

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

MASSMUTUAL PARTICIPATION INVESTORS
Form N-CSR
March 04, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

Investment Company Act file number 811-5531

MassMutual Participation Investors

(Exact name of registrant as specified in charter)

1500 Main Street, Suite 600, Springfield, MA 01115

(Address of principal executive offices)

(Zip code)

Stephen L. Kuhn, Vice President and Secretary
1500 Main Street, Suite 2800, Springfield, MA 01115

(Name and address of agent for service)

Registrant's telephone number, including area code: 413-226-1000

Date of fiscal year end: 12/31

Date of reporting period: 12/31/04

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORT TO STOCKHOLDERS.

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

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

2004
Annual
Report

MassMutual Participation Investors

MassMutual
Participation
Investors

MassMutual Participation Investors is a closed-end investment company, first offered to the public over a decade ago and is listed on the New York Stock Exchange.

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

ADVISER
Babson Capital Management LLC
1500 Main Street
Springfield, Massachusetts 01115

INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM
KPMG LLP
Boston, Massachusetts 02110

COUNSEL TO THE TRUST
Ropes & Gray LLP

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

Boston, Massachusetts 02110

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

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

PROXY VOTING POLICIES & PROCEDURES; PROXY VOTING RECORD

The Trustees of MassMutual Participation Investors have delegated proxy voting responsibilities relating to the voting of securities held by the Trust to Babson Capital Management LLC. A description of Babson Capital's proxy voting policies and procedures is available (1) without charge, upon request, by calling, toll-free 866-399-1516; (2) on MassMutual Participation Investors' website: <http://www.babsoncapital.com/mpv>; and (3) on the U.S. Securities and Exchange Commission ("SEC") website at <http://www.sec.gov>. Information regarding how the Trust voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available (1) on MassMutual Participation Investors' website: <http://www.babsoncapital.com/mpv>; and (2) on the SEC's website at <http://www.sec.gov>.

FORM N-Q

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

MassMutual Participation Investors

Investment
Objective
and Policy

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

[PIE CHART APPEARS HERE]

Portfolio Composition as of 12/31/04*

Public High
Yield Debt 24%

Private Investment
Grade Debt 1%

Cash & Short Term

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

Investments 7%

Private/Restricted

Equity 14%

Public Equity 2%

Private High

Yield Debt 52%

*Based on value of total investments

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

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

In this report you will find a complete listing of the Trust's holdings. We encourage you to read this section carefully for a better understanding of the Trust. We cordially invite all shareholders to attend the MassMutual Participation Investors Annual Meeting of Shareholders, which will be held on April 22, 2005 at 1:00 P.M. in Springfield, Massachusetts.

1

MassMutual Participation Investors

To
Our
Shareholders

On July 1, 2004, David L. Babson & Company Inc., the investment adviser to MassMutual Participation Investors (the "Trust"), announced that it was renaming itself as Babson Capital Management LLC. The Trust continues to be managed by the same individuals and there should be no change in the level of service provided.

I am pleased to share with you the Trust's Annual Report for the year ended December 31, 2004.

[PHOTO APPEARS HERE]

Left to right:

Roger W. Crandall
President

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

Stuart H. Reese
Chairman

The Trust's total portfolio rate of return for 2004 was 25.14%, as measured by the change in net asset value, assuming the reinvestment of all dividends and distributions.

2

M a s s M u t u a l P a r t i c i p a t i o n I n v e s t o r s

Total Annual Portfolio Return (as of 12/31 each year)*

[BAR CHART APPEARS HERE]

MassMutual Participation Investors (Based on change in the net asset value with reinvested dividends)	Standard & Poor's Industrials Composite (Formerly called the Standard & Poor's Industrial Price Index.)	Lehman Brothers Intermediate U.S. Credit Index (Formerly called the Lehman Brothers Intermediate Corporate Bond Index.)
2004 25.14%	2004 10.20%	2004 4.08
2003 23.72%	2003 28.34%	2003 6.91
2002 5.70%	2002 -23.51%	2002 10.14
2001 3.41%	2001 -11.67%	2001 9.77
2000 8.11%	2000 -16.26%	2000 9.46
1999 4.77%	1999 25.89%	1999 0.16
1998 10.91%	1998 33.77%	1998 8.29
1997 24.10%	1997 31.04%	1997 8.36
1996 14.60%	1996 23.03%	1996 3.97
1995 26.11%	1995 34.64%	1995 18.99

*Data for MassMutual Participation Investors represents portfolio returns based on change in the net asset value assuming the reinvestment of all dividends and distributions which differs from the total investment return based on market value due to the difference between the net asset value and the market value of the shares outstanding (see page 12 for total investment return based on market value); past performance is no guarantee of future results.

[PHOTO APPEARS HERE]

Left to right:

Stephen L. Kuhn
Vice President and Secretary

Clifford M. Noreen
Vice President

Charles C. McCobb, Jr.
Vice President and Chief Financial Officer

The Trust continues to repeatedly employ the investment philosophy that has served it well since its inception: investing in companies which we believe to have a strong business proposition, solid cash flow and experienced, ethical management.

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

MassMutual Participation Investors

The Trust's 2004 Portfolio Performance

The Trust's total portfolio rate of return for 2004 was 25.14%, as measured by the change in net asset value, assuming the reinvestment of all dividends and distributions. The Trust's total net assets were \$107,610,007, or \$11.13 per share, as of December 31, 2004, compared to \$94,396,591, or \$9.84 per share, as of December 31, 2003. The Trust's quarterly per-share dividend increased in the first and second quarters of 2004 and remained stable for each of the next two quarters of 2004: from 20 cents per share paid for each quarter in 2003 to 21 cents per share paid in May, to 24 cents per share paid in August and in November. While the regular fourth quarter dividend paid in January remained at 24 cents per share, the Trust declared a special year-end dividend of 12 cents per share paid in January to shareholders of record on December 31, 2004. A special 5 cent per share dividend was also paid in August, bringing total dividends for the year to \$1.10 per share. All in all, we are very pleased with the Trust's 2004 portfolio performance.

	The Trust	Lehman Brothers U.S. Corporate High Yield Index	Lehman Brothers Intermediate U.S. Credit Index*	Standard & Poor's Industrials Composite**	Russell 2000 Index
1 Year	25.14%	11.13%	4.08%	10.20%	18.33%
3 Year	17.85%	12.22%	7.01%	2.66%	11.48%
5 Year	12.84%	6.97%	8.05%	-4.37%	6.61%
10 Year	14.32%	8.13%	7.91%	11.31%	11.54%

* Formerly called the Lehman Brothers Intermediate Corporate Bond Index.

** Formerly called the Standard & Poor's Industrial Price Index.

The above table lists the average annual returns of the Trust's portfolio, based on change in net assets, assuming the reinvestment of all dividends and distributions, compared to the average annual returns of selected equity and fixed income market indices for the 1, 3, 5 and 10 years ended December 31, 2004.

The U.S. economy and investment markets showed surprising resilience in 2004, holding steady despite several factors: short-term interest rates were raised five times during the year by the Federal Reserve Board for a total increase of 1.25 percent; oil reaching a record high price of \$50 a barrel; a weakening dollar; the worst hurricane season in 40 years; the ongoing war in Iraq; and a highly charged Presidential election campaign.

4

MassMutual Participation Investors

While historically events such as these have had a negative economic impact, indications are that the U.S. economy continues to improve. U.S. Gross Domestic Product grew at a 4.4 percent rate for the year and the unemployment rate dropped to 5.4 percent from 5.7 percent. Nevertheless, at the close of 2004, both the Dow Jones Industrial Average and the Standard & Poor's 500 Index were at their highest levels since pre-September 11, 2001.

Corporate credit defaults around the globe continued their downward trend (although possibly plateauing at year-end), which provided a more stable

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

environment for investors. In the U.S., the speculative-grade issuer-weighted default rate fell to 2.2% at year-end from a starting point of 5.2% in 2003, as reported by Moody's Investors Service. Meanwhile, 2004 saw dollardenominated high-yield bond issuance approach \$134.8 billion, keeping pace with the \$135.7 billion issued in 2003, according to Credit Suisse First Boston. The value of mergers and acquisitions among domestic companies reached \$834 billion, a tally surpassed only in the record year of 2000, according to Thompson Financial. This is an indication of the amount of capital available in the market to finance deals; however, this environment has caused the markets in which the Trust participates to become very competitive.

Overall, the Trust closed 23 new private placement transactions during 2004 and added to seven existing private placement investments, a relatively large number compared with previous years. To keep pace with this activity, Babson Capital has added additional investment professionals to its mezzanine and private equity group.

New private placement transactions during the year were: ATI Acquisition Company; AWC Holding Company; American Hospice Management Holding LLC; Augusta Sportswear Holding Co.; Chemed Corporation (Roto-Rooter, Inc.); Eagle Pack Pet Foods, Inc.; EXC Acquisition Corporation; Home Decor Holding Company; Justrite Manufacturing Acquisition Co.; Kele and Associates, Inc.; Maverick Acquisition Company; Maxon Corporation; Nonni's Food Company; Qualis Automotive LLC; Qualserv Corporation; River Ranch Fresh Foods LLC; Savage Sports Holding, Inc.; Sport Court International, Inc.; Tubular Textile Machinery; U-Line Corporation; Vitality Foodservice, Inc.; Vitex Packaging Group, Inc.; and Walls Industries, Inc.

In addition, the Trust added to existing private placement investments in Brampton Fasteners Co. Ltd., Colibri Holdings Corp., Delstar Holding Corporation, Dwyer Group, Inc., Home Decor Holding Company, MedAssist, Inc. and Shelter Acquisition, Inc.

[PHOTO APPEARS HERE]

Left to right:

Michael L. Klofas
Vice President

Richard E. Spencer, II
Vice President

Michael P. Hermsen
Vice President

5

MassMutual Participation Investors

The Outlook for 2005

For 2005, expectations are mixed. The Fed will likely continue to raise short-term rates, and many analysts believe long-term interest rates may rise as well. The global economy is focused on the budget and current account deficits in the U.S., with the risk of further dollar weakness. Oil prices will continue to have a risk premium because of instability and conflict in the Middle East. While economic indicators such as unemployment levels, manufacturing activity and consumer confidence looked promising at year-end, no one can predict the future with any degree of certainty.

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

Stronger equity and credit markets have helped fuel increased M & A activity - pushing valuations toward the high end of historical ranges. The margin of safety in many investments has been reduced, requiring investors to increase the scrutiny of each opportunity.

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

Sincerely,

/S/ Roger W. Crandall
 Roger W. Crandall
 President

Cautionary Notice: Certain statements contained in this report to shareholders may be "forward looking" statements within the meaning of the Private Securities Litigation Act of 1995. These statements are not guarantees of future performance and actual results may differ materially from those forecasted.

2004 Dividends	Record Date	Net Investment Income	Short-Term Gains	Tax Effect
Regular	05/07/04	\$0.2100	-	
	07/30/04	0.2400	-	
	11/01/04	0.2400	-	
	12/31/04	0.2400	-	
Special	07/30/04	0.0500	-	
	12/31/04	0.1200	-	
		\$1.1000	-	\$1.10

The Trust did not have distributable net long-term capital gains in 2004.

Annual Dividend Amount Per Share	Qualified for Dividend Received Deduction***		Qualified Dividends****		Interest Earned on U.S. Gov't. Obligations	
	Percent	Amount Per Share	Percent	Amount Per Share	Percent	Amount Per Share
\$1.10	19.0189%	0.2092	19.0131%	0.2091	0.0000%	0.0000

*Not available to individual shareholders

**Qualified dividends are reported in Box 1b on IRS Form 1099-Div for 2004

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

Consolidated Statement of Assets and Liabilities	8
Consolidated Statement of Operations	9
Consolidated Statement of Cash Flows	10
Consolidated Statements of Changes in Net Assets	11
Consolidated Selected Financial Highlights	12
Consolidated Schedule of Investments	13-35
Notes to Consolidated Financial Statements	36-39
Interested Trustees.	40-41
Independent Trustees	42-44
Officers of the Trust.	45
Report of Independent Registered Public Accounting Firm.	46

7

MassMutual Participation Investors

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES December 31, 2004

ASSETS:

Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value	\$ 94,748,375
(Cost - \$97,473,283)	
Corporate public securities at market value	28,442,620
(Cost - \$26,736,731)	
Short-term securities at cost plus earned discount which approximates market value	5,580,402
	128,771,397

Cash	2,370,051
Interest and dividends receivable	1,867,335
Receivable for investments sold	1,528,675
	\$ 134,537,458
	=====

TOTAL ASSETS

Liabilities:

Dividend payable	\$ 3,482,121
Management fee payable	241,672
Note payable	12,000,000
Revolving Credit Agreement	10,500,000

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

Interest payable	113,824
Accrued expenses	173,415
Accrued taxes payable	416,419

TOTAL LIABILITIES	26,927,451

Net Assets:	
Common shares, par value \$.01 per share; an unlimited number authorized	96,726
Additional paid-in capital	89,614,164
Retained net realized gain on investments, prior years	19,858,001
Undistributed net investment income	460,827
Accumulated net realized loss on investments	(1,400,692)
Net unrealized depreciation of investments	(1,019,019)

TOTAL NET ASSETS	107,610,007

TOTAL LIABILITIES AND NET ASSETS	\$ 134,537,458
	=====
COMMON SHARES ISSUED AND OUTSTANDING	9,672,559
	=====
NET ASSET VALUE PER SHARE	\$ 11.13
	=====

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

8

MassMutual Participation Investors

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2004

INVESTMENT INCOME:	
Interest	\$ 10,936,609
Dividends	1,321,969

TOTAL INVESTMENT INCOME	12,258,578

EXPENSES:	
Management fees	918,716
Interest	902,667
Trustees' fees and expenses	105,000
Transfer agent/registrar's expenses	21,400
Reports to shareholders	80,000
Professional fees	286,400
Other	72,170

TOTAL EXPENSES	2,386,353

Net investment income before income tax expense	9,872,225
Income tax expense	158,788

INVESTMENT INCOME - NET (\$1.00 PER SHARE)	9,713,437

Net realized and unrealized gain on investments:	
Realized gain on investments before taxes	1,196,570

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

Income tax expense	(504,437)

NET REALIZED GAIN ON INVESTMENTS	692,133
Net change in unrealized depreciation of investments	12,493,998

Net gain on investments	13,186,131

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 22,899,568
	=====

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

9

MassMutual Participation Investors

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2004

NET DECREASE IN CASH:

Cash flows from operating activities:

Interest and dividends received	\$ 11,479,341
Interest expense paid	(892,461)
Operating expenses paid	(1,429,857)
Income taxes paid	(1,157,345)

NET CASH PROVIDED BY OPERATING ACTIVITIES	7,999,678

Cash flows from investing activities:

Purchases/Proceeds/Maturities from short-term portfolio securities, net	2,243,440
Purchases of portfolio securities	(60,887,585)
Proceeds from disposition of portfolio securities	58,157,598

NET CASH USED FOR INVESTING ACTIVITIES	(486,547)

NET CASH PROVIDED BY OPERATING AND INVESTING ACTIVITIES	7,513,131

Cash flows from financing activities:

Increase in receipts for shares issued on reinvestment of dividends	927,073
Cash dividends paid from net investment income	(10,583,854)

NET CASH USED FOR FINANCING ACTIVITIES	(9,656,781)

NET DECREASE IN CASH	(2,143,650)
----------------------	-------------

Cash - beginning of year	4,513,701

CASH - END OF YEAR	\$ 2,370,051
	=====

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

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 22,899,568

Increase in investments	(15,293,608)
-------------------------	--------------

Increase in interest and dividends receivable	(41,885)
---	----------

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

Decrease in receivable for investments sold	379,141
Increase in management fee payable	28,955
Increase in interest payable	10,206
Increase in accrued expenses	11,249
Decrease in accrued taxes payable	(480,495)

TOTAL ADJUSTMENTS TO NET ASSETS FROM OPERATIONS	(15,386,437)

NET CASH PROVIDED BY OPERATING AND INVESTING ACTIVITIES	\$ 7,513,131
	=====

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10

MassMutual Participation Investors

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	

INCREASE IN NET ASSETS:		
Operations:		
Investment income - net	\$ 9,713,437	\$
Net realized gain on investments	692,133	
Net change in unrealized depreciation of investments	12,493,998	
	-----	-----
Net increase in net assets resulting from operations	22,899,568	
Net increase in shares of beneficial interest transactions (common shares issued: 2004 - 81,587; 2003 - 69,917)	927,073	
Dividends to shareholders from:		
Net investment income (2004 - \$1.10 per share; 2003 - \$0.96 per share)	(10,613,225)	
	-----	-----
TOTAL INCREASE IN NET ASSETS	13,213,416	
NET ASSETS, BEGINNING OF YEAR	94,396,591	
	-----	-----
NET ASSETS, END OF YEAR	\$ 107,610,007	\$
	=====	=====

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

MassMutual Participation Investors

CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

Selected data for each share of beneficial interest outstanding:

For the years ended December 31,	2004	2003	2002	2001
NET ASSET VALUE: BEGINNING OF YEAR	\$ 9.84	\$ 8.78	\$ 9.12	\$ 9.75
Net investment income	1.00	0.80	0.87	0.93
Net realized and unrealized gain (loss) on investments	1.36	1.21	(0.35)	(0.61)
Total from investment operations	2.36	2.01	0.52	0.32
Dividends from net investment income to common shareholders	(1.10)	(0.96)	(0.86)	(0.96)
Distributions from net realized gain on investments to common shareholders	--	--	--	--
Change from issuance of shares	0.03	0.01	--	0.01
Total distributions	(1.07)	(0.95)	(0.86)	(0.95)
NET ASSET VALUE: END OF YEAR	\$ 11.13	\$ 9.84	\$ 8.78	\$ 9.12
PER SHARE MARKET VALUE: END OF YEAR	\$ 13.31	\$ 11.65	\$ 9.40	\$ 9.10
Total investment return				
Market value	25.77%	35.50%	12.58%	(8.02)%
Net asset value*	25.14%	23.72%	5.70%	3.41%
Net assets (in millions):				
End of year	\$ 107.61	\$ 94.40	\$ 83.59	\$ 86.09
Ratio of operating expenses to average net assets	1.63%	1.65%	1.27%	1.22%
Ratio of interest expense to average net assets	0.89%	0.97%	1.08%	1.47%
Ratio of total expenses to average net assets	2.52%	2.62%	2.35%	2.69%

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

Ratio of net investment income to average net assets	9.60%	8.55%	9.42%	9.70%
Portfolio turnover	51.25%	55.08%	35.32%	21.58%

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

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

12

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS December 31, 2004

	Shares, Units Warrants, Ownership or Principal Amount	Acquisit Date
Corporate Restricted Securities - 88.05%: (A)		

Private Placement Investments - 80.57%		
A T I ACQUISITION COMPANY		
A for-profit post-secondary school serving students in Texas, Florida and Arizona.		
12% Senior Subordinated Note due 2012	\$ 1,125,000	04/08/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	1,230 shs.	04/08/0
AWC HOLDING COMPANY		
A manufacturer and distributor of aluminum and vinyl windows and doors in the Southwest and Southe		
12% Senior Subordinated Note due 2012	\$ 1,125,000	05/18/0
Limited Partnership Interest of A W C Investment, LLC (B)	132 uts.	05/18/0
ADORN, INC		
A manufacturer of wall panels, cabinets, moldings and countertops for houses and recreational vehi		
12.5% Subordinated Note due 2010	\$ 1,125,000	02/29/0
Warrant, exercisable until 2010, to purchase common stock at \$.02 per share (B)	192 shs.	02/29/0
AMERICA'S BODY COMPANY, INC./LCP HOLDING CO		
A designer and manufacturer of commercial work vehicles		
12% Preferred Stock Series C (B)	197 shs.	12/16/0
Warrant, exercisable until 2007, to purchase common stock at \$.01 per share (B)	40 shs.	

*11/02/98 and 12/24/03

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

AMERICAN HOSPICE MANAGEMENT HOLDING LLC

A for-profit hospice care provider in the United States

12% Senior Subordinated Note due 2010	\$	1,125,000		01/22/0
Preferred Class A Unit (B)		1,337 uts.		01/22/0
Common Class B Unit (B)		1,610 uts.		01/22/0

AUGUSTA SPORTSWEAR HOLDING CO

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

12% Senior Subordinated Note due 2012	\$	893,000		12/31/0
Common Stock (B)		232 shs.		12/31/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)		73 shs.		12/31/0

13

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2004

		Shares, Units Warrants, Ownership or Principal Amount		Acquisit Date
Corporate Restricted Securities - (A) continued				

BEACON MEDICAL PRODUCTS, INC				
A designer, manufacturer and marketer of medical air and gas distribution systems.				
Senior Secured Floating Rate Revolving Credit Facility due 2007	\$	65,896		04/09/0
Senior Secured Tranche A Floating Rate Note due 2008	\$	490,243		04/09/0
12% Senior Secured Note due 2010	\$	412,112		04/09/0
Limited Partnership Interest of Riverside Capital Appreciation Fund IV, L.P. (B)		6.38% int.		04/09/0
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)		794 shs.		04/09/0
BETA BRANDS LTD				
A manufacturer of hard candy and chocolate-coated products sold primarily to the Canadian market.				
5% Promissory Note due 2009 (B)	\$	96,698		03/31/0
Warrant, exercisable until 2009, to purchase common stock at \$.01 per share (B)		2,421 shs.		03/31/0
BETTER MINERALS & AGGREGATES				
A producer of high grade industrial and specialty silica sands				
14% Redeemable Preferred Stock (B)		499 shs.		09/30/9
Convertible Preferred Stock Series A and B, convertible into common stock at \$9.26 per share (B)		62,997 shs.		12/19/9
Common Stock (B)		10,013 shs.		09/30/9
Warrants, exercisable until 2005 and 2010, to purchase common stock at \$.01 per share (B)		5,700 shs.		

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

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

BRAMPTON FASTENER CO. LTD

A value-added national distributor of maintenance, repair and operating supplies such as fasteners

8% Senior Secured Term A Note due 2009	\$ 430,000	12/31/09
12% Senior Secured Term B Note due 2009	\$ 430,000	12/31/09
Limited Partnership Interest of Brafasco Investors LLC (B)		44,000 uts. 12/31/09
Preferred Stock (B)		155 shs. 12/31/09

C & M CONVEYOR, INC

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

9.5% Senior Secured Term Note due 2007	\$ 569,277	09/13/09
11% Senior Subordinated Note due 2010	\$ 478,916	09/13/09
Common Stock (B)		180,723 shs. 09/13/09
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)		78,386 shs. 09/13/09

14

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS December 31, 2004

	Shares, Units Warrants, Ownership or Principal Amount	Acquisit Date
Corporate Restricted Securities - (A) continued		

CAINS FOODS, L.P.		
A producer of mayonnaise and sauce products for both the retail and food service markets.		
Limited Partnership Interest (B)	58 uts.	09/29/99
CAPESUCCESS LLC		
A provider of diversified staffing services		
Preferred Membership Interests (B)	806 uts.	04/29/09
Common Membership Interests (B)	10,421 uts.	04/29/09
CAPITAL SPECIALTY PLASTICS, INC		
A producer of desiccant strips used for packaging pharmaceuticals products.		
Common Stock (B)		55 shs.
*12/30/97 and 05/29/99		
CHEMED CORPORATION		
An operator in the residential and commercial repair-and-maintenance service industry through two wholly owned subsidiaries, Roto-Rooter and Service America.		
Common Stock	10,500 shs.	02/24/09
COEUR, INC		
A producer of proprietary, disposable power injection syringes		
8.75% Senior Secured Term Note due 2010	\$ 326,087	04/30/09

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

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

COINING CORPORATION OF AMERICA LLC
 A manufacturer of close tolerance parts and metal stampings
 Senior Secured Floating Rate Revolving Credit
 Facility due 2006

	\$	74,074	01/07/0
Senior Secured Floating Rate Tranche A Note due 2007	\$	567,901	06/26/0
13% Senior Secured Tranche B Note due 2006	\$	370,370	06/26/0
Limited Partnership Interest (B)		3.65% int.	06/26/0
Warrant, exercisable until 2008, to purchase common stock at \$.01 per share (B)		61,163 shs.	06/26/0

15

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS
 December 31, 2004

		Shares, Units Warrants, Ownership or Principal Amount	Acquisit Date
Corporate Restricted Securities - (A) continued			

COLIBRI HOLDINGS CORPORATION
 A manufacturer and distributor of wild bird feeders and accessories

12.5% Senior Subordinated Note due 2008	\$	843,750	09/22/0
28% Preferred Stock (B)		38 shs.	11/02/0
20% Preferred Stock (B)		35 shs.	03/09/0
Common Stock (B)		756 shs.	09/22/0
Warrant, exercisable until 2008, to purchase common stock at \$.01 per share (B)		446 shs.	09/22/0

CORVEST GROUP, INC
 A manufacturer and distributor of promotional products

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

*03/05/99 and 03/24/99

DELSTAR HOLDING CORPORATION
 A manufacturer of plastic netting for a wide variety of industries

Convertible Preferred Stock, convertible into common stock at \$10 per share (B)		1,758 shs.	10/05/0
Convertible Preferred Stock, convertible into common stock at \$11.84 per share (B)		206 shs.	09/16/0

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

DEXTER MAGNETICS TECHNOLOGIES, INC

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

12% Senior Subordinated Note due 2006	\$	203,804		07/19/06
Common Stock (B)			310 shs.	07/19/06
Warrant, exercisable until 2006, to purchase common stock at \$.01 per share (B)			157 shs.	07/19/06

DIRECTED ELECTRONICS, INC

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

Class B Common Stock (B)		19,394 shs.		12/22/99
Limited Partnership Interest (B)			4.61% int.	12/22/99
Warrant, exercisable until 2007, to purchase common stock at \$.01 per share (B)			25,713 shs.	12/22/99

16

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS December 31, 2004

		Shares, Units Warrants, Ownership or		Acquisit Date
Corporate Restricted Securities - (A)continued		Principal Amount		
DIVERSCO, INC./DHI HOLDINGS, INC				
A contract provider of janitorial and equipment maintenance services and temporary production labor				
Membership Interests of MM/Lincap				
Diversco Investments Ltd. LLC (B)		13.57% int.		08/27/99
Preferred Stock (B)			1,639 shs.	12/14/03
Warrants, exercisable until 2011, to purchase common stock of DHI Holdings, Inc. at \$.01 per share (B)			6,676 shs.	
*10/24/96 and 08/28/98				
DWYER GROUP, INC				
A franchiser of a variety of home repair services				
14% Senior Subordinated Note due 2011	\$	984,375		10/30/03
Common Stock (B)			3,656 shs.	*
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)			1,077 shs.	10/30/03
**10/30/03 and 01/02/04				
E X C ACQUISITION CORPORATION				
A manufacturer of pre-filled syringes and pump systems used for intravenous drug delivery.				
15% Senior Subordinated Note due 2012	\$	1,133,507		06/28/03
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)			11 shs.	06/28/03

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

EAGLE PACK PET FOODS, INC

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

14% Senior Subordinated Note due 2011	\$	562,500		09/24/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)			2,163 shs.	09/24/0

EAGLE WINDOW & DOOR HOLDING CO

A manufacturer of wood and aluminum-clad wood windows and doors

12% Senior Subordinated Note due 2010	\$	1,000,000		05/06/0
Common Stock (B)			125 shs.	05/06/0
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)			232 shs.	05/06/0

EAST RIVER VENTURES I, L.P.

An acquirer of controlling or substantial interests in other entities.

Limited Partnership Interest (B)		0.04% int.		01/01/0
----------------------------------	--	------------	--	---------

17

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2004

		Shares, Units Warrants, Ownership or Principal Amount		Acquisit Date
Corporate Restricted Securities - (A)continued				

ENZYMATIC THERAPY, INC

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

13% Senior Subordinated Note due 2006 (B)	\$	843,750		09/17/0
Limited Partnership Interest (B)			0.70% int.	03/30/0
Warrant, exercisable until 2009, to purchase common stock at \$.01 per share (B)			253 shs.	03/30/0

EURO-PRO CORPORATION

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

13.25% Senior Subordinated Note due 2011	\$	1,125,000		09/09/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)			23,229 shs.	09/09/0

EVANS CONSOLES, INC

A designer and manufacturer of consoles and control center systems

10% Senior Secured Note due 2006	\$	100,634		05/06/0
Limited Partnership Interest of CM Equity Partners (B)			1.21% int.	02/11/9
Common Stock (B)			45,000 shs.	05/06/0

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

G C-SUN HOLDINGS, L.P.

A value-added national distributor of maintenance, repair and operating supplies such as fasteners
Warrant, exercisable until 2008, to purchase
common stock at \$.01 per share (B) 469 shs. 03/02/0

HAMILTON FUNERAL SERVICES CENTERS, INC

A privately held owner and operator of funeral homes in the United States.
16.5% Senior Subordinated Note due 2007 (B) \$ 2,208,026
Warrant, exercisable until 2007, to purchase
common stock at \$1 per share (B) 196,421 shs.

*01/25/99 and 07/16/99

HIGHGATE CAPITAL LLC

An acquirer of controlling or substantial interests in manufacturing and marketing entities.
Series A Preferred Units (B) 0.30% int. 7/21/9

HOME DECOR HOLDING COMPANY

A designer, manufacturer and marketer of framed art and wall decor products.
12.5% Senior Subordinated Note due 2012 \$ 1,081,731 *
Common Stock (B) 33 shs. *
Warrant, exercisable until 2012, to purchase
common stock at \$.01 per share (B) 106 shs. *

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

18

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2004

Corporate Restricted Securities - (A)continued	Shares, Units Warrants, Ownership or Principal Amount	Acquisit Date
<hr/>		
HUSSEY SEATING CORPORATION		
A manufacturer of spectator seating products		
Senior Secured Floating Rate Revolving Note due 2006	\$ 1,054,767	06/12/9
Senior Secured Floating Rate Note due 2006	\$ 216,563	
12% Senior Subordinated Note due 2006	\$ 675,000	03/31/0
Common Stock (B)	2,860 shs.	03/12/0
*06/12/96 and 08/03/01		
INTEGRATION TECHNOLOGY SYSTEMS, INC		
A manufacturer of steel protective computer and network systems for the industrial and office envi		
16.5% Senior Secured Note due 2006	\$ 915,185	03/01/0
Common Stock (B)	130 shs.	06/01/0
JASON, INC		
A diversified manufacturing company serving various industrial markets.		
13% Senior Subordinated Note due 2008	\$ 510,187	08/04/0
14% Cumulative Redeemable Preferred Stock Series A (B)	153 shs.	08/04/0
Limited Partnership Interest of		

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

Saw Mill Capital Fund II, L.P. (B)	1.30% int.	08/03/0
Warrants, exercisable until 2008 and 2009, to purchase common stock at \$.01 per share (B)	26,931 shs.	08/04/0
JUSTRITE MANUFACTURING ACQUISITION CO		
A manufacturer of safety products such as storage cabinets and containers.		
12% Senior Subordinated Note due 2011	\$ 843,750	12/15/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	593 shs.	12/15/0
KEEPSAKE QUILTING, INC		
A seller of quilting fabrics, books, patterns, kits and notions to consumers.		
Senior Secured Floating Rate Revolving Note due 2005	\$ 20,967	06/16/0
Senior Secured Floating Rate Tranche A Note due 2007	\$ 382,653	06/16/0
12% Senior Secured Tranche B Note due 2008	\$ 314,509	06/16/0
Limited Partnership Interest of		
Riverside XVI Holding Company, L.P. (B)	3.02% int.	06/12/0
Warrant, exercisable until 2008, to purchase common stock at \$.01 per share (B)	633 shs.	06/12/0
KELE AND ASSOCIATES, INC		
A distributor of building automation control products		
12% Senior Subordinated Note due 2012	\$ 969,643	02/27/0
Common Stock (B)	18 shs.	02/27/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	6 shs.	02/27/0

19

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS December 31, 2004

	Shares, Units Warrants, Ownership or Principal Amount	Acquisit Date
Corporate Restricted Securities - (A) continued		

KENAN-ADVANTAGE TRANSPORT COMPANY		
A transporter of light petroleum, petrochemicals, lubricants and residual fuels.		
12.5% Senior Subordinated Note due 2009	\$ 962,170	04/30/0
Preferred Stock (B)	163 shs.	04/30/0
Warrant, exercisable until 2009, to purchase common stock at \$.01 per share (B)	142 shs.	04/30/0
LANCASTER LABORATORIES, INC		
A laboratory testing operation in the United States		
Common Stock (B)	455,739 shs.	09/25/0

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

LIH INVESTORS, L.P.

A manufacturer and marketer of a broad line of external accessories for new and used sport utility

12.5% Senior Subordinated Note due 2008	\$	2,036,000	
Common Stock (B)		3,057 shs.	
Warrant, exercisable until 2006, to purchase common stock at \$.11 per share (B)			8,245 shs.

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

MAVERICK ACQUISITION COMPANY

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

Senior Secured Floating Rate Tranche A Note due 2010	\$	447,762	09/03/0
12% Senior Secured Tranche B Note due 2011	\$	179,104	09/03/0
Limited Partnership Interest (B)		4.48% int.	09/03/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)			243 shs. 09/03/0

MAXON CORPORATION

A manufacturer of industrial combustion equipment and related shut-off valves and control valves.

12% Senior Subordinated Note due 2012	\$	549,837	09/30/0
8.75% Senior Subordinated Note due 2012	\$	732,065	09/30/0
Common Stock (B)		218,099 shs.	09/30/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)			87,755 shs. 09/30/0

MEDASSIST, INC

A provider of patient eligibility and accounts receivable management services to hospitals and ph

12% Senior Subordinated Note due 2011	\$	1,125,000	05/01/0
8% Preferred Stock (B)		44 shs.	10/28/0
Common Stock (B)		13,863 shs.	10/28/0
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)			44,054 shs. 05/01/0

20

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2004

		Shares, Units Warrants, Ownership or Principal Amount	Acquisit Date
Corporate Restricted Securities - (A) continued			

MOSS, INC			
A manufacturer and distributor of large display and exhibit structures.			
Senior Secured Floating Rate Tranche A Note due 2007	\$	515,185	09/21/0
12% Senior Secured Tranche B Note due 2008	\$	192,200	09/21/0
Limited Partnership Interest of Riverside Capital Appreciation Fund I, L.P. (B)		21.37% int.	
Warrant, exercisable until 2008, to purchase			

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

common stock at \$100 per share (B)	264 shs.	09/21/0
*09/20/00 and 05/23/02		
MUSTANG VENTURES COMPANY		
A natural gas gathering and processing operation located in Oklahoma and Texas.		
Warrant, exercisable until 2012, to purchase		
common stock at \$.01 per share (B)	8,752 shs.	12/11/0
NEFF MOTIVATION, INC		
A manufacturer and distributor of customized awards and sportswear to schools.		
12.5% Senior Subordinated Note due 2011	\$ 562,500	01/31/0
Warrant, exercisable until 2011, to purchase		
common stock at \$.01 per share (B)	112 shs.	01/31/0
NONNI'S FOOD COMPANY		
A producer and distributor of premium biscotti and bagel chips in North America.		
12.25% Senior Subordinated Note due 2012	\$ 986,538	03/29/0
10% Preferred Stock (B)	135 shs.	03/29/0
Common Stock (B)	3,418 shs.	03/29/0
Warrant, exercisable until 2012, to purchase		
common stock at \$.01 per share (B)	4,565 shs.	03/29/0
NPC, INC		
A manufacturer of flexible connectors and equipment used in the installation of sewers and storm d		
Senior Secured Floating Rate Revolving Note due 2006	\$ 139,085	06/25/9
Senior Secured Floating Rate Note due 2006	\$ 1,118,644	06/25/9
12% Senior Secured Tranche B Note due 2007	\$ 559,322	06/25/9
Limited Partnership Interest of Riverside XIII		
Holding Company L.P. (B)	1.93% int.	06/11/9
Warrant, exercisable until 2007, to purchase		
common stock at \$.01 per share (B)	115 shs.	06/25/9
21		
MassMutual Participation Investors		
CONSOLIDATED SCHEDULE OF INVESTMENTS		
December 31, 2004		
	Shares,	
	Units Warrants,	
	Ownership or	Acquisit
Corporate Restricted Securities - (A) continued	Principal Amount	Date
NYLONCRAFT, INC		
A supplier of engineered plastic components for the automotive industry.		
9% Senior Secured Note due 2009	\$ 464,286	01/28/0
11.5% Senior Subordinated Note due 2012	\$ 857,143	01/28/0
Common Stock (B)	178,571 shs.	01/28/0
Warrant, exercisable until 2012, to purchase		
common stock at \$.01 per share (B)	138,928 shs.	01/28/0

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

OLYMPIC SALES, INC

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

12% Senior Subordinated Note due 2006	\$ 1,387,000	08/07/9
12% Senior Subordinated Note due 2008	\$ 244,154	02/09/0
Limited Partnership Interest of Riverside VIII, VIII-A and VIII-B Holding Company, L.P. (B)	795,964 uts.	
Warrants, exercisable until 2007 and 2008, to purchase common stock at \$.01 per share (B)	15,166 shs.	*

*08/07/98, 02/23/99, 12/22/99 and 02/25/03. **08/07/98 and 02/29/00

PARADIGM PACKAGING, INC

Amanufacturer of plastic bottles and closures for the nutritional, pharmaceutical, personal care

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

P H I HOLDING COMPANY

A retailer of mid-priced gift items, home and garden decor, accessories and other similar consume

12.5% Senior Subordinated Note due 2010	\$ 1,125,000	10/25/0
Warrant, exercisable until 2010, to purchase common stock at \$.02 per share (B)	186 shs.	10/25/0

PRECISION DYNAMICS, INC

Amanufacturer of custom-designed solenoid valves and controls

Senior Secured Floating Rate Revolving Credit Facility due 2005	\$ 366,750	07/22/9
Senior Secured Floating Rate Term Note due 2005	\$ 207,825	07/22/9
12% Senior Secured Term Note due 2005	\$ 163,000	07/22/9
8% Preferred Stock	219 shs.	07/22/9
Common Stock (B)	299 shs.	07/22/9
Warrant, exercisable until 2005, to purchase common stock at \$.01 per share (B)	162 shs.	07/22/9

22

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2004

Corporate Restricted Securities - (A) continued	Shares, Units Warrants, Ownership or Principal Amount	Acquisit Date
---	--	------------------

PROCESS CHEMICALS LLC

A specialty chemical company that manufactures processed chemicals for the fertilizer, asphalt an

Common Membership Interests	4.50% int.
-----------------------------	------------

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

*07/31/97 and 01/04/99

PROTEIN GENETICS, INC

A producer of bovine artificial insemination products, related breeding and healthcare products and specialty genetics sold to the dairy and beef industries.

9.8% Redeemable Exchangeable Preferred Stock (B)	332 shs.	08/12/9
Common Stock (B)	867 shs.	*

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

PW EAGLE, INC. - O.T.C

An extruder of small and medium diameter plastic pipe and tubing in the United States.

Warrant, exercisable until 2007, to purchase common stock at \$.01 per share (B)	101,505 shs.	09/16/9
---	--------------	---------

QUALIS AUTOMOTIVE LLC

A distributor of aftermarket automotive brake and chassis products

12% Senior Subordinated Note due 2012	\$ 937,500	05/28/0
---------------------------------------	------------	---------

Common Stock (B)	187,500 shs.	05/28/0
------------------	--------------	---------

Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	199,969 shs.	05/28/0
---	--------------	---------

QUALSERV CORPORATION

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

14% Senior Subordinated Note due 2012	\$ 992,415	07/09/0
---------------------------------------	------------	---------

Limited Partnership Interest (B)	4.90% int.	07/09/0
----------------------------------	------------	---------

Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	280 shs.	07/09/0
---	----------	---------

RIVER RANCH FRESH FOODS LLC

A supplier of fresh produce to the retail and foodservice channels

13% Senior Subordinated Note due 2011	\$ 975,000	09/29/0
---------------------------------------	------------	---------

Limited Partnership Interest (B)	21,499 uts.	09/29/0
----------------------------------	-------------	---------

Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	12,481 shs.	09/29/0
---	-------------	---------

23

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2004

	Shares, Units Warrants, Ownership or	Acquisit Date
Corporate Restricted Securities - (A) continued	Principal Amount	

ROYAL BATHS MANUFACTURING COMPANY

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

12.5% Senior Subordinated Note due 2011	\$ 562,500	11/14/0
---	------------	---------

Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	74 shs.	11/14/0
---	---------	---------

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

SAFETY SPEED CUT MANUFACTURING COMPANY, INC

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

Senior Secured Floating Rate Revolving Note due 2006	\$	21,536	05/01/0
Senior Secured Floating Rate Tranche A Note due 2007	\$	726,850	06/02/9
12% Senior Secured Tranche B Note due 2007	\$	646,089	06/02/9
Class B Common Stock (B)		846 shs.	06/02/9

SAVAGE SPORTS HOLDING, INC

Amanufacturer of sporting firearms

12% Senior Subordinated Note due 2012	\$	814,655	09/10/0
Common Stock (B)		310 shs.	09/10/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)		71 shs.	09/10/0

SELIG ACQUISITION CORPORATION

Amanufacturer of container sealing materials for bottles used in consumer products.

12% Senior Subordinated Note due 2009	\$	1,125,000	06/13/0
Warrant, exercisable until 2009, to purchase common stock at \$.01 per share (B)		1,064 shs.	06/13/0

SHELTER ACQUISITION, INC

A distributor of roofing supplies and products throughout the Midwest.

12.5% Senior Subordinated Note due 2008	\$	803,571	08/01/0
Common Stock (B)		477,411 shs.	
Warrant, exercisable until 2009, to purchase common stock at \$.01 per share (B)		139,470 shs.	08/01/0

*08/01/02, 01/17/03 and 12/31/04

SNYDER INDUSTRIES, INC

Amanufacturer of proprietary rotationally molded polyethylene containers.

12.25% Senior Subordinated Note due 2008	\$	2,250,000	12/06/9
Warrant, exercisable until 2007, to purchase common stock at \$.01 per share (B)		369 shs.	12/06/9

24

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2004

		Shares, Units Warrants, Ownership or Principal Amount	Acquisit Date
Corporate Restricted Securities - (A)continued			

SPECIALTY FOODS GROUP, INC

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

Amanufacturer and distributor of branded meat products
 Limited Partnership Interest of MHD Holdings LLC (B) 0.76% int. 08/29/0

SPORT COURT INTERNATIONAL, INC

A designer and manufacturer of synthetic indoor and outdoor sports flooring and other temporary f
 Senior Secured Floating Rate Revolving Note due 2009 \$ 106,143 08/12/0
 Senior Secured Floating Rate Note due 2009 \$ 301,240 08/12/0
 12% Senior Secured Note due 2012 \$ 145,304 08/12/0
 Limited Partnership Interest (B) 4.44% int. 08/12/0
 Warrant, exercisable until 2012, to purchase
 common stock at \$.01 per share (B) 19 shs. 08/12/0

STRATEGIC EQUIPMENT & SUPPLY CORPORATION, INC

A provider of kitchen and restaurant design, equipment fabrication and installation services.
 12% Senior Subordinated Note due 2008 \$ 2,250,000 01/14/0
 Warrant, exercisable until 2008, to purchase
 common stock at \$.01 per share (B) 61,862 shs. 01/14/0

SYNVENTIVE EQUITY LLC

Amanufacturer of hot runner systems used in the plastic injection molding process.
 12% Senior Subordinated Note due 2007 \$ 975,000 08/21/0
 Limited Partnership Interest (B) 1.05% int. 08/20/0
 Warrant, exercisable until 2011, to purchase
 common stock at \$.01 per share (B) 45,942 shs. 08/21/0

THE TRANZONIC COMPANIES

A producer of commercial and industrial supplies, such as safety products,
 janitorial supplies, work apparel, washroom and restroom supplies and sanitary care products.
 13% Senior Subordinated Note due 2009 \$ 1,356,000 02/05/9
 Common Stock (B) 315 shs. 02/04/9
 Warrant, exercisable until 2006, to purchase
 common stock at \$.01 per share (B) 222 shs. 02/05/9

TIDEWATER HOLDINGS, INC

An operator of a barge transportation line on the Columbia/Snake River system.
 17% Preferred Stock (B) 280 shs. 12/23/0
 Convertible Preferred Stock, convertible into
 common stock at \$1,000 per share (B) 560 shs. 07/25/9
 Warrant, exercisable until 2008, to purchase
 common stock at \$.01 per share (B) 237 shs. 07/25/9

25

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS
 December 31, 2004

Shares,
 Units Warrants,

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

Corporate Restricted Securities - (A) continued	Ownership or Principal Amount	Acquisit Date
TOMAH HOLDINGS, INC		
A manufacturer of specialty chemicals		
16% Senior Subordinated Note due 2011	\$ 773,875	12/08/0
16% Preferred Stock Series A (B)	20 shs.	12/08/0
Common Stock (B)	2,789 shs.	12/08/0
TRONAIR, INC		
A designer, engineer and manufacturer of ground support equipment for the business, commuter and		
10.5% Senior Secured Term Note due 2008	\$ 902,572	01/20/0
12% Senior Subordinated Note due 2010	\$ 758,100	01/20/0
Common Stock (B)	129,960 shs.	01/20/0
Warrant, exercisable until 2010, to purchase common stock at \$1 per share (B)	148,912 shs.	01/20/0
TRUSTILE DOORS, INC		
A manufacturer and distributor of interior doors		
12.5% Senior Subordinated Note due 2010	\$ 562,500	04/11/0
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)	3,060 shs.	04/11/0
TUBULAR TEXTILE MACHINERY		
A designer, manufacturer, sale and servicer of finishing machinery for the knit and woven segment		
12% Senior Subordinated Note due 2014	\$ 705,457	05/28/0
8.75% Senior Secured Note due 2011	\$ 409,310	05/28/0
Common Stock (B)	385,233 shs.	05/28/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	116,521 shs.	05/28/0
TVI, INC		
A retailer of used clothing in the United States, Canada and Australia.		
Common Stock (B)	187,500 shs.	05/02/0
U S M HOLDINGS CORPORATION		
A provider of facility maintenance services to retail and corporate clients with multiple locatio		
12% Senior Subordinated Note due 2011	\$ 947,368	08/06/0
Preferred Stock (B)	1,771 shs.	08/06/0
Common Stock (B)	546 shs.	08/06/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	502 shs.	08/06/0

26

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2004

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

Corporate Restricted Securities - (A)continued	Shares, Units Warrants, Ownership or Principal Amount	Acquisit Date
U-LINE CORPORATION		
A manufacturer of high-end, built-in, undercounter icemaking, wine storage and refrigeration appli		
12.5% Senior Subordinated Note due 2012	\$ 996,500	04/30/0
10% Junior Subordinated Note due 2012	\$ 33,705	04/30/0
Common Stock (B)	96 shs.	04/30/0
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	122 shs.	04/30/0
VICTORY VENTURES LLC		
An acquirer of controlling or substantial interests in other entities.		
Series A Preferred Units (B)	0.03% int.	12/02/9
VITALITY FOODSERVICE, INC		
A non-carbonated beverage dispensing company focused on the foodservice industry.		
13% Senior Subordinated Note due 2011	\$ 999,153	09/24/0
Common Stock (B)	12,585 shs.	09/24/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	12,593 shs.	09/24/0
VITEX PACKAGING GROUP, INC		
A manufacturer of specialty packaging, primarily envelopes and tags used on tea bags and medical a		
12.5% Senior Subordinated Note due 2012	\$ 900,000	07/19/0
Limited Partnership Interest Class A (B)	219,375 uts.	07/19/0
Limited Partnership Interest Class B (B)	96,848 uts.	07/19/0
WALLS INDUSTRIES, INC		
A provider of branded workwear and sporting goods apparel		
10% Senior Subordinated Lien Note due 2009	\$ 532,895	07/12/0
14% Senior Subordinated Note due 2012	\$ 555,056	07/12/0
Limited Partnership Interest (B)	0.20% int.	07/12/0
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	2,133 shs.	07/12/0
WASHINGTON INVENTORY SERVICES, INC		
A provider of physical inventory taking and other related services to retailers.		
12.5% Senior Subordinated Note due 2011	\$ 569,524	11/03/0
Senior Preferred Stock (B)	2,484 shs.	11/01/0
Class B Common Stock (B)	4,743 shs.	11/01/0
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	2,107 shs.	11/03/0

Edgar Filing: MASSMUTUAL PARTICIPATION INVESTORS - Form N-CSR

MassMutual Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2004

Corporate Restricted Securities - (A) continued	Shares, Units Warrants, Ownership or Principal Amount	Acquisit Date
<hr style="border-top: 1px dashed black;"/>		
WEASLER HOLDINGS LLC		
Amanufacturer of mechanical power transmission components for the agricultural, lawn and turf ind		
Limited Partnership Interest (B)	0.82% int.	02/03/0
Warrant, exercisable until 2010, to purchase		
common stock at \$.01 per share (B)	136 shs.	02/04/0
WICOR AMERICAS, INC		
Amanufacturer of cellulose based insulation products, systems and services for electrical transfo		
20% Senior Subordinated Secured Note due 2009	\$ 1,380,834	11/09/0
Total Private Placement Investments		