumer products packaging industries.				
10% Senior Secured Term Note due 2014 (D)		\$918,385	04/13/06	908,339
14% Senior Subordinated Note due 2015 (D)		\$555,059	04/13/06	509,089
				1,417,428
				872,466
G C Holdings				
A leading manufacturer of gaming tickets, industrial recording charts, security-enabled point-of sale receipts, and medical charts and supplies.				
12.5% Senior Subordinated Note due 2017	\$ 3,000,000	10/19/10	2,850,070	3,030,000
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	594 shs.	10/19/10	140,875	1,644,566
			2,990,945	4,674,566
GD Dental Services LLC				

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A provider of convenient “onestop” general, specialty, and cosmetic dental services with 21 offices located throughout South and Central Florida.

14% Senior Subordinated Note due 2019	\$ 2,829,249	10/05/12	2,775,319	2,801,911
Limited Liability Company Unit Common (B)	1,840 uts.	10/05/12	1,841	-
Limited Liability Company Unit Preferred (B)	182 uts.	10/05/12	182,209	177,812
			2,959,369	2,979,723

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013
(Unaudited)

Babson Capital Corporate
Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
gloProfessional Holdings, Inc. A marketer and distributor of premium mineral-based cosmetics, cosmeceuticals and professional hair care products to the professional spa and physician's office channels.				
14% Senior Subordinated Note due 2019	\$ 2,716,535	03/27/13	\$ 2,662,284	\$ 2,712,180
Common Stock (B)	2,835 shs.	03/27/13	283,465	269,292
			2,945,749	2,981,472
Golden County Foods Holding, Inc. A manufacturer of frozen appetizers and snacks.				
16% Senior Subordinated Note due 2015 (D)	\$ 1,912,500	11/01/07	1,772,199	-
14% PIK Note due 2015 (D)	\$ 472,711	12/31/08	411,209	-
8% Series A Convertible Preferred Stock, convertible into common shares (B)	287,658 shs.	11/01/07	146,658	-
			2,330,066	-
H M Holding Company A designer, manufacturer, and importer of promotional and wood furniture.				
7.5% Senior Subordinated Note due 2014 (D)	\$ 685,100	10/15/09	512,231	-
Preferred Stock (B)	40 shs.	*	40,476	-
Preferred Stock Series B (B)	2,055 shs.	10/15/09	1,536,694	-
Common Stock (B)	340 shs.	02/10/06	340,000	-
Common Stock Class C (B)	560 shs.	10/15/09	-	-
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)	126 shs.	02/10/06	116,875	-
* 09/18/07 and 06/27/08.			2,546,276	-
Handi Quilter Holding Company A designer and manufacturer of long-arm quilting machines and related components for the consumer quilting market.				
12% Senior Subordinated Note due 2017	\$ 1,384,615	11/14/11	1,297,247	1,426,153
Common Stock (B)	115 shs.	11/14/11	115,385	217,800
Warrant, exercisable until 2021, to purchase				

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common stock at \$.01 per share (B)	83 shs.	11/14/11	76,788 1,489,420	155,927 1,799,880
Healthcare Direct Holding Company A direct-to-consumer marketer of discount dental plans. 14% Senior Subordinated Note due 2019	\$ 2,140,362	03/09/12	2,102,704	2,076,718
Common Stock (B)	1,552 shs.	03/09/12	155,172 2,257,876	65,589 2,142,307

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Home Décor Holding Company				
A designer, manufacturer and marketer of framed art and wall décor products.				
Common Stock (B)	63 shs.	*	\$ 62,742	\$ 162,843
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)	200 shs.	*	199,501	517,806
* 06/30/04 and 08/19/04.			262,243	680,649
HOP Entertainment LLC				
A provider of post production equipment and services to producers of television shows and motion pictures.				
Limited Liability Company				
Unit Class F (B)	89 uts.	10/14/11	-	-
Limited Liability Company				
Unit Class G (B)	215 uts.	10/14/11	-	-
Limited Liability Company				
Unit Class H (B)	89 uts.	10/14/11	-	-
Limited Liability Company				
Unit Class I (B)	89 uts.	10/14/11	-	-
Hospitality Mints Holding Company				
A manufacturer of individually-wrapped imprinted promotional mints.				
12% Senior Subordinated				
Note due 2016	\$ 2,075,581	08/19/08	1,988,031	2,023,356
Common Stock (B)	474 shs.	08/19/08	474,419	77,051
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	123 shs.	08/19/08	113,773	19,915
			2,576,223	2,120,322
HVAC Holdings, Inc.				
A provider of integrated energy efficiency services and maintenance programs for HVAC systems.				
14% Senior Subordinated				
Note due 2019	\$ 2,755,223	09/27/12	2,703,100	2,699,021
Preferred Stock Series A (B)	2,705 shs.	09/27/12	270,542	278,443

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Common Stock (B)	2,185 shs.	09/27/12	2,185	-
			2,975,827	2,977,464
Ideal Tridon Holdings, Inc.				
A designer and manufacturer of clamps and couplings used in automotive and industrial end markets.				
Common Stock (B)	279 shs.	10/27/11	278,561	389,387
Insurance Claims Management, Inc.				
A third party administrator providing auto and property claim administration services for insurance companies.				
Common Stock (B)	89 shs.	02/27/07	2,689	316,419
International Offshore Services LLC				
A leading provider of marine transportation services, platform decommissioning, and salvage services to oil and gas producers in the shallow waters of the Gulf of Mexico.				
14.25% Senior Subordinated Secured				
Note due 2017 (D)	\$ 2,550,000	07/07/09	2,335,431	-
Limited Liability Company Unit (B)	3,112 uts.	07/07/09	186,684	-
			2,522,115	-

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
 March 31, 2013
 (Unaudited)

Babson Capital Corporate
 Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
J A C Holding Enterprises, Inc.				
A supplier of luggage racks and accessories to the original equipment manufacturers.				
12.5% Senior Subordinated				
Note due 2017	\$ 2,500,000	12/20/10	\$ 2,212,933	\$ 2,495,595
Preferred Stock A (B)	495 shs.	12/20/10	495,000	385,767
Preferred Stock B (B)	0.17 shs.	12/20/10	-	130
Common Stock (B)	100 shs.	12/20/10	5,000	-
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	36 shs.	12/20/10	316,931	-
			3,029,864	2,881,492
Jason Partners Holdings LLC				
A diversified manufacturing company serving various industrial markets.				
Limited Liability Company				
Unit (B)	90 uts.	09/21/10	848,275	48,185
JMH Investors LLC				
A developer and manufacturer of custom formulations for a wide variety of foods.				
14.25% Senior Subordinated				
Note due 2019	\$ 2,496,251	12/05/12	2,448,031	2,484,578
Limited Liability Company				
Unit (B)	521,739 uts.	12/05/12	521,739	460,899
			2,969,770	2,945,477
K & N Parent, Inc.				
A manufacturer and supplier of automotive aftermarket performance air filters and intake systems.				
14% Senior Subordinated				
Note due 2017	\$ 2,648,022	12/23/11	2,602,571	2,727,463
Preferred Stock Series A (B)	305 shs.	12/23/11	289,733	289,731
Preferred Stock Series B (B)	86 shs.	12/23/11	82,006	82,004
Common Stock (B)	391 shs.	12/23/11	19,565	215,360
			2,993,875	3,314,558
K N B Holdings Corporation				
A designer, manufacturer and marketer of products for the custom framing market.				
	\$ 4,548,178	*	4,247,383	4,548,178

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15% Senior Subordinated
Note due 2017

Common Stock (B)	134,210 shs.	05/25/06	134,210	69,394
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	82,357 shs.	05/25/06	71,534	42,583
* 05/25/06 and 04/12/11.			4,453,127	4,660,155

K P H I Holdings, Inc.

A manufacturer of highly engineered plastic and metal components for a diverse range of end-markets, including medical, consumer and industrial, automotive and defense.

Common Stock (B)	698,478 shs.	12/10/10	698,478	797,348
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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
K P I Holdings, Inc.				
The largest player in the U.S. non-automotive, non-ferrous die casting segment.				
12.75% Senior Subordinated Note due 2015	\$ 2,749,440	07/16/08	\$ 2,635,983	\$ 2,749,440
Convertible Preferred Stock Series C (B)	55 shs.	06/30/09	55,435	110,000
Convertible Preferred Stock Series D (B)	24 shs.	09/17/09	24,476	73,410
Common Stock (B)	443 shs.	07/15/08	443,478	38,948
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	96 shs.	07/16/08	96,024	8,433
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	128 shs.	09/17/09	-	11,206
			3,255,396	2,991,437
LPC Holding Company				
A designer and manufacturer of precision-molded silicone rubber components that are utilized in the medical and automotive end markets.				
13.5% Senior Subordinated Note due 2018	\$ 3,499,656	08/15/11	3,441,462	3,569,649
Common Stock (B)	315 shs.	08/15/11	315,057	389,064
			3,756,519	3,958,713
M V I Holding, Inc.				
A manufacturer of large precision machined metal components used in equipment which services a variety of industries, including the oil and gas, mining, and defense markets.				
Common Stock (B)	61 shs.	09/12/08	60,714	120,110
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	66 shs.	09/12/08	65,571	129,725
			126,285	249,835
Mail Communications Group, Inc.				
A provider of mail processing and handling services, lettershop services, and commercial printing services.				
Limited Liability Company Unit (B)	24,109 uts.	*	314,464	508,252
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	3,375 shs.	05/04/07	43,031	71,150
			357,495	579,402
* 05/04/07 and 01/02/08.				

Manhattan Beachwear Holding
Company

A designer and distributor of women's
swimwear.

12.5% Senior Subordinated Note due 2018	\$ 1,259,914	01/15/10	1,142,361	1,259,914
15% Senior Subordinated Note due 2018	\$ 326,904	10/05/10	322,016	315,259
Common Stock (B)	106 shs.	10/05/10	106,200	90,867
Common Stock Class B (B)	353 shs.	01/15/10	352,941	301,984
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	312 shs.	01/15/10	283,738 2,207,256	267,255 2,235,279

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013
(Unaudited)Babson Capital Corporate
Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Marshall Physicians Services LLC				
A provider of emergency department and hospital medicine services to hospitals located in the state of Kentucky. The Company was founded in 1999 and is owned by seven practicing physicians.				
13% Senior Subordinated Note due 2016	\$ 1,340,295	09/20/11	\$ 1,317,973	\$ 1,365,368
Limited Liability Company Unit Class A (B)	8,700 uts.	09/20/11	180,000	123,489
Limited Liability Company Unit Class D (B)	874 uts.	09/20/11	-	12,410
			1,497,973	1,501,267
MBWS Ultimate Holdco, Inc.				
A provider of services throughout North Dakota that address the fluid management and related transportation needs of an oil well.				
12% Senior Subordinated Note due 2016	\$ 3,352,486	*	3,130,664	3,386,011
Preferred Stock Series A (B)	4,164 shs.	09/07/10	416,392	1,244,553
Common Stock (B)	487 shs.	03/01/11	48,677	145,557
Common Stock (B)	458 shs.	09/07/10	45,845	136,889
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	310 shs.	03/01/11	30,975	92,654
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	1,158 shs.	09/07/10	115,870	346,108
* 09/07/10 and 03/01/11.			3,788,423	5,351,772
MedSystems Holdings LLC				
A manufacturer of enteral feeding products, such as feeding tubes and other products related to assisted feeding.				
13% Senior Subordinated Note due 2015	\$ 1,202,030	08/29/08	1,131,313	1,202,030
Preferred Unit (B)	126 uts.	08/29/08	125,519	158,370
Common Unit Class A (B)	1,268 uts.	08/29/08	1,268	61,208
Common Unit Class B (B)	472 uts.	08/29/08	120,064	22,775
			1,378,164	1,444,383
MEGTEC Holdings, Inc.				
A supplier of industrial and environmental products and services to a broad array of industries.				
Preferred Stock (B)	107 shs.	09/24/08	103,255	157,447
Limited Partnership Interest (B)	1.40% int.	09/16/08	388,983	537,715

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Warrant, exercisable until 2018, to
purchase

common stock at \$.01 per share (B)	35 shs.	09/24/08	33,268	46,752
			525,506	741,914

Merex Holding Corporation

A provider of after-market spare parts and components, as well as Maintenance, Repair and Overhaul services for “out of production” or “legacy” aerospace and defense systems that are no longer effectively supported by the original equipment manufacturers.

14% Senior Subordinated Note due 2018	\$ 1,273,585	09/22/11	1,251,913	1,311,793
Limited Liability Company Unit Series B (B)	467,833 uts.	09/22/11	467,833	455,019
			1,719,746	1,766,812

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
MicroGroup, Inc.				
A manufacturer of precision parts and assemblies, and a value-added supplier of metal tubing and bars.				
7% Senior Subordinated Note due 2014 (D)	\$ 1,705,152	*	\$ 1,635,166	\$ 426,288
Preferred Stock Series A (B)	980 shs.	10/10/12	942,054	-
Common Stock (B)	450 shs.	*	450,000	-
Common Stock Series B (B)	1,128 shs.	10/10/12	11	-
Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)	164 shs.	*	162,974	-
* 08/12/05 and 09/11/06.			3,190,205	426,288
MNX Holding Company				
An international third party logistics company providing customized logistics services to customers across the globe.				
14% Senior Subordinated Note due 2019	\$ 2,916,851	11/02/12	2,861,062	2,866,499
Common Stock (B)	107 shs.	11/02/12	107,143	67,861
			2,968,205	2,934,360
Monessen Holding Corporation				
A designer and manufacturer of a broad line of gas, wood, and electric hearth products and accessories.				
15% Senior Subordinated Note due 2015 (D)	\$ 1,556,056	06/28/11	1,034,632	-
7% Senior Subordinated Note due 2014 (D)	\$ 2,550,000	06/28/11	2,420,572	-
Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)	152 shs.	03/31/06	138,125	-
			3,593,329	-
Motion Controls Holdings				
A manufacturer of high performance mechanical motion control and linkage products.				
14.25% Senior Subordinated Note due 2017	\$ 2,833,600	11/30/10	2,794,126	2,832,634
	281,250 uts.	11/30/10	-	224,873

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Limited Liability Company Unit Class B-1 (B)				
Limited Liability Company Unit Class B-2 (B)	25,504 uts.	11/30/10	- 2,794,126	20,392 3,077,899
NABCO, Inc. A producer of explosive containment vessels in the United States.				
Common Stock (B)	809 shs.	12/20/12	578,174	331,309

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
 March 31, 2013
 (Unaudited)

Babson Capital Corporate
 Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
NetShape Technologies, Inc.				
A manufacturer of powder metal and metal injection molded precision components used in industrial, consumer, and other applications.				
14% Senior Subordinated Note due 2014	\$ 2,004,985	02/02/07	\$ 1,889,743	\$ 1,904,736
Limited Partnership Interest of Saw Mill PCG Partners LLC (B) Limited Liability Company Unit Class D of	2.73% int.	02/01/07	1,110,810	-
Saw Mill PCG Partners LLC (B) Limited Liability Company Unit Class D-1 of	17 uts.	*	16,759	-
Saw Mill PCG Partners LLC (B) Limited Liability Company Unit Class D-2 of	229 uts.	09/30/09	228,858	385,073
Saw Mill PCG Partners LLC (B) * 12/18/08 and 09/30/09.	128 uts.	04/29/11	65,256 3,311,426	88,912 2,378,721
Newark Group, Inc.				
A major producer of paper products from recycled materials.				
Common Stock (B)	134,520 shs.	09/02/10	796,863	320,763
Nicoat Acquisitions LLC				
A manufacturer of water-based and ultraviolet coatings for high-performance graphic arts, packaging and other specialty coating applications.				
14% Senior Subordinated Note due 2018			\$ 1,458,613	11/05/10 1,360,819 1,473,199
Limited Liability Company Unit Series B (B)			51,724 uts.	11/05/10 51,724 61,504
Limited Liability Company Unit Series B (B)			104,792 uts.	11/05/10 104,792 124,607
Limited Liability Company Unit Series F (B)			156,516 uts.	11/05/10 - 274,811
				1,517,335 1,934,121
Northwest Mailing Services, Inc.				
A producer of promotional materials for companies that use direct mail as part of their customer retention and loyalty programs.				
12% Senior Subordinated Note due 2016	\$ 2,818,421	*	2,475,489	2,792,320
Limited Partnership Interest (B)	3,287 uts.	*	328,679	72,165

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Warrant, exercisable until 2019, to purchase				
common stock at \$.01 per share (B)	4,920 shs.	*	492,016	108,027
* 07/09/09 and 08/09/10.			3,296,184	2,972,512

NT Holding Company

A leading developer, manufacturer and provider of medical products used primarily in interventional pain management.

12% Senior Subordinated Note due 2019	\$ 2,649,351	02/02/11	2,475,373	2,675,845
Common Stock (B)	377 shs.	*	377,399	344,627
Warrant, exercisable until 2021, to purchase				
common stock at \$.01 per share (B)	176 shs.	02/02/11	158,961	160,954
* 02/02/11 and 06/30/11.			3,011,733	3,181,426

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
O E C Holding Corporation				
A provider of elevator maintenance, repair and modernization services.				
13% Senior Subordinated				
Note due 2017	\$ 1,333,333	06/04/10	\$ 1,247,291	\$ 1,284,755
Preferred Stock Series A (B)	1,661 shs.	06/04/10	166,062	60,447
Preferred Stock Series B (B)	934 shs.	06/04/10	93,376	33,989
Common Stock (B)	1,032 shs.	06/04/10	1,032	-
			1,507,761	1,379,191
Ontario Drive & Gear Ltd.				
A manufacturer of all-wheel drive, off-road amphibious vehicles and related accessories.				
Limited Liability Company				
Unit (B)	3,667 uts.	01/17/06	572,115	1,433,700
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)				
	619 shs.	01/17/06	170,801	242,059
			742,916	1,675,759
P K C Holding Corporation				
A manufacturer of plastic film and badges for the general industrial, medical, and food industries.				
14% Senior Subordinated				
Note due 2016	\$ 3,068,772	12/21/10	3,030,290	3,099,459
Preferred Stock Class A (B)	54 shs.	12/21/10	340,718	541,238
Common Stock (B)	54 shs.	12/21/10	25,500	-
			3,396,508	3,640,697
P P T Holdings LLC				
A high-end packaging solutions provider that targets customers who have multiple packaging needs, require a high number of low volume SKUs, short lead times, technical expertise, and overall supply chain management.				
15% Senior Subordinated Note				
due 2017	\$ 2,869,874	12/20/10	2,828,324	2,846,869
Limited Liability Company Unit				
Class A (B)	99 uts.	12/20/10	318,215	242,445
Limited Liability Company Unit				
Class B (B)	99 uts.	12/20/10	3,214	242,445
			3,149,753	3,331,759
Pacific Consolidated Holdings LLC				
A manufacturer of rugged, mobile liquid and gaseous oxygen and nitrogen generating systems used in the global defense, oil and gas, and medical sectors.				

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0% Senior Subordinated Note due 2014	\$ 79,688	12/18/12	-	79,688
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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 2016	\$ 1,593,750	12/19/00	1,590,896	1,593,750
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	372 shs.	12/21/00	265,625 1,856,521	122,739 1,716,489

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
 March 31, 2013
 (Unaudited)

Babson Capital Corporate
 Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Pearlman Enterprises, Inc.				
A developer and distributor of tools, equipment, and supplies to the natural and engineered stone industry.				
Preferred Stock Series A (B)	2,334 shs.	05/22/09	\$ 111,508	\$ -
Preferred Stock Series B (B)	13,334 shs.	05/22/09	547,872	-
Common Stock (B)	40,540 shs.	05/22/09	1,877,208	-
			2,536,588	-
Petroplex Inv Holdings LLC				
A leading provider of acidizing services to E&P customers in the Permian Basin.				
16% Senior Subordinated				
Note due 2018	\$ 2,660,971	11/29/12	2,597,921	2,627,092
Limited Liability Company				
Unit (B)	375,000 uts.	11/29/12	375,000	288,330
			2,972,921	2,915,422
Postle Aluminum Company LLC				
A manufacturer and distributor of aluminum extruded products.				
15% Senior Subordinated				
Note due 2013	\$ 1,664,942	06/03/10	1,658,143	1,664,942
Limited Liability Company				
Unit Class A (B)	1,384 uts.	10/02/06	510,000	237,211
Limited Liability Company				
Unit (B)	143 uts.	05/22/09	642	24,508
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)				
	8,595 shs.	10/02/06	124,644	1,473,089
			2,293,429	3,399,750
Precision Wire Holding Company				
A manufacturer of specialty medical wires that are used in non-elective minimally invasive surgical procedures.				
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)				
	206 shs.	11/12/09	203,944	287,300
Qualis Automotive LLC				

A distributor of aftermarket automotive brake and chassis products.

Common Stock (B)	354,167 shs.	05/28/04	354,166	301,934
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	377,719 shs.	05/28/04	377,719 731,885	322,013 623,947

R A J Manufacturing Holdings LLC

A designer and manufacturer of women's swimwear sold under a variety of licensed brand names.

14.5% Senior Subordinated Note due 2014	\$ 1,570,531	12/15/06	1,536,307	1,497,491
Limited Liability Company Unit (B)	2,828 uts.	12/15/06	282,810	107,480
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	3 shs.	12/15/06	131,483 1,950,600	50,686 1,655,657

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
REVSpring, Inc.				
A provider of accounts receivable management and revenue cycle management services to customers in the healthcare, financial and utility industries.				
14% Senior Subordinated Note due 2018	\$ 3,430,488	*	\$ 3,374,322	\$ 3,482,012
Limited Liability Company Unit Class A (B)	40,643 uts.	*	406,432	476,267
* 10/21/11 and 08/03/12.			3,780,754	3,958,279
RM Holding Company				
A specialty distributor of home medical care equipment.				
13% Senior Subordinated Note due 2018	\$ 1,380,952	02/09/12	1,307,251	1,422,381
Preferred Stock (B)	119,037 shs.	02/09/12	119,037	127,903
Common Stock (B)	1,108 shs.	02/09/12	11	88,965
Warrant, exercisable until 2022, to purchase preferred stock A at \$.01 per share (B)	36,263 shs.	02/09/12	35,940	38,280
Warrant, exercisable until 2022, to purchase preferred stock B at \$.01 per share (B)	21,202 shs.	02/09/12	21,202	22,782
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	556 shs.	02/09/12	-	44,610
			1,483,441	1,744,921
Rose City Holding Company				
A designer and printer of folding cartons and packaging for food and beverage manufacturers on the West Coast.				
14.5% Senior Subordinated Note due 2018	\$ 1,416,885	12/11/12	1,389,793	1,400,143
Preferred Stock (B)	93,749 shs.	12/11/12	93,749	87,005
Common Stock (B)	94 shs.	12/11/12	9	-
			1,483,551	1,487,148
Safety Infrastructure Solutions				

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A provider of trench safety equipment to a diverse customer base across multiple end markets in Texas and the Southwestern United States.

15% Senior Subordinated Note due 2018	\$ 1,968,750	03/30/12	1,942,505	2,008,125
Preferred Stock (B)	6,294 shs.	03/30/12	251,758	270,039
Common Stock (B)	2,949 shs.	03/30/12	29,492	52,553
			2,223,755	2,330,717

Sencore Holding Company

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

12.5% Senior Subordinated Note due 2014 (D)	\$ 2,185,882	01/15/09	1,560,231	546,470
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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
 March 31, 2013
 (Unaudited)

Babson Capital Corporate
 Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Signature Systems Holdings Company				
A seller and installer of a variety of modular surfaces, industrial matting and related products used for ground protection.				
12.5% Senior Subordinated Note due 2021	\$ 1,812,211	03/15/13	\$ 1,708,352	\$ 1,809,497
Common Stock (B)	181 shs.	03/15/13	181,221	172,159
Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B)	74 shs.	03/15/13	67,958	1
			1,957,531	1,981,657
Smart Source Holdings LLC				
A short-term computer rental company.				
12% Senior Subordinated Note due 2015	\$ 2,223,076	*	2,134,104	2,223,076
Limited Liability Company Unit (B)	619 uts.	*	638,061	619,697
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	157 shs.	*	164,769	156,990
* 08/31/07 and 03/06/08.			2,936,934	2,999,763
Snacks Parent Corporation				
The world's largest provider of trail mixes and a leading provider of snack nuts, dried fruits, and other healthy snack products.				
13% Senior Subordinated Note due 2017	\$ 2,668,828		11/12/10 2,549,562	2,695,516
Preferred Stock A (B)	3,395 shs.		11/12/10 322,495	428,681
Preferred Stock B (B)	1,575 shs.		11/12/10 149,650	198,924
Common Stock (B)	19,737 shs.		11/12/10 19,737	86,770
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	5,418 shs.		11/12/10 5,418	23,821
			3,046,862	3,433,712
SouthernCare Holdings, Inc.				
A hospice company providing palliative care services to terminally ill patients.				
Common Stock (B)	2,727 shs.		12/01/11 272,727	254,911

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Spartan Foods Holding Company
A manufacturer of branded pizza crusts
and pancakes.

14.25% Senior Subordinated Note due 2017	\$	2,267,934	12/15/09	2,030,495	2,164,213
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)		257 shs.	12/15/09	227,109 2,257,604	76,007 2,240,220

Specialty Commodities, Inc.
A distributor of specialty food
ingredients.

Common Stock (B)		30,000 shs.	10/23/08	300,000	225,951
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)		11,054 shs.	10/23/08	100,650 400,650	83,256 309,207

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Stag Parkway Holding Company				
A distributor of RV parts and accessories in the United States.				
13% Senior Subordinated Note due 2018	\$ 2,723,933	12/19/12	\$ 2,597,716	\$ 2,700,576
Common Stock (B)	284 shs.	12/19/12	283,688	269,506
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	83 shs.	12/19/12	76,435	1
			2,957,839	2,970,083
Strata/WLA Holding Corporation				
A leading independent anatomic pathology laboratory that conducts over 320,000 tests annually to customers in 40 U.S. states and in Canada and Venezuela.				
14.5% Senior Subordinated Note due 2018	\$ 2,877,446	07/01/11	2,831,111	2,589,701
Preferred Stock Series A (B)	228 shs.	07/01/11	228,137	91,479
			3,059,248	2,681,180
Sundance Investco LLC				
A provider of post-production services to producers of movies and television shows.				
Limited Liability Company Unit Class A (B)	6,429 shs.	03/31/10	-	-
Sunrise Windows Holding Company				
A manufacturer and marketer of premium vinyl windows exclusively selling to the residential remodeling and replacement market.				
14% Senior Subordinated Note due 2017	\$ 3,022,644	12/14/10	2,889,446	3,006,229
14% Senior Subordinated PIK Note due 2017	\$ 244,790	08/17/12	235,100	243,461
Common Stock (B)	115 shs.	12/14/10	114,504	46,664
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	112 shs.	12/14/10	111,747	45,543
			3,350,797	3,341,897
Synteract Holdings Corporation				
A provider of outsourced clinical trial management services to pharmaceutical and biotechnology companies.				
14% Senior Subordinated Note due 2019	\$ 3,298,356	09/02/08	3,168,971	3,298,356

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Preferred Stock Series D (B)	485 shs.	02/27/13	48,503	20,713
Redeemable Preferred Stock Series A (B)	1,280 shs.	09/02/08	12,523	-
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	12,803 shs.	09/02/08	112,693	-
			3,342,690	3,319,069

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
 March 31, 2013
 (Unaudited)

Babson Capital Corporate
 Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Terra Renewal LLC				
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.				
12% Senior Subordinated Note due 2014 (D)	\$ 1,162,110	*	\$ 1,127,650	\$-
7.44% Term Note due 2013 (C)	\$ 1,244,254	08/10/12	1,244,254	1,057,616
9.25% Term Note due 2013 (C)	\$ 2,743	08/31/12	2,743	2,332
Common Stock Class B	55 shs.	*	7,783	-
Limited Partnership Interest of Saw Mill Capital Fund V, LLC (B)	3.97% int.	**	205,558	-
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	72 shs.	04/28/06	59,041	-
* 04/28/06 and 09/13/06.			2,647,029	1,059,948
** 03/01/05 and 10/10/08.				
Torrent Group Holdings, Inc.				
A contractor specializing in the sales and installation of engineered drywells for the retention and filtration of stormwater and nuisance water flow.				
14.5% Senior Subordinated Note due 2014 (D)	\$ 2,455,561	10/26/07	2,147,354	2,367,707
Series B Preferred Stock (B)	182 shs.	03/31/10	-	273,710
Common Stock (B)	515 shs.	03/31/10	414,051	-
			2,561,405	2,641,417
Transpac Holding Company				
A designer, importer and wholesaler of home décor and seasonal gift products.				
12% Senior Subordinated Note due 2015	\$ 1,773,006	10/31/07	1,693,365	1,692,269
Common Stock (B)	209 shs.	10/31/07	208,589	10,711
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	94 shs.	10/31/07	87,607	4,836
			1,989,561	1,707,816
Tranzonic Companies (The)				
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 2015	\$ 1,084,800	02/05/98	1,083,285	1,084,800
Common Stock (B)	630 shs.	02/04/98	630,000	1,225,801
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	444 shs.	02/05/98	368,832	863,898

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Truck Bodies & Equipment International				
A designer and manufacturer of accessories for heavy and medium duty trucks, primarily dump bodies, hoists, various forms of flat-bed bodies, landscape bodies and other accessories.				
12% Senior Subordinated Note				
due 2013	\$ 2,309,541	*	\$ 2,226,948	\$2,309,541
Preferred Stock Series B (B)	241 shs.	10/20/08	241,172	171,163
Common Stock (B)	742 shs.	*	800,860	-
Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)	153 shs.	*	159,894	-
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	1,054 shs.	10/20/08	-	-
* 07/19/05 and 12/22/05.			3,428,874	2,480,704
TruStile Doors, Inc.				
A manufacturer and distributor of interior doors.				
Limited Liability Company				
Unit (B)	11,775 uts.	02/28/11	218,750	393,200
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	5,781 shs.	04/11/03	68,059 286,809	45,275 438,475
U-Line Corporation				
A manufacturer of high-end, built-in, undercounter ice making, wine storage and refrigeration appliances.				
Common Stock (B)	182 shs.	04/30/04	182,200	205,471
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	230 shs.	04/30/04	211,736 393,936	259,850 465,321
U M A Enterprises, Inc.				

An importer and wholesaler of
home décor products.

Convertible Preferred Stock (B)	887 shs.	02/08/08	886,956	1,422,396
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Visioneering, Inc.

A designer and manufacturer of tooling and fixtures for the
aerospace industry.

10.5% Senior Secured Term Loan due 2013	\$ 725,735	05/17/07	725,001	726,540
13% Senior Subordinated Note due 2014	\$ 648,530	05/17/07	631,717	648,530
18% PIK Convertible Preferred Stock (B)	37,381 shs.	03/13/09	72,519	121,787
Common Stock (B)	123,529 shs.	05/17/07	123,529	99,946
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	35,006 shs.	05/17/07	55,055	28,323
			1,607,821	1,625,126

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
 March 31, 2013
 (Unaudited)

Babson Capital Corporate
 Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Vitex Packaging Group, Inc.				
A manufacturer of specialty packaging, primarily envelopes and tags used on tea bags.				
Class B Unit (B)	767,881 uts.	10/29/09	\$ 348,058	\$ -
Class C Unit (B)	850,000 uts.	10/29/09	780,572	738,853
Limited Liability Company				
Unit Class A (B)	723,465 uts.	*	433,222	-
Limited Liability Company				
Unit Class B (B)	182,935 uts.	07/19/04	182,935	-
* 07/19/04 and 10/29/09.			1,744,787	738,853
Wellborn Forest Holding Company				
A manufacturer of semi-custom kitchen and bath cabinetry.				
12.13% Senior Subordinated				
Note due 2016	\$ 1,721,250	11/30/06	1,638,669	1,549,125
Common Stock (B)	191 shs.	11/30/06	191,250	-
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)				
	95 shs.	11/30/06	86,493	-
			1,916,412	1,549,125
Wheaton Holding Corporation				
A distributor and manufacturer of laboratory supply products and packaging.				
Preferred Stock Series B (B)	2,109 shs.	06/08/10	210,924	-
Common Stock (B)	1,058 shs.	06/08/10	1,058	-
			211,982	-
Whitcraft Holdings, Inc.				
A leading independent manufacturer of precision formed, machined, and fabricated flight-critical aerospace components.				
12% Senior Subordinated				
Note due 2018	\$ 2,383,562	12/16/10	2,225,252	2,407,397
Common Stock (B)	616 shs.	12/16/10	616,438	448,041
Warrant, exercisable until 2018, to purchase				

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common stock at \$.02 per share (B)	166 shs.	12/16/10	148,003 2,989,693	120,390 2,975,828
Workplace Media Holding Company				
A direct marketer specializing in providing advertisers with access to consumers in the workplace.				
13% Senior Subordinated Note due 2015 (D)				
	\$ 1,235,800	05/14/07	1,136,081	-
Limited Partnership Interest (B)				
	23.16% int.	05/14/07	115,804	-
Warrant, exercisable until 2015, to purchase common stock at \$.02 per share (B)				
	88 shs.	05/14/07	83,462 1,335,347	- -
WP Supply Holding Corporation				
A distributor of fresh fruits and vegetables to grocery wholesalers and foodservice distributors in the upper Midwest.				
14.5% Senior Subordinated Note due 2018				
	\$ 2,641,286	11/03/11	2,596,759	2,642,286
Common Stock (B)				
	4,500 shs.	11/03/11	450,000 3,046,759	421,794 3,064,080
Total Private Placement Investments (E)			\$ 235,649,590	\$ 226,652,800

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

	Interest	Due	Principal		Market
Corporate Restricted Securities: (A) (Continued)	Rate	Date	Amount	Cost	Value
Rule 144A Securities - 6.70%:					
Bonds - 6.65%					
Audatex North America, Inc.	6.750	% 06/15/18	\$ 250,000	\$ 250,000	\$ 268,125
Calpine Corporation	7.500	02/15/21	675,000	692,414	740,812
Cornerstone Chemical Company	9.375	03/15/18	750,000	770,625	765,000
Energy Future Holdings	10.000	12/01/20	400,000	403,787	450,000
First Data Corporation	7.375	06/15/19	850,000	852,877	904,187
First Data Corporation	8.750	01/15/22	1,000,000	1,009,467	1,057,500
FMG Resources	7.000	11/01/15	750,000	769,501	785,625
FMG Resources	6.875	04/01/22	1,000,000	961,567	1,047,500
Halcón Resources Corporation	9.750	07/15/20	1,000,000	1,055,185	1,105,000
Hilcorp Energy Company	7.625	04/15/21	725,000	695,927	797,500
Hovnanian Enterprises, Inc.	7.250	10/15/20	1,000,000	1,000,000	1,107,500
International Automotive Component	9.125	06/01/18	1,000,000	951,091	990,000
Lear Corporation	4.750	01/15/23	750,000	735,000	731,250
Lennar Corporation	4.750	11/15/22	750,000	738,750	735,000
Meritor, Inc.	7.875	03/01/26	516,000	506,387	523,418
MGM Resorts International	6.750	10/01/20	1,000,000	1,000,000	1,060,000
Milacron Financial	7.750	02/15/21	500,000	500,000	516,875
Neustar, Inc.	4.500	01/15/23	750,000	725,625	716,250
Nielsen Finance LLC	4.500	10/01/20	1,000,000	1,000,000	998,750

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Tronox Finance LLC	6.375	08/15/20	750,000	731,250	727,500
Valeant Pharmaceuticals International	6.750	10/01/17	70,000	69,737	75,163
Valeant Pharmaceuticals International	7.000	10/01/20	880,000	881,664	948,200
Welltec A/S	8.000	02/01/19	750,000	736,523	819,375
Total Bonds				17,037,377	17,870,530

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
 March 31, 2013
 (Unaudited)

Babson Capital Corporate
 Investors

Corporate Restricted Securities: (A) (Continued)	Interest Rate	Due Date	Shares	Cost	Market Value
Convertible Preferred Stock - 0.00% ETEX Corporation (B)			777	\$ -	\$ -
Total Convertible Preferred Stock				-	-
Preferred Stock - 0.05% Ally Financial			143	45,009	141,418
TherOX, Inc. (B)			103	-	-
Total Preferred Stock				45,009	141,418
Common Stock - 0.00% Touchstone Health Partnership (B)			1,168	-	-
Total Common Stock				-	-
Total Rule 144A Securities				17,082,386	18,011,948
Total Corporate Restricted Securities				\$ 252,731,976	\$ 244,664,748

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

	Interest		Due	Principal		Market
Corporate Public Securities -10.57%: (A)	Rate		Date	Amount	Cost	Value
Bonds - 10.34%						
Accuride Corp	9.500	%	08/01/18	\$ 1,500,000	\$ 1,538,881	\$ 1,533,750
Affinia Group, Inc.	9.000		11/30/14	550,000	551,284	551,381
Ally Financial, Inc.	5.500		02/15/17	1,500,000	1,528,826	1,622,614
Alta Mesa Financial Services	9.625		10/15/18	1,500,000	1,501,497	1,582,500
Arch Coal, Inc.	7.000		06/15/19	150,000	150,000	135,375
ArvinMeritor	10.625		03/15/18	1,000,000	1,021,113	1,078,750
Avis Budget Car Rental	9.750		03/15/20	750,000	750,000	885,007
B E Aerospace, Inc.	6.875		10/01/20	850,000	868,797	940,312
Calumet Specialty Products Partners L.P.	9.375		05/01/19	1,500,000	1,510,072	1,680,000
CCO Holdings Capital Corporation	7.250		10/30/17	750,000	766,471	809,063
Chemtura Corporation	7.875		09/01/18	500,000	525,692	540,000
Cooper-Standard Automotive	8.500		05/01/18	750,000	792,533	817,500
Crosstex Energy L.P.	8.875		02/15/18	225,000	221,722	243,563
Energy Transfer Equity LP	7.500		10/15/20	100,000	100,000	115,250
EP Energy/EP Finance Inc.	9.375		05/01/20	1,000,000	1,016,218	1,155,000
Evertec, Inc.	11.000		10/01/18	1,335,000	1,384,901	1,515,225
Fidelity National Information	7.875		07/15/20	125,000	125,000	140,938
Headwaters, Inc.	7.625		04/01/19	850,000	850,200	909,500
Health Management Association	6.125		04/15/16	750,000	767,791	823,125
Huntington Ingalls Industries	7.125		03/15/21	750,000	777,768	815,625
Michael Foods, Inc.	9.750		07/15/18	75,000	75,000	83,438
	8.875		04/15/17	175,000	174,256	192,500

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Nexstar Broadcasting Group, Inc.					
Nexeo Solutions LLC	8.375	03/01/18	40,000	40,000	39,000
NRG Energy, Inc.	8.500	06/15/19	750,000	771,685	823,125
Nuveen Investments	5.500	09/15/15	1,500,000	1,396,411	1,473,750
Omnova Solutions, Inc.	7.875	11/01/18	1,500,000	1,527,174	1,597,500
Perry Ellis International, Inc.	7.875	04/01/19	750,000	743,167	787,500
Pinnacle Foods Finance LLC	9.250	04/01/15	227,000	229,900	227,851
Precision Drilling Corporation	6.625	11/15/20	750,000	771,884	800,625
Quebecor Media, Inc.	7.750	03/15/16	570,000	551,385	580,687
Quiksilver, Inc.	6.875	04/15/15	315,000	303,767	314,606
Spectrum Brands, Inc.	9.500	06/15/18	125,000	123,741	141,563
Suburban Propane Partners, L.P.	7.500	10/01/18	168,000	177,544	182,280
Thermadyne Holdings Corporation	9.000	12/15/17	750,000	791,997	817,500
Tomkins, Inc.	9.250	10/01/18	107,000	107,000	119,171
Unit Corporation	6.625	05/15/21	1,000,000	988,227	1,047,500
Venoco, Inc.	8.875	02/15/19	500,000	508,425	485,000
Visteon Corporation	6.750	04/15/19	180,000	180,000	192,600
Total Bonds				26,210,329	27,800,674

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
 March 31, 2013
 (Unaudited)

Babson Capital Corporate
 Investors

	Interest	Due			Market
Corporate Public Securities: (A) (Continued)	Rate	Date	Shares	Cost	Value
Common Stock - 0.23%					
Bally Total Fitness Holding Corporation (B) (F)			29	2	2
Chase Packaging Corporation (B)			9,541	-	95
Intrepid Potash, Inc. (B)			365	11,680	6,847
Nortek, Inc. (B)			175	1	12,436
Rue21, Inc. (B)			650	12,350	19,104
Supreme Industries, Inc. (B)			125,116	267,319	578,036
Total Common Stock				291,352	616,520
Total Corporate Public Securities				\$ 26,501,681	\$ 28,417,194

	Interest	Due	Principal		Market
Short-Term Securities:	Rate/Yield [^]	Date	Amount	Cost	Value
Commercial Paper - 6.58%					
Bank of Nova Scotia	0.120	% 04/12/13	\$ 4,000,000	\$ 3,999,853	\$ 3,999,853
Export-Import Bank	0.170	04/15/13	3,500,000	3,499,769	3,499,769
Florida Power and Light Company	0.160	04/02/13	2,696,000	2,695,988	2,695,988
Ryder System Inc.	0.260	04/01/13	3,000,000	3,000,000	3,000,000
South Carolina Electric & Gas	0.270	04/10/13	1,500,000	1,499,899	1,499,899
	0.320	04/11/13	3,000,000	2,999,733	2,999,733

Virginia Electric
Power

Total Short-Term Securities			\$ 17,695,242	\$ 17,695,242
Total Investments	108.19	%	\$ 296,928,899	\$ 290,777,184
Other Assets	5.35			14,364,594
Liabilities	(13.54)		(36,383,224)
Total Net Assets	100.00	%		\$ 268,758,554

(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 March 31, 2013.

(D) Defaulted security; interest not accrued.

(E) Illiquid security. As of March 31, 2013, the value of these securities amounted to \$226,652,800 or 84.34% of net assets.

(F) Security valued at fair value using methods determined in good faith by or under the direction of the Board of Trustees.

^Effective yield at purchase

PIK Payment-in-kind

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

Industry Classification:	Fair Value/ Market Value		Fair Value/ Market Value
AEROSPACE - 3.11%		BROADCASTING & ENTERTAINMENT - 0.07%	
A E Company, Inc.	\$ 1,059,407	HOP Entertainment LLC	\$ -
B E Aerospace, Inc.	940,312	Nexstar Broadcasting Group, Inc.	192,500
Merex Holding Corporation	1,766,812	Sundance Investco LLC	-
Visioneering, Inc.	1,625,126	Workplace Media Holding Company	-
Whitcraft Holdings, Inc.	2,975,828		192,500
	8,367,485	BUILDINGS & REAL ESTATE - 2.09%	
AUTOMOBILE - 7.40%		ACP Cascade Holdings LLC	-
Accuride Corp	1,533,750	Hovnanian Enterprises, Inc.	1,107,500
ArvinMeritor	1,078,750	Lennar Corporation	735,000
Audatex North America, Inc.	268,125	Sunrise Windows Holding Company	3,341,897
Avis Budget Car Rental	885,007	TruStile Doors, Inc.	438,475
Cooper-Standard Automotive	817,500		5,622,872
DPL Holding Corporation	3,804,480	CHEMICAL, PLASTICS & RUBBER - 2.25%	
Ideal Tridon Holdings, Inc.	389,387	Capital Specialty Plastics, Inc.	1,031,767
International Automotive Component	990,000	Cornerstone Chemical Company	765,000
J A C Holding Enterprises, Inc.	2,881,492	Nicoat Acquisitions LLC	1,934,121
Jason Partners Holdings LLC	48,185	Omnova Solutions, Inc.	1,597,500
K & N Parent, Inc.	3,314,558	Tronox Finance LLC	727,500
Lear Corporation	731,250		6,055,888
Meritor, Inc.	523,418	CONSUMER PRODUCTS - 10.33%	
Ontario Drive & Gear Ltd.	1,675,759	AMS Holding LLC	2,997,921
Qualis Automotive LLC	623,947	Baby Jogger Holdings LLC	3,260,487
Tomkins, Inc.	119,171	Bravo Sports Holding Corporation	2,380,423
Visteon Corporation	192,600	Custom Engineered Wheels, Inc.	1,829,137
	19,877,379	gloProfessional Holdings, Inc.	2,981,472
BEVERAGE, DRUG & FOOD - 7.73%		Handi Quilter Holding Company	1,799,880
1492 Acquisition LLC	2,981,480	K N B Holdings Corporation	4,660,155
Eatem Holding Company	3,283,323	Manhattan Beachwear Holding Company	2,235,279
F F C Holding Corporation	3,386,637	Perry Ellis International, Inc.	787,500
Golden County Foods Holding, Inc.	-	R A J Manufacturing Holdings LLC	1,655,657
Hospitality Mints Holding Company	2,120,322	Tranzonic Companies (The)	3,174,499

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JMH Investors LLC	2,945,477	27,762,410
Michael Foods, Inc.	83,438	
Snacks Parent Corporation	3,433,712	
Spartan Foods Holding Company	2,240,220	
Specialty Commodities, Inc.	309,207	
	20,783,816	

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
 March 31, 2013
 (Unaudited)

Babson Capital Corporate
 Investors

Industry Classification: (Continued)	Fair Value/ Market Value		Fair Value/ Market Value
		DIVERSIFIED/CONGLOMERATE, SERVICE -	
CONTAINERS, PACKAGING & GLASS - 4.39%		8.23%	
Chase Packaging Corporation	\$ 95	A S C Group, Inc.	\$ 276,674
Flutes, Inc.	872,466	A W X Holdings Corporation	551,250
P K C Holding Corporation	3,640,697	Advanced Technologies Holdings	1,494,292
P P T Holdings LLC	3,331,759	Affinia Group, Inc.	551,381
Paradigm Packaging, Inc.	1,716,489	Apex Analytix Holding Corporation	2,427,558
Rose City Holding Company	1,487,148	Church Services Holding Company	1,635,211
Vitex Packaging Group, Inc.	738,853	Clough, Harbour and Associates	384,328
	11,787,507	Crane Rental Corporation	2,442,726
DISTRIBUTION - 5.71%		ELT Holding Company	3,150,606
Blue Wave Products, Inc.	1,570,026	HVAC Holdings, Inc.	2,977,464
BP SCI LLC	2,976,999	Insurance Claims Management, Inc.	316,419
Duncan Systems, Inc.	1,040,198	Mail Communications Group, Inc.	579,402
RM Holding Company	1,744,921	Nexeo Solutions LLC	39,000
Signature Systems Holdings Company	1,981,657	Northwest Mailing Services, Inc.	2,972,512
Stag Parkway Holding Company	2,970,083	Pearlman Enterprises, Inc.	-
WP Supply Holding Corporation	3,064,080	Safety Infrastructure Solutions	2,330,717
	15,347,964		22,129,540
DIVERSIFIED/CONGLOMERATE, MANUFACTURING - 10.53%		ELECTRONICS - 1.03%	
A H C Holding Company, Inc.	285,179	Connecticut Electric, Inc.	2,777,633
Advanced Manufacturing Enterprises LLC	2,899,536	FINANCIAL SERVICES - 6.43%	
Arrow Tru-Line Holdings, Inc.	1,699,875	Ally Financial, Inc.	1,764,032
C D N T, Inc.	1,162,527	Alta Mesa Financial Services	1,582,500
F G I Equity LLC	1,808,042	Bank of Nova Scotia	3,999,853
G C Holdings	4,674,566	Export-Import Bank	3,499,769
K P H I Holdings, Inc.	797,348	Nielsen Finance LLC	998,750
K P I Holdings, Inc.	2,991,437	Nuveen Investments	1,473,750
LPC Holding Company	3,958,713	REVSpring, Inc.	3,958,279
MEGTEC Holdings, Inc.	741,914		17,276,933

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Nortek, Inc.	12,436
O E C Holding Corporation	1,379,191
Postle Aluminum Company LLC	3,399,750
Truck Bodies & Equipment International	2,480,704
	28,291,218

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

Industry Classification: (Continued)	Fair Value/ Market Value		Fair Value/ Market Value
HEALTHCARE, EDUCATION & CHILDCARE - 7.40%		MACHINERY - 6.03%	
American Hospice Management Holding LLC \$	3,953,617	ABC Industries, Inc.	\$ 1,460,992
CHG Alternative Education Holding Company	3,043,997	Arch Global Precision LLC	3,412,955
GD Dental Services LLC	2,979,723	E S P Holdco, Inc.	2,824,538
Healthcare Direct Holding Company	2,142,307	M V I Holding, Inc.	249,835
Marshall Physicians Services LLC	1,501,267	Milacron Financial	516,875
SouthernCare Holdings, Inc.	254,911	Motion Controls Holdings	3,077,899
Strata/WLA Holding Corporation	2,681,180	NetShape Technologies, Inc.	2,378,721
Synteract Holdings Corporation	3,319,069	Pacific Consolidated Holdings LLC	79,688
Touchstone Health Partnership	-	Supreme Industries, Inc.	578,036
Wheaton Holding Corporation	-	Thermadyne Holdings Corporation	817,500
	19,876,071	Welltec A/S	819,375
			16,216,414
HOME & OFFICE FURNISHINGS, HOUSEWARES & DURABLE CONSUMER PRODUCTS - 3.24%		MEDICAL DEVICES/BIOTECH - 3.06%	
Connor Sport Court International, Inc.	2,423,541	Chemtura Corporation	540,000
H M Holding Company	-	ETEX Corporation	-
Home Décor Holding Company	680,649	Evertec, Inc.	1,515,225
Monessen Holding Corporation	-	Health Management Association	823,125
Quiksilver, Inc.	314,606	MedSystems Holdings LLC	1,444,383
Spectrum Brands, Inc.	141,563	MicroGroup, Inc.	426,288
Transpac Holding Company	1,707,816	NT Holding Company	3,181,426
		Precision Wire Holding Company	287,300
U-Line Corporation	465,321	TherOX, Inc.	-
U M A Enterprises, Inc.	1,422,396		
Wellborn Forest Holding Company	1,549,125		8,217,747
	8,705,017	MINING, STEEL, IRON & NON-PRECIOUS METALS - 0.68%	

LEISURE, AMUSEMENT & ENTERTAINMENT -
0.39%

Bally Total Fitness Holding

Corporation

2

FMG Resources

1,833,125

MGM Resorts International

1,060,000

NATURAL RESOURCES -

1,060,002

1.51%

Arch Coal, Inc.

135,375

Headwaters, Inc.

909,500

Intrepid Potash, Inc.

6,847

Virginia Electric Power

2,999,733

4,051,455

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
 March 31, 2013
 (Unaudited)

Babson Capital Corporate
 Investors

Industry Classification: (Continued)	Fair Value/ Market Value		Fair Value/ Market Value
OIL & GAS - 5.82%		TRANSPORTATION - 2.64%	
Calumet Specialty Products Partners L.P.	\$ 1,680,000	Huntington Ingalls Industries	\$ 815,625
Energy Transfer Equity LP	115,250	MNX Holding Company	2,934,360
EP Energy/EP Finance Inc.	1,155,000	NABCO, Inc.	331,309
Halcón Resources Corporation	1,105,000	Ryder System Inc.	3,000,000
Hilcorp Energy Company	797,500		7,081,294
International Offshore Services LLC	-	UTILITIES - 2.40%	
MBWS Ultimate Holdco, Inc.	5,351,772	Calpine Corporation	740,812
Petroplex Inv Holdings LLC	2,915,422	Crosstex Energy L.P.	243,563
		Florida Power and Light Company	2,695,988
Precision Drilling Corporation	800,625	Energy Future Holdings	450,000
Suburban Propane Partners, L.P.	182,280	NRG Energy, Inc.	823,125
Unit Corporation	1,047,500	South Carolina Electric & Gas	1,499,899
Venoco, Inc.	485,000		6,453,387
	15,635,349	WASTE MANAGEMENT/POLLUTION - 1.38%	
PHARMACEUTICALS - 0.67%		Terra Renewal LLC	1,059,948
CorePharma LLC	785,892		
Valeant Pharmaceuticals International	1,023,363	Torrent Group Holdings, Inc.	2,641,417
	1,809,255		3,701,365
PUBLISHING/PRINTING - 0.34%			
Newark Group, Inc.	320,763		
Quebecor Media, Inc.	580,687		
	901,450	Total Investments - 108.19%	\$ 290,777,184
RETAIL STORES - 0.09%			
Pinnacle Foods Finance LLC	227,851		
Rue21, Inc.	19,104		
	246,955		
TECHNOLOGY - 2.10%			
Fidelity National Information	140,938		
First Data Corporation	1,961,687		
Sencore Holding Company	546,470		
Smart Source Holdings LLC	2,999,763		
	5,648,858		
TELECOMMUNICATIONS - 1.14%			
All Current Holding Company	1,540,982		
CCO Holdings Capital Corporation	809,063		
Neustar, Inc.	716,250		
	3,066,295		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. History

Babson Capital Corporate Investors (the “Trust”) commenced operations in 1971 as a Delaware corporation. Pursuant to an Agreement and Plan of Reorganization dated November 14, 1985, approved by shareholders, the Trust was reorganized as a Massachusetts business trust under the laws of the Commonwealth of Massachusetts, effective November 28, 1985.

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 maintain a portfolio of securities providing a fixed yield and at the same time offering an opportunity for capital gains. The Trust’s principal investments are privately placed, below-investment grade, long-term debt obligations with equity features such as common stock, warrants, conversion rights, or other equity features and, occasionally, preferred stocks. The Trust typically purchases these investments, which are not publicly tradable, directly from their issuers in private placement transactions. These investments are typically mezzanine debt instruments with accompanying private equity securities made to small or middle market companies. In addition, the Trust may temporarily invest, subject to certain limitations, in marketable investment grade debt securities, other marketable debt securities (including high yield securities) and marketable common stocks. Below-investment grade or high yield securities have predominantly speculative characteristics with respect to the capacity of the issuer to pay interest and repay capital.

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

2. Significant Accounting Policies

the responsibility of the Trust’s Board of Trustees (the “Trustees”). The Trustees have adopted procedures for the valuation of the Trust’s securities and has delegated responsibility for applying those procedures to Babson Capital. Babson Capital has established a Pricing Committee which is responsible for setting the guidelines used in following the procedures adopted by the Trustees and ensuring that those guidelines are being followed. Babson Capital considers all relevant factors that are reasonably available, through either public information or information directly available to Babson Capital, when determining the fair value of a security. The Trustees meet at least once each quarter to approve the value of the Trust’s portfolio securities as of the close of business on the last business day of the preceding quarter. This valuation requires the approval of a majority of the Trustees of the Trust, including a majority of the Trustees who are not interested persons of the Trust or of Babson Capital. In approving valuations, the Trustees will consider reports by Babson Capital analyzing each portfolio security in accordance with the procedures and guidelines referred to above, which include the relevant factors referred to below. 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 \$226,652,800 (84.34% of net assets) as of March 31, 2013 whose values have been estimated by the Trustees based on the process described above in the absence of readily ascertainable market values. Due to the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Following is a description of valuation methodologies used for assets recorded at fair value.

Corporate Public Securities – Corporate Bonds, Preferred Stocks and Common Stocks
The Trust uses external independent third-party pricing services to determine the fair values of its Corporate Public Securities. At March 31, 2013, 100% of the carrying value of these investments was from external pricing services. In the event that the primary pricing

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

A. Fair Value Measurements:

Under U.S. GAAP, fair value represents the price that should be received to sell an asset (exit price) in an orderly transaction between market participants at the measurement date.

Determination of Fair Value

The determination of the fair value of the Trust's investments is

service does not provide a price, the Trust utilizes the pricing provided by a secondary pricing service.

Public debt securities generally trade in the over-the-counter market rather than on a securities exchange. The Trust's pricing services use multiple valuation techniques to determine fair value. In instances where significant market activity exists, the pricing services may utilize a market based approach through which quotes from market makers are used to determine fair value. In instances where significant market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, option adjusted spreads, credit spreads, estimated default rates, coupon rates, anticipated

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Unaudited)

Babson Capital Corporate
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timing of principal underlying prepayments, collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value.

Public equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sales price of that day.

Annually, Babson Capital conducts reviews of the primary pricing vendors to validate that the inputs used in that vendors' pricing process are deemed to be market observable as defined in the standard. While Babson Capital is not provided access to proprietary models of the vendors, the reviews have included on-site walk-throughs of the pricing process, methodologies and control procedures for each asset class and level for which prices are provided. The review also included an examination of the underlying inputs and assumptions for a sample of individual securities across asset classes, credit rating levels and various durations, a process Babson Capital continues to perform annually. In addition, the pricing vendors have an established challenge process in place for all security valuations, which facilitates identification and resolution of prices that fall outside expected ranges. Babson Capital believes that the prices received from the pricing vendors are representative of prices that would be received to sell the assets at the measurement date (exit prices) and are classified appropriately in the hierarchy.

Corporate Restricted Securities – Corporate Bonds

The fair value of certain notes is determined using an internal model that discounts the anticipated cash flows of

To estimate a company's enterprise value, the company's trailing twelve months earnings before interest, taxes, depreciation and amortization ("EBITDA") is multiplied by a valuation multiple. A discount for lack of marketability is applied to the end result.

Both the company's EBITDA and valuation multiple as well as the discount are considered significant unobservable inputs. Significant increases/(decreases) to the company's trailing twelve months EBITDA and/or the valuation multiple would result in significant increases/(decreases) to the equity value.

Short-Term Securities

Short-term securities, of sufficient credit quality, with more than sixty days to maturity are valued at fair value, using external independent third-party services. Short-term securities having a maturity of sixty days or less are valued at amortized cost, which approximates fair value.

Quantitative Information about Level 3 Fair Value Measurements

	Valuation Technique	Unobservable Inputs	Range	Weighted Average
Corporate Bonds	Discounted Cash Flows	Discount Rate	5.9% to 17.7%	11.8%
Equity Securities	Market Approach	Valuation Multiple	3.3x to 10.1x	6.6x
		Discount for lack of marketability	0% to 24%	5.4%
		EBITDA	\$1.7 million to \$136.0 million	\$21.8 million

The following table represents quantitative information about Level 3 fair value measurements as of March 31, 2013.

Fair Value Hierarchy

The Company categorizes its investments measured at fair value in three levels, based on the inputs and assumptions used to determine fair value. These levels are as follows:

those notes using a specific discount rate. Changes to that discount rate are driven by changes in general interest rates, probabilities of default and credit adjustments. The discount rate used within the models to discount the future anticipated cash flows is considered a significant unobservable input. Significant increases/(decreases) in the discount rate would result in a significant (decrease)/increase to the notes' fair value.

The fair value of certain distressed notes is based on an enterprise waterfall methodology which is discussed in the equity security valuation section below.

Corporate Restricted Securities – Common Stock, Preferred Stock and Partnerships & LLC's

The fair value of equity securities is determined using an enterprise waterfall methodology. Under this methodology, the enterprise value of the company is first estimated and that value is then allocated to the company's outstanding debt and equity securities based on the documented priority of each class of securities in the capital structure. Generally, the waterfall proceeds from senior debt tranches of the capital structure to senior then junior subordinated debt, followed by each class of preferred stock and finally the common stock.

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Unaudited)

The following is a summary of the inputs used to value the Trust's net assets as of March 31, 2013:

Assets:	Total	Level 1	Level 2	Level 3
Restricted Securities				
Corporate Bonds	\$ 193,569,315	\$ -	\$ 17,870,530	\$ 175,698,785
Common Stock - U.S.	21,348,815	-	-	21,348,815
Preferred Stock	12,895,862	-	141,418	12,754,444
Partnerships and LLCs	16,850,756	-	-	16,850,756
Public Securities				
Corporate Bonds	27,800,674	-	27,800,674	-
Common Stock - U.S.	616,520	616,518	-	2
Short-term Securities	17,695,242	-	17,695,242	-
Total	\$ 290,777,184	\$ 616,518	\$ 63,507,864	\$ 226,652,802

See information disaggregated by security type and industry classification in the Consolidated Schedule of Investments.

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

Assets:	Beginning balance at 12/31/2012	Included in earnings	Purchases	Sales	Prepayments	Transfers in and/or out of Level 3	Ending balance at 03/31/2013
Restricted Securities							
Corporate Bonds	\$ 191,789,043	\$ 9,337	\$ 6,020,197	\$ (4,069,097)	\$ (18,050,695)	\$ -	\$ 175,698,785
Common Stock - U.S.	18,594,948	2,589,295	532,650	(368,078)	-	-	21,348,815
Preferred Stock	12,415,845	290,098	48,501	-	-	-	12,754,444
Partnerships and LLCs	15,933,742	948,264	(31,250)	-	-	-	16,850,756
Public Securities							
Common Stock	-	2	-	-	-	-	2
	\$ 238,733,578	\$ 3,836,996	\$ 6,570,098	\$ (4,437,175)	\$ (18,050,695)	\$ -	\$ 226,652,802

There were no transfers into or out of Level 1 or Level 2 assets.

Income, Gains and Losses included in Net Increase in Net Assets resulting from Operations for the period are presented in the following

	Net Increase in Net Assets Resulting from Operations	Change in Unrealized Gains & (Losses) in Net Assets from assets still held
Interest (Amortization)	\$ 345,322	-
Net realized gain on investments before taxes	\$ 1,095,608	-
Net change in unrealized depreciation of investments before taxes.	\$ 2,396,066	3,250,267

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Unaudited)Babson Capital Corporate
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accounts on the Statement of Operations for Level 3 assets:

B. Accounting for Investments:

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

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

C. Use of Estimates:

The preparation of financial statements in conformity with U.S. GAAP 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 the Trustees either designate the net realized long-term gains as undistributed and pay the Federal capital gains taxes thereon or distribute all or a portion of such net gains.

The Trust is taxed as a regulated investment company and is therefore limited as to the amount of non-qualified income that it may receive as the result of operating a trade or business, e.g. the Trust’s pro rata share of income allocable to the Trust by a partnership

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of the existing assets and liabilities and their respective tax basis. As of March 31, 2013, the CI Subsidiary Trust has a deferred tax liability of \$1,155,443.

Beginning with the 2009 annual financial statements, the Trust recognizes a tax benefit from an uncertain position only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority’s widely understood administrative practices and precedents. If this threshold is met, the Trust measures the tax benefit as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Trust has evaluated and determined that the tax positions did not have a material effect on the Trust’s financial position and results of operations for the three months ended March 31, 2013.

E. Distributions to Shareholders:

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

3. Investment Services Contract**A. Services:**

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

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 CI 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 CI Subsidiary Trust is not taxed as a regulated investment company. Accordingly, prior to the Trust receiving any distributions from the CI Subsidiary Trust, all of the CI Subsidiary Trust's taxable income and realized gains, including non-qualified income and realized gains, is subject to taxation at prevailing corporate tax rates. As of March 31, 2013, the CI Subsidiary Trust has incurred income tax expense of \$3,162.

for the performance of the foregoing services.

B. Fee:

For its services under the Contract, Babson Capital is paid a quarterly investment advisory fee of 0.3125% of the net asset value of the Trust as of the last business day of each fiscal quarter, which is approximately equal to 1.25% annually. A majority of the Trustees, including a majority of the Trustees who are not interested persons of the Trust or of Babson Capital, approve the valuation of the Trust's net assets as of such day.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Unaudited)

4. Senior Indebtedness

MassMutual holds the Trust's \$30,000,000 Senior Fixed Rate Convertible Note (the "Note") issued by the Trust on November 15, 2007. The Note is due November 15, 2017 and accrues interest at 5.28% 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, 2013, the Trust incurred total interest expense on the Note of \$396,000.

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.

5. Purchases and Sales of Investments

	For the three months ended 03/31/2013	Proceeds from Sales or Maturities
Corporate restricted securities	\$ 11,472,611	\$ 12,668,483
Corporate public securities	501,875	15,646,461

The aggregate cost of investments is substantially the same for financial reporting and Federal income tax purposes as of March 31, 2013. The net unrealized depreciation of investments for financial reporting and Federal tax purposes as of March 31, 2013 is \$6,151,715 and consists of \$29,237,166 appreciation and \$35,388,881 depreciation.

Net unrealized depreciation of investments on the Statement of Assets and Liabilities reflects the balance net of a deferred tax accrual of

\$1,155,443 on net unrealized gains on the CI Subsidiary Trust.

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Members of the Board of Trustees

DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

William J. Barrett

Babson Capital Corporate Investors (the “Trust”) offers a Dividend Reinvestment and Share Purchase Plan (the “Plan”). The Plan provides a simple way for shareholders to add to their holdings in the Trust through the receipt of dividend shares issued by the Trust or through the investment of cash dividends in Trust shares purchased in the open market. A shareholder may join the Plan by filling out and mailing an authorization card to DST Systems, Inc., the Transfer Agent.

Donald E. Benson*

Michael H. Brown*

Donald Glickman

Participating shareholders will continue to participate until they notify the Transfer Agent, in writing, of their desire to terminate participation. Unless a shareholder elects to participate in the Plan, he or she will, in effect, have elected to receive dividends and distributions in cash. 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 \$10 nor more than \$5,000 per quarter. Cash contributions must be received by the Transfer Agent at least five days (but no more than 30 days) before the payment date of a dividend or distribution.

Edward P. Grace III

Robert E. Joyal

Clifford M. Noreen

Susan B. Sweeney

Maleyne M. Syracuse*

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.

*Member of the Audit Committee

Officers

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.

Clifford M. Noreen
Chairman

Michael L. Klofas
President

James M. Roy
Vice President & Chief
Financial Officer

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.

Christopher A. DeFrancis
Vice President &
Secretary

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.)

Sean Feeley
Vice President

Any questions regarding the Plan should be addressed to DST Systems, Inc., Agent for Babson Capital Corporate Investors’ Dividend Reinvestment and Share Purchase Plan, P.O. Box 219086, Kansas City, MO 64121-9086.

Michael P. Hermsen
Vice President

Richard E. Spencer, II

Vice President

Daniel J. Florence
Treasurer

John T. Davitt, Jr.
Comptroller

Melissa M. LaGrant
Chief Compliance Officer
