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MASSMUTUAL PARTICIPATION INVESTORS

Form N-CSRS

September 06, 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: 6/30/05

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

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

ITEM 1. REPORT TO STOCKHOLDERS.

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

MassMutual
PARTICIPATION
INVESTORS

REPORT for the SIX
MONTHS ENDED 6/30/05

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

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
KPMG LLP
Boston, Massachusetts 02110

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

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

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

Internet website: www.babsoncapital.com/mpv

INVESTMENT OBJECTIVE AND POLICY

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

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

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

FORM N-Q

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

PROXY VOTING POLICIES & PROCEDURES; PROXY VOTING RECORD

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

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how the Trust voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available (1) on MassMutual Participation Investors' website: <http://www.babsoncapital.com/mpv>; and (2) on the SEC's website at <http://www.sec.gov>.

TO OUR SHAREHOLDERS

August 9, 2005

We are pleased to present the June 30, 2005 Semi-Annual Report of MassMutual Participation Investors (the "Trust"). At the Trust's Quarterly Board of Trustees Meeting, which was held on July 15, 2005, the Trustees announced that Stuart H. Reese had stepped down as Trustee and Chairman of the Board of Trustees as a result of his new position as President and CEO of Massachusetts Mutual Life Insurance Company ("MassMutual"). Subsequently, Roger W. Crandall, former President of the Trust, was appointed as a Trustee and elected to succeed Mr. Reese as Chairman of the Board of Trustees. Mr. Crandall currently serves as Chairman of Babson Capital Management LLC ("Babson"), the Trust's investment advisor, and Executive Vice President and Chief Investment Officer of MassMutual, Babson's parent company. In addition, the Trustees appointed Michael H. Brown as a Trustee, thereby increasing the size of the Board from seven to eight. Mr. Brown recently retired from Morgan Stanley, where he held the role of Managing Director in the Fixed Income Division. Mr. Brown has 24 years of investment experience.

The Board of Trustees elected me, Clifford M. Noreen, to succeed Mr. Crandall as President of the Trust at their July 15, 2005 meeting. I was previously a Vice President of the Trust, and am currently the head of the Corporate Securities Group at Babson, where I oversee all corporate credit related investments, including public and private bonds, mezzanine, and private equity investments, as well as structured credit products. Prior to this role, I was responsible for all public corporate bond investments for Babson. I look forward to serving as President of the Trust.

The Trust's Board of Trustees declared a quarterly dividend of 24 cents per share, payable on August 12, 2005 to shareholders of record on July 29, 2005. A dividend of 24 cents per share was paid in the previous quarter.

U.S. equity markets, as measured by several broad market indices, posted mixed returns. During the quarter ended June 30, 2005, large stocks, as approximated by the Dow Jones Industrial Average, decreased 1.63%, while smaller stocks, as approximated by the Russell 2000 Index, increased 4.32%. For the six months ended June 30, 2005, returns were -3.65% and -1.25%, respectively. U.S. fixed income markets, as measured by selected indices, increased during the quarter. The Lehman Brothers Government/Credit Index and the Lehman Brothers U.S. Corporate High Yield Index increased 3.44% and 2.76%, respectively, for the quarter. For the six months ended June 30, 2005, returns were 2.75% and 1.11%, respectively.

For the quarter ended June 30, 2005, the Trust earned 23 cents per share. The Trust earned 23 cents per share in the previous quarter. The Trust's net assets as of June 30, 2005 totaled \$115,868,406 or \$11.93 per share compared to \$111,110,593 or \$11.46 per share on March 31, 2005. This translated into a portfolio return of 6.32% for the quarter, and 9.47% for the six months ended June 30, 2005, based on the change in the Trust's net assets assuming the reinvestment of all dividends. Long term, the Trust's portfolio had average annualized returns of 24.53%, 11.81%, 13.77%, and 12.86% for the 1-, 5-, 10- and 15- year time periods ended June 30, 2005, respectively, based on change in net assets with the reinvestment of all dividends.

During the quarter, the Trust made private placement investments in three new issuers and closed one "follow on" investment, totaling approximately \$3.6

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million. The follow on investment purchased by the Trust was in Tomah Holdings, Inc. The three new issuers the Trust invested in were AmerCable, Inc., Arrow Tru-Line Holdings, Inc., and Consolidated Foundries Holdings. The weighted average coupon of these investments was 12.00%. (A brief description of these investments can be found in the Schedule of Investments.)

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

Sincerely,

/s/ Clifford M. Noreen

Clifford M. Noreen
President

PORTFOLIO COMPOSITION AS OF 06/30/05*

[PIE CHART APPEARS HERE]

Public High
Yield Debt 26%

Public Equity 3%

Cash & Short Term
Investments 12%

Private/Restricted
Equity 15%

Private Investment
Grade Debt 3%

Private High
Yield Debt 40%

Public
Investment
Grade Debt 1%

*Based on market value of total investments

CONSOLIDATED STATEMENT OF
ASSETS AND LIABILITIES

MASSMUTUAL PARTICIPATION INVESTORS

June 30, 2005
(Unaudited)

ASSETS:
Investments

| | |
|--|---------------|
| (See Consolidated Schedule of Investments) | |
| Corporate restricted securities at fair value (Cost - \$87,789,987) | \$ 86,708,774 |
| Corporate public securities at market value (Cost - \$30,955,304) | 33,130,588 |
| Short-term securities at cost plus earned discount which | |

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| | | |
|--|----|----------------|
| approximates market value | | 14,220,400 |
| | | ----- |
| | | 134,059,762 |
| Cash | | 1,686,775 |
| Interest receivable | | 2,467,361 |
| Receivable for investments sold | | 1,634,057 |
| Other assets | | 12,670 |
| | | ----- |
| TOTAL ASSETS | | \$ 139,860,625 |
| | | ===== |
| LIABILITIES: | | |
| Payable for investments purchased | \$ | 485,772 |
| Management fee payable | | 260,704 |
| Note payable | | 12,000,000 |
| Revolving Credit Agreement | | 10,500,000 |
| Interest payable | | 121,698 |
| Accrued expenses | | 139,432 |
| Accrued taxes payable (See Footnote 2.D) | | 484,613 |
| | | ----- |
| TOTAL LIABILITIES | | 23,992,219 |
| | | ----- |
| NET ASSETS: | | |
| Common shares, par value \$.01 per share; an unlimited number authorized | | 97,126 |
| Additional paid-in capital | | 90,127,085 |
| Retained net realized gain on investments, prior years | | 19,858,001 |
| Undistributed net investment income | | 2,629,339 |
| Undistributed net realized gain on investments | | 2,522,413 |
| Net unrealized appreciation of investments | | 634,442 |
| | | ----- |
| TOTAL NET ASSETS | | 115,868,406 |
| | | ----- |
| TOTAL LIABILITIES AND NET ASSETS | \$ | 139,860,625 |
| | | ===== |
| COMMON SHARES ISSUED AND OUTSTANDING | | 9,712,568 |
| | | ===== |
| NET ASSET VALUE PER SHARE | \$ | 11.93 |
| | | ===== |

See Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENT OF OPERATIONS MASSMUTUAL PARTICIPATION INVESTORS

For the six months ended June 30, 2005
(Unaudited)

| | | |
|-------------------------|----|-----------|
| INVESTMENT INCOME: | | |
| Interest | \$ | 5,685,921 |
| Dividends | | 119,135 |
| | | ----- |
| TOTAL INVESTMENT INCOME | | 5,805,056 |
| | | ----- |

EXPENSES:

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| | |
|---|---------------|
| Management fees | 510,160 |
| Interest | 524,135 |
| Trustees' fees and expenses | 61,200 |
| Transfer agent/registrar's expenses | 13,200 |
| Reports to shareholders | 60,000 |
| Professional fees | 115,200 |
| Other | 25,516 |
| | ----- |
| TOTAL EXPENSES | 1,309,411 |
| | ----- |
| NET INVESTMENT INCOME (\$0.46 PER SHARE) | 4,495,645 |
| | ----- |
| NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS: | |
| Net realized gain on investments before taxes | 4,004,532 |
| Net change in unrealized depreciation of investments before taxes | 2,113,090 |
| Provision for taxes | (541,056) |
| | ----- |
| NET GAIN ON INVESTMENTS | 5,576,566 |
| | ----- |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | \$ 10,072,211 |
| | ===== |

See Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS MASSMUTUAL PARTICIPATION INVESTORS

For the six months ended June 30, 2005
(Unaudited)

| | |
|---|--------------|
| NET DECREASE IN CASH: | |
| Cash flows from operating activities: | |
| Interest and dividends received | \$ 4,825,065 |
| Interest expense paid | (516,261) |
| Operating expenses paid | (800,227) |
| Income taxes paid | (472,862) |
| | ----- |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 3,035,715 |
| | ----- |
| Cash flows from investing activities: | |
| Purchases/Proceeds/Maturities from short-term portfolio securities, net | (8,511,366) |
| Purchases of portfolio securities | (18,141,169) |
| Proceeds from disposition of portfolio securities | 28,229,477 |
| | ----- |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | 1,576,942 |
| | ----- |

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| | | |
|--|---------------|-------|
| NET CASH PROVIDED BY OPERATING AND INVESTING ACTIVITIES | 4,612,657 | ----- |
| Cash flows from financing activities: | | |
| Cash dividends paid from net investment income | (5,809,254) | |
| Receipts for shares issued on reinvestment of dividends | 513,321 | ----- |
| NET CASH USED FOR FINANCING ACTIVITIES | (5,295,933) | ----- |
| NET DECREASE IN CASH | (683,276) | |
| Cash - beginning of year | 2,370,051 | ----- |
| CASH - END OF PERIOD | \$ 1,686,775 | ===== |
| Reconciliation of net increase in net assets to net cash provided by operating and investing activities: | | |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | \$ 10,072,211 | ----- |
| Increase in investments | (5,288,365) | |
| Increase in interest and dividends receivable | (600,026) | |
| Increase in receivable for investments sold | (105,382) | |
| Increase in other assets | (12,670) | |
| Increase in payable for investments purchased | 485,772 | |
| Increase in management fee payable | 19,032 | |
| Increase in interest payable | 7,874 | |
| Decrease in accrued expenses | (33,983) | |
| Increase in accrued taxes payable | 68,194 | ----- |
| TOTAL ADJUSTMENTS TO NET ASSETS FROM OPERATIONS | (5,459,554) | ----- |
| NET CASH PROVIDED BY OPERATING AND INVESTING ACTIVITIES | \$ 4,612,657 | ===== |

See Notes to Consolidated Financial Statements.

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| | |
|---|------------------------------------|
| CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS | MASSMUTUAL PARTICIPATION INVESTORS |
|---|------------------------------------|

For the six months ended June 30, 2005 and the year ended December 31, 2004

| | For the six months ended 06/30/2005 (Unaudited) | For the year ended 12/31/2004 |
|-------------------------|--|-------------------------------------|
| | ----- | ----- |
| Increase in net assets: | | |
| Operations: | | |
| Net investment income | \$ 4,495,645 | \$ 9,713,437 |

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| | | |
|--|---------------|---------------|
| Net realized gain on investments before taxes | 4,004,532 | 1,196,570 |
| Net change in unrealized depreciation of investments before taxes | 2,113,090 | 12,493,998 |
| Provision for taxes | (541,056) | (504,437) |
| | ----- | ----- |
| Net increase in net assets resulting from operations | 10,072,211 | 22,899,568 |
| Receipts for shares issued on reinvestment of dividends | | |
| Common shares issued (2005 - 40,009; 2004 - 81,587) | 513,321 | 927,073 |
| Dividends to shareholders from: | | |
| Net investment income (2005 - \$0.24 per share; 2004 - \$1.10 per share) | (2,327,133) | (10,613,225) |
| | ----- | ----- |
| Total increase in net assets | 8,258,399 | 13,213,416 |
| Net Assets, beginning of year | 107,610,007 | 94,396,591 |
| | ----- | ----- |
| Net Assets, end of period/year | \$115,868,406 | \$107,610,007 |
| | ===== | ===== |

See Notes to Consolidated Financial Statements.

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CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS MASSMUTUAL PARTICIPATION INVESTORS

Selected data for each common share outstanding:

| | For the six months ended 06/30/2005 (Unaudited) | For the years ended Dec | | |
|--|---|-------------------------|---------|---------|
| | | 2004 | 2003 | 2002 |
| Net asset value: | | | | |
| Beginning of year | \$ 11.13 | \$ 9.84 | \$ 8.78 | \$ 9.12 |
| | ----- | ----- | ----- | ----- |
| Net investment income | 0.46 | 1.00 | 0.80 | 0.87 |
| Net realized and unrealized gain (loss) on investments | 0.57 | 1.36 | 1.21 | (0.35) |
| | ----- | ----- | ----- | ----- |
| Total from investment operations | 1.03 | 2.36 | 2.01 | 0.52 |
| | ----- | ----- | ----- | ----- |
| Dividends from net investment income to common shareholders | (0.24) | (1.10) | (0.96) | (0.86) |
| Dividends from net realized gain on investments to common shareholders | -- | -- | -- | -- |
| Change from issuance of shares | 0.01 | 0.03 | 0.01 | -- |
| | ----- | ----- | ----- | ----- |

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| | | | | |
|---|-------------------|-------------------|-------------------|------------------|
| Total distributions | (0.23) | (1.07) | (0.95) | (0.86) |
| Net asset value: | | | | |
| End of period/year | \$ 11.93 ----- | \$ 11.13 ----- | \$ 9.84 ----- | \$ 8.78 ----- |
| Per share market value: | | | | |
| End of period/year | \$ 14.05 ===== | \$ 13.31 ===== | \$ 11.65 ===== | \$ 9.40 ===== |
| Total investment return | | | | |
| Market value | 7.53%* | 25.77% | 35.50% | 12.58% |
| Net asset value ** | 9.47%* | 25.14% | 23.72% | 5.70% |
| Net assets (in millions): | | | | |
| End of period/year | \$ 115.87 | \$ 107.61 | \$ 94.40 | \$ 83.59 |
| Ratio of operating expenses to average net assets | 0.71%* | 1.63% | 1.65% | 1.27% |
| Ratio of interest expense to average net assets | 0.47%* | 0.89% | 0.97% | 1.08% |
| Ratio of total expenses to average net assets | 1.18%* | 2.52% | 2.62% | 2.35% |
| Ratio of net investment income to average net assets | 4.06%* | 9.60% | 8.55% | 9.42% |
| Portfolio turnover | 15.34%* | 51.25% | 55.08% | 35.32% |

*Percentages represent results for the period and are not annualized.

**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 market value due to the difference between the Trust's net asset value and the market value of its shares outstanding; past performance in no guarantee of future results.

See Notes to Consolidated Financial Statements.

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2005

(Unaudited)

| | Shares, Units, Warrants, Ownership or Principal Amount | Acquisit Date |
|---|---|------------------|
| CORPORATE RESTRICTED SECURITIES - 74.84%: (A) | | |

PRIVATE PLACEMENT INVESTMENTS - 68.05%

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 |
|---------------------------------------|--------------|---------|

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| | | |
|--|--------------|---------|
| Warrant, exercisable until 2012, to purchase common stock at \$.02 per share (B) | 1,230 shs. | 04/08/0 |
| A W C HOLDING COMPANY A manufacturer and distributor of aluminum and vinyl windows and doors in the Southwest and Southeast regions of the U.S. | | |
| 12% Senior Subordinated Note due 2012 Limited Partnership Interest of AWC Investment, LLC (B) | \$ 1,125,000 | 05/18/0 |
| 132 uts. | | 05/18/0 |
| ADORN, INC. A manufacturer of wall panels, cabinets, moldings and countertops for houses and recreational vehicles. | | |
| 12.5% Subordinated Note due 2010 Warrant, exercisable until 2010, to purchase common stock at \$.02 per share (B) | \$ 1,125,000 | 02/29/0 |
| 192 shs. | | 02/29/0 |
| AMERCABLE, INC. A manufacturer of electric power, instrumentation and control cables, primarily for the mining and oil and gas industries. | | |
| 12% Senior Subordinated Note due 2013 Limited Partnership Interest (B) Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B) | \$ 1,083,333 | 04/08/0 |
| 42 uts. | | 04/07/0 |
| 66 shs. | | 04/08/0 |
| AMERICA'S BODY COMPANY, INC./LCP HOLDING CO. A designer and manufacturer of commercial work vehicles. | | |
| 12% Preferred Stock Series C (B) Warrant, exercisable until 2007, to purchase common stock at \$.01 per share (B) | 197 shs. | 12/16/0 |
| 40 shs. | | |
| AMERICAN HOSPICE MANAGEMENT HOLDING LLC A for-profit hospice care provider in the United States. | | |
| 12% Senior Subordinated Note due 2010 Preferred Class A Unit (B) Common Class B Unit (B) | \$ 1,125,000 | 01/22/0 |
| 1,337 uts. | | 01/22/0 |
| 1,610 uts. | | 01/22/0 |

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

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)
 June 30, 2005
 (Unaudited)

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| CORPORATE RESTRICTED SECURITIES (A) (Continued) | Shares, Units, Warrants, Ownership or Principal Amount | Acquisit Date |
|---|---|------------------|
| <hr/> | | |
| ARROW TRU-LINE HOLDINGS, INC. | | |
| A manufacturer of hardware for residential and commercial overhead garage doors in North America. | | |
| 12% Senior Subordinated Note due 2012 | \$ 861,702 | 05/18/0 |
| Common Stock (B) 263 shs | 05/18/05 | |
| Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B) | 69 shs. | 05/18/0 |
| AUGUSTA SPORTSWEAR HOLDING CO. | | |
| A manufacturer and distributor of athletic apparel, activewear and team uniforms. | | |
| 12% Senior Subordinated Note due 2012 | \$ 893,000 | 12/31/0 |
| Common Stock (B) | 261 shs. | |
| Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B) | 73 shs. | 12/31/0 |
| 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 | \$ 131,792 | 04/09/0 |
| Senior Secured Tranche A Floating Rate Note due 2008 | \$ 412,464 | 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. | * |

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

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

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)
June 30, 2005
(Unaudited)

| CORPORATE RESTRICTED SECURITIES (A) (Continued) | Shares, Units, Warrants, Ownership or Principal Amount | Acquisit Date |
|--|---|------------------|
| <hr/> | | |
| BRAMPTON FASTENER CO. LTD A value-added national distributor of maintenance, repair and operating supplies such as fasteners, electrical components and tools. | | |
| Limited Partnership Interest of Brafasco Investors LLC (B) | 44,000 uts. | 12/31/0 |
| C & M CONVEYOR, INC. A manufacturer and supplier of material handling systems to the corrugated sheet and container industry. | | |
| 9.5% Senior Secured Term Note due 2007 | \$ 569,277 | 09/13/0 |
| 11% Senior Subordinated Note due 2010 | \$ 478,916 | 09/13/0 |
| Common Stock (B) | 180,723 shs. | 09/13/0 |
| Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B) | 78,386 shs. | 09/13/0 |
| CAINS FOODS, L.P. A producer of mayonnaise and sauce products for both the retail and food service markets. | | |
| Limited Partnership Interest (B) | 58 uts. | 09/29/9 |
| CAPEUCCESS LLC A provider of diversified staffing services. | | |
| Preferred Membership Interests (B) | 806 uts. | 04/29/0 |
| Common Membership Interests (B) | 10,421 uts. | 04/29/0 |
| CAPITAL SPECIALTY PLASTICS, INC. A producer of desiccant strips used for packaging pharmaceuticals products. | | |
| Common Stock (B) | 55 shs. | |
| CHEMED CORPORATION An operator in the residential and commercial repair-andmaintenance service industry through two wholly owned subsidiaries, Roto-Rooter and Service America. | | |
| Common Stock | 19,900 | 02/24/0 |
| COEUR, INC. A producer of proprietary, disposable power injection syringes. | | |

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| | | | |
|--|----|-------------|---------|
| Senior Secured Floating Rate Revolving Credit Facility due 2010 | \$ | 36,232 | 02/02/0 |
| 8.75% Senior Secured Term Note due 2010 | \$ | 326,087 | 04/30/0 |
| 11.5% Senior Subordinated Note due 2011 | \$ | 242,754 | 04/30/0 |
| Common Stock (B) | | 72,463 shs. | 04/30/0 |
| Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B) | | 50,099 shs. | 04/30/0 |

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

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)
June 30, 2005
(Unaudited)

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

COINING CORPORATION OF AMERICA LLC

A manufacturer of close tolerance parts and metal stampings.

| | | | |
|--|----|-------------|---------|
| Senior Secured Floating Rate Revolving Credit Facility due 2006 | \$ | 80,247 | 01/07/0 |
| Senior Secured Floating Rate Tranche A Note due 2007 | \$ | 508,296 | 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 |

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 |

CONNOR SPORT COURT INTERNATIONAL, INC.

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

| | | | |
|--|----|--------------|---|
| 12% Senior Subordinated Note due 2012 | \$ | 1,059,417 | |
| Limited Partnership Interest (B) | | 103,135 uts. | * |
| Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B) | | 92 shs. | |

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CONSOLIDATED FOUNDRIES HOLDINGS

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

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

CORVEST GROUP, INC.

A manufacturer and distributor of promotional products.

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

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

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

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

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)

June 30, 2005

(Unaudited)

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

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 |

DEXTER MAGNETICS TECHNOLOGIES, INC.

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

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

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DIRECTED ELECTRONICS, INC.

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

| | | |
|--|-------------|---------|
| Class B Common Stock (B) | 19,394 shs. | 12/22/9 |
| Limited Partnership Interest (B) | 4.61% int. | 12/22/9 |
| Warrant, exercisable until 2007, to purchase common stock at \$.01 per share (B) | 25,713 shs. | 12/22/9 |

DIVERSCO, INC./DHI HOLDINGS, INC.

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

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

DWYER GROUP, INC.

A franchiser of a variety of home repair services.

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

E X C ACQUISITION CORPORATION

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

| | | |
|--|---------|---------|
| Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B) | 11 shs. | 06/28/0 |
|--|---------|---------|

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

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

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)

June 30, 2005

(Unaudited)

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

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 | | |

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| | | |
|---|--------------|---------|
| common stock at \$.02 per share (B) | 2,163 shs. | 09/24/0 |
| EAST RIVER VENTURES I, L.P. | | |
| An acquirer of controlling or substantial interests in other entities. | | |
| Limited Partnership Interest (B) | 0.04% int. | 01/01/0 |
| 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 appliances. | | |
| 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) 2 3,229 shs | 09/09/03 | |
| EVANS CONSOLES, INC. | | |
| A designer and manufacturer of consoles and control center systems. | | |
| Limited Partnership Interest of CM Equity Partners (B) | 1.21% int. | 02/11/9 |
| Common Stock (B) | 45,000 shs. | 05/06/0 |
| HIGHGATE CAPITAL LLC | | |
| An acquirer of controlling or substantial interests in manufacturing and marketing entities. | | |
| Series A Preferred Units (B) | 0.30% int. | 07/21/9 |
| 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.

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)
June 30, 2005

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(Unaudited)

| CORPORATE RESTRICTED SECURITIES (A) (Continued) | Shares, Units, Warrants, Ownership or Principal Amount | Acquisit Date |
|---|---|------------------|
| 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 |
| INTEGRATION TECHNOLOGY SYSTEMS, INC. | | |
| A manufacturer of steel protective computer and network systems for the industrial and office environments. | | |
| 16.5% Senior Secured Note due 2006 | \$ 910,415 | 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 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 | \$ 314,509 | 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 |

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| | | |
|---|---------|---------|
| 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 |

*06/12/96 and 08/03/01.

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)
June 30, 2005
(Unaudited)

| | 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 |
| | | |
| KEYSTONE NORTH AMERICA, INC. | | |
| An operator of funeral homes in North America. | | |
| Common Stock | 28,577 shs. | 02/08/0 |
| | | |
| LANCASTER LABORATORIES, INC. | | |
| A laboratory testing operation in the United States. | | |
| Common Stock (B) | 455,739 shs. | 09/25/0 |
| | | |
| LIH INVESTORS, L.P. | | |
| A manufacturer and marketer of a broad line of external accessories for new and used sport utility vehicles, trucks and vans. | | |
| 12.5% Senior Subordinated Note due 2008 | \$ 2,036,000 | |
| Common Stock (B) | 3,057 shs. | |
| Warrant, exercisable until 2006, to purchase common stock at \$.11 per share (B) | 8,245 shs. | |
| | | |
| 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 |

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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 |

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

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)

June 30, 2005

(Unaudited)

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

MEDASSIST, INC.

A provider of patient eligibility and accounts receivable management services to hospitals and physician practices.

| | | | |
|--|----|-------------|---------|
| 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 |

MOSS, INC.

A manufacturer and distributor of large display and exhibit structures.

| | | | |
|--|----|-------------|---------|
| Senior Secured Floating Rate Revolving Note due 2005 | \$ | 57,660 | 03/24/0 |
| Senior Secured Floating Rate Tranche A Note due 2007 | \$ | 452,720 | 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 common stock at \$100 per share (B) | | 264 shs. | 09/21/0 |

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.

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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 |

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

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)
June 30, 2005
(Unaudited)

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

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 |

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. | * |

PARADIGM PACKAGING, INC.

A manufacturer of plastic bottles and closures for the

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nutritional, pharmaceutical, personal care and food packaging markets.

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

PRECISION DYNAMICS, INC.

A manufacturer of custom-designed solenoid valves and controls.

| | | | |
|--|----|----------|---------|
| Senior Secured Floating Rate Revolving Credit Facility due 2005 | \$ | 309,700 | 07/22/9 |
| Senior Secured Floating Rate Term Note due 2005 | \$ | 4,075 | 07/22/9 |
| 12% Senior Secured Term Note due 2005 | \$ | 163,000 | 07/22/9 |
| 8% Preferred Stock | | 228 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 |

PROCESS CHEMICALS LLC

A specialty chemical company that manufactures processed chemicals for the fertilizer, asphalt and concrete industries.

| | | | |
|-----------------------------|--|--------|----|
| Common Membership Interests | | 1 uts. | ** |
|-----------------------------|--|--------|----|

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

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

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

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)

June 30, 2005

(Unaudited)

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

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. | |

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 | | | |

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

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 |

ROYAL BATHS MANUFACTURING COMPANY

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

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

SAFETY SPEED CUT MANUFACTURING COMPANY, INC.

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

| | | | |
|--|----|----------|---------|
| Senior Secured Floating Rate Tranche A Note due 2007 | \$ | 592,248 | 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 |

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

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)
June 30, 2005
(Unaudited)

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

SAVAGE SPORTS HOLDING, INC.
A manufacturer of sporting firearms.

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| | | | |
|---|----|----------|---------|
| 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 |

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 |

SNYDER INDUSTRIES, INC.

A manufacturer 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 |

SPECIALTY FOODS GROUP, INC.

A manufacturer and distributor of branded meat products.

| | | | |
|--|--|------------|---------|
| Limited Partnership Interest of MHD Holdings LLC (B) | | 0.76% int. | 08/29/0 |
|--|--|------------|---------|

STRATEGIC EQUIPMENT & SUPPLY CORPORATION, INC.

A provider of kitchen and restaurant design, equipment fabrication and installation services.

| | | | |
|---|--|-------------|---------|
| Warrant, exercisable until 2008, to purchase common stock at \$.01 per share (B) | | 61,862 shs. | 01/14/0 |
|---|--|-------------|---------|

SYNVENTIVE EQUITY LLC

A manufacturer of hot runner systems used in the plastic injection molding process.

| | | | |
|---|----|-------------|---------|
| 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 |

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

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)
June 30, 2005
(Unaudited)

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

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TERRA RENEWAL SERVICES, INC.

A provider of wastewater residual management and required environmental reporting, permitting, nutrient management planning and record keeping to companies involved in poultry and food processing.

| | | | | |
|---|----|---------|----------|---------|
| Senior Secured Floating Rate Term A Note due 2010 | \$ | 170,704 | | 03/01/0 |
| Senior Secured Floating Rate Term B Note due 2012 | \$ | 210,937 | | 03/01/0 |
| 12% Senior Subordinated Note due 2013 | \$ | 585,937 | | 03/01/0 |
| Limited Partnership Interest of | | | | |
| Saw Mill Capital Fund V, L.P. (B) | | | 236 uts. | 03/01/0 |
| Warrant, exercisable until 2015, to purchase | | | | |
| common stock at \$.01 per share (B) | | | 37 shs. | 03/01/0 |

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 |

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) | | | 8,368 shs. | 12/08/0 |

TRONAIR, INC.

A designer, engineer and manufacturer of ground support equipment for the business, commuter and commercial aviation markets.

| | | | | |
|--|----|---------|--------------|---------|
| 10.5% Senior Secured Term Note due 2008 | \$ | 676,983 | | 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 |

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)
 June 30, 2005
 (Unaudited)

| CORPORATE RESTRICTED SECURITIES (A) (Continued) | Shares, Units, Warrants, Ownership or Principal Amount | Acquisit Date |
|--|---|------------------|
| <hr/> | | |
| 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 segments of the global textile industry. | | |
| 12% Senior Subordinated Note due 2014 | \$ 705,457 | 05/28/0 |
| 8.75% Senior Secured Note due 2011 | \$ 409,310 | 05/28/0 |
| Common Stock (B) | 385,233 shs. | 05/28/0 |
| Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B) | 116,521 shs. | 05/28/0 |
| | | |
| 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 locations. | | |
| 12% Senior Subordinated Note due 2011 | \$ 473,684 | 08/06/0 |
| Preferred Stock | 1,361 shs. | 08/06/0 |
| Common Stock (B) | 546 shs. | 08/06/0 |
| Warrant, exercisable until 2011, to purchase common stock at \$.01 per share | 502 shs. | 08/06/0 |
| | | |
| U-LINE CORPORATION | | |
| A manufacturer of high-end, built-in, undercounter icemaking, wine storage and refrigeration appliances. | | |
| 12.5% Senior Subordinated Note due 2012 | \$ 996,500 | 04/30/0 |
| 10% Junior Subordinated Note due 2012 | \$ 35,390 | 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

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An acquirer of controlling or substantial interests in other entities.

| | | |
|------------------------------|------------|---------|
| Series A Preferred Units (B) | 0.03% int. | 12/02/9 |
|------------------------------|------------|---------|

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)

June 30, 2005

(Unaudited)

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

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 and food products.

| | | |
|--|--------------|---------|
| 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 | \$ 563,346 | 07/12/0 |
| Limited Partnership Interest (B) | 0.20% int. | 07/12/0 |
| Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B) | 2,133 shs. | 07/12/0 |

WEASLER HOLDINGS LLC

A manufacturer of mechanical power transmission components for the agricultural, lawn and turf industries.

| | | |
|--|------------|---------|
| 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 |

TOTAL PRIVATE PLACEMENT INVESTMENTS

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)
 June 30, 2005
 (Unaudited)

| CORPORATE RESTRICTED SECURITIES (A) (Continued) | Interest Rate | Due Date | Shares or Principal Amount |
|---|------------------|-------------|----------------------------------|
| ----- | | | |
| RULE 144A SECURITIES - 6.79%: | | | |
| BONDS - 6.42% | | | |
| A E P Industries, Inc. | 7.875% | 03/15/13 | \$ 75,000 |
| A E S Corporation | 8.750 | 05/15/13 | 425,000 |
| A E S Corporation | 9.000 | 05/15/15 | 175,000 |
| Activant Solutions, Inc. | 9.090 | 04/01/10 | 400,000 |
| Blockbuster, Inc. | 9.000 | 09/01/12 | 275,000 |
| Bombardier Capital, Inc. | 6.125 | 06/29/06 | 500,000 |
| Bombardier, Inc. | 6.300 | 05/01/14 | 500,000 |
| Charter Communications Op LLC | 8.000 | 04/30/12 | 500,000 |
| Compression Polymers Holding | 10.460 | 07/01/12 | 65,000 |
| Douglas Dynamics, LLC | 7.750 | 01/15/12 | 325,000 |
| Intelsat Bermuda Ltd. | 7.805 | 01/15/12 | 225,000 |
| Intelsat Bermuda Ltd. | 8.250 | 01/15/13 | 250,000 |
| Interactive Health LLC | 7.250 | 04/01/11 | 500,000 |
| Lazard LLC | 7.125 | 05/15/15 | 375,000 |
| Magnachip Semiconductor | 8.000 | 12/15/14 | 50,000 |
| Markwest Energy | 6.875 | 11/01/14 | 250,000 |
| Metaldyne Corporation | 10.000 | 11/01/13 | 340,000 |
| P Q Corporation | 7.500 | 02/15/13 | 685,000 |
| Service Corporation International | 7.000 | 06/15/17 | 500,000 |
| Siebe PLC | 6.500 | 01/15/10 | 350,000 |
| T C W Lev Income Trust LP (B) | 8.410 | 11/30/05 | 855,715 |
| Tenaska Alabama Partners LP | 7.000 | 06/30/21 | 185,000 |
| Texas Genco LLC | 6.875 | 12/15/14 | 350,000 |
| Texas Industries, Inc. | 7.250 | 07/15/13 | 35,000 |
| | | | ----- |
| TOTAL BONDS | | | \$ 8,190,715 |
| | | | ===== |
| CONVERTIBLE BONDS - 0.37% | | | |
| Cymer, Inc. | 3.500% | 02/15/09 | \$ 450,000 |
| | | | ----- |
| TOTAL CONVERTIBLE BONDS | | | \$ 450,000 |
| | | | ===== |
| WARRANTS - 0.00% | | | |
| Winsloew Furniture, Inc. (B) | | | 700 |
| | | | ----- |
| TOTAL WARRANTS | | | |
| TOTAL RULE 144A SECURITIES | | | |
| TOTAL CORPORATE RESTRICTED SECURITIES | | | |

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)
 June 30, 2005
 (Unaudited)

| CORPORATE PUBLIC SECURITIES -- 28.59%: (A) | Interest Rate | Due Date | Principal Amount |
|--|------------------|-------------|---------------------|
| <hr/> | | | |
| BONDS - 24.23% | | | |
| Abitibi-Consolidated, Inc. | 7.750% | 06/15/11 | \$ 500,000 |
| Activant Solutions, Inc. | 10.500 | 06/15/11 | 325,000 |
| Aearo Co. | 8.250 | 04/15/12 | 225,000 |
| Allied Waste NA | 7.875 | 04/15/13 | 500,000 |
| American Media Operation, Inc. | 8.875 | 01/15/11 | 475,000 |
| Appleton Papers, Inc. | 8.125 | 06/15/11 | 250,000 |
| Argo Tech Corporation | 9.250 | 06/01/11 | 425,000 |
| Arrow Electronics, Inc. | 7.000 | 01/15/07 | 500,000 |
| BCP Crystal US Holdings Corporation | 9.625 | 06/15/14 | 355,000 |
| C S C Holdings, Inc. | 7.625 | 04/01/11 | 250,000 |
| Cablevision Systems Corporation | 7.890 | 04/01/09 | 450,000 |
| Cadmus Communications Corporation | 8.375 | 06/15/14 | 350,000 |
| Chemed Corporation | 8.750 | 02/24/11 | 600,000 |
| Chesapeake Energy Corporation | 7.000 | 08/15/14 | 650,000 |
| Cincinnati Bell, Inc. | 8.375 | 01/15/14 | 550,000 |
| Collins & Aikman Products Co. (B) | 10.750 | 12/31/11 | 450,000 |
| Del Monte Corporation | 8.625 | 12/15/12 | 200,000 |
| Dollar Financial Group | 9.750 | 11/15/11 | 325,000 |
| Dominos, Inc. | 8.250 | 07/01/11 | 109,000 |
| Electronic Data Systems Corporation | 7.125 | 10/15/09 | 500,000 |
| Esterline Technologies | 7.750 | 06/15/13 | 175,000 |
| Ford Motor Credit Co. | 5.800 | 01/12/09 | 500,000 |
| Ford Motor Credit Co. | 7.375 | 10/28/09 | 500,000 |
| G F S I, Inc. | 9.625 | 03/01/07 | 375,000 |
| Gencorp, Inc. | 9.500 | 08/15/13 | 130,000 |
| General Motors Accept Corporation | 5.850 | 01/14/09 | 500,000 |
| Goodyear Tire & Rubber Company | 7.857 | 08/15/11 | 350,000 |
| GulfMark Offshore, Inc. | 7.750 | 07/15/14 | 300,000 |
| Houghton Mifflin Co. | 9.875 | 02/01/13 | 500,000 |
| Huntsman LLC | 11.625 | 10/15/10 | 163,000 |
| Intrawest Corporation | 7.500 | 10/15/13 | 250,000 |
| Jostens I H Corporation | 7.625 | 10/01/12 | 325,000 |
| K 2, Inc. | 7.375 | 07/01/14 | 150,000 |
| Koppers Inc. | 9.875 | 10/15/13 | 250,000 |
| Leucadia National Corporation | 7.000 | 08/15/13 | 350,000 |
| Liberty Media Corporation | 5.700 | 05/15/13 | 500,000 |
| Lodgenet Entertainment Corporation | 9.500 | 06/15/13 | 375,000 |
| Lyondell Chemical Co. | 9.500 | 12/15/08 | 450,000 |
| M G M Mirage, Inc. | 6.000 | 10/01/09 | 225,000 |
| M S X International, Inc. | 11.000 | 10/15/07 | 175,000 |
| Majestic Star Casino LLC | 9.500 | 10/15/10 | 250,000 |
| Manitowoc Company, Inc. | 7.125 | 11/01/13 | 100,000 |
| Mediacom LLC | 9.500 | 01/15/13 | 750,000 |
| Moog, Inc. | 6.250 | 01/15/15 | 60,000 |
| Nalco Co. | 7.750 | 11/15/11 | 250,000 |
| National Wine & Spirits, Inc. | 10.125 | 01/15/09 | 25,000 |
| Neff Corporation | 10.250 | 06/01/08 | 90,000 |
| Nextel Communications Corporation | 7.375 | 08/01/15 | 400,000 |
| North America Energy Partners | 8.750 | 12/01/11 | 200,000 |

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)
 June 30, 2005
 (Unaudited)

| CORPORATE PUBLIC SECURITIES (A) (Continued) | Interest Rate | Due Date | Principal Amount |
|---|---------------|----------|------------------|
| Northwest Airlines Corporation | 8.970% | 01/02/15 | \$ 643,112 |
| Numatics, Inc. | 9.625 | 04/01/08 | 375,000 |
| O E D Corp/Diamond Jo Company Guarantee | 8.750 | 04/15/12 | 500,000 |
| Offshore Logistics, Inc. | 6.125 | 06/15/13 | 350,000 |
| Pacific Energy Partners | 7.125 | 06/15/14 | 250,000 |
| Pinnacle Foods Group | 8.250 | 12/01/13 | 225,000 |
| Pliant Corporation | 11.625 | 06/15/09 | 574,414 |
| Primedia, Inc. | 8.000 | 05/15/13 | 500,000 |
| Quintiles Transnational Corporation | 10.000 | 10/01/13 | 250,000 |
| Rayovac Corporation | 8.500 | 10/01/13 | 175,000 |
| Rent-A-Center, Inc. | 7.500 | 05/01/10 | 250,000 |
| Rent-Way, Inc. | 11.875 | 06/15/10 | 450,000 |
| Rhodia SA | 8.875 | 06/01/11 | 250,000 |
| Rhodia SA | 10.250 | 06/01/10 | 250,000 |
| Rogers Wireless, Inc. | 7.250 | 12/15/12 | 90,000 |
| Rogers Wireless, Inc. | 7.500 | 03/15/15 | 560,000 |
| Rogers Wireless, Inc. | 8.000 | 12/15/12 | 90,000 |
| Samsonite Corporation | 8.875 | 06/01/11 | 500,000 |
| Service Corporation International | 6.000 | 12/15/05 | 21,000 |
| Sheridan Acquisition Corporation | 10.250 | 08/15/11 | 225,000 |
| Sports Club Co. | 11.375 | 03/15/06 | 100,000 |
| Tekni-Plex, Inc. | 12.750 | 06/15/10 | 500,000 |
| Telex Communications, Inc. | 11.500 | 10/15/08 | 250,000 |
| Tenet Healthcare Corporation | 6.375 | 12/01/11 | 250,000 |
| Tenet Healthcare Corporation | 9.875 | 07/01/14 | 350,000 |
| Triton P C S, Inc. | 8.500 | 06/01/13 | 500,000 |
| Tyco International Group SA | 6.375 | 10/15/11 | 150,000 |
| United Rentals, Inc. | 7.750 | 11/15/13 | 325,000 |
| Universal City Florida | 7.960 | 05/01/10 | 100,000 |
| Universal City Florida | 8.375 | 05/01/10 | 100,000 |
| Utilicorp United, Inc. | 9.950 | 02/01/11 | 500,000 |
| Vicorp Restaurants, Inc. | 10.500 | 04/15/11 | 300,000 |
| Vought Aircraft Industries | 8.000 | 07/15/11 | 650,000 |
| Warner Music Group | 7.375 | 04/15/14 | 125,000 |
| Williams Scotsman, Inc. | 9.875 | 06/01/07 | 500,000 |
| Wornick Co. | 10.875 | 07/15/11 | 350,000 |
| TOTAL BONDS | | | \$ 28,235,526 |

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)

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June 30, 2005
(Unaudited)

| CORPORATE PUBLIC SECURITIES (A) (Continued) | Interest Rate | Due Date | Shares or Principal Amount |
|---|------------------|-------------|----------------------------------|
| <hr style="border-top: 1px dashed black;"/> | | | |
| COMMON STOCK - 3.92% | | | |
| D S W, Inc. (B) | | | 100 |
| Distributed Energy Systems Corporation | | | 14,000 |
| H C I Direct, Inc. (B) | | | 500 |
| Lazard Ltd (B) | | | 20,300 |
| NeuStar, Inc. (B) | | | 1,500 |
| P W Eagle, Inc. (B) | | | 101,236 |
| Rent-Way, Inc. (B) | | | 46,432 |
| Transmontaigne, Inc. (B) | | | 277,771 |
| Volcom, Inc. (B) | | | 100 |
| Western Alliance Bancorp (B) | | | 100 |
| TOTAL COMMON STOCK | | | |
| CONVERTIBLE BONDS - 0.44% | | | |
| Leucadia National Corporation | 3.750% | 04/15/14 | \$ 500,000 |
| TOTAL CONVERTIBLE BONDS | | | \$ 500,000 |
| TOTAL CORPORATE PUBLIC SECURITIES | | | ===== |
| | | | |
| SHORT-TERM SECURITIES: | Interest | Due | Principal |
| | Rate/Yield | Date | Amount |
| <hr style="border-top: 1px dashed black;"/> | | | |
| COMMERCIAL PAPER - 12.27% | | | |
| Baxter International, Inc. | 3.354 | 07/14/05 | \$ 1,462,000 |
| C V S Corporation | 3.122 | 07/01/05 | 2,159,000 |
| Cendant Corporation | 3.305 | 07/11/05 | 1,436,000 |
| Centex Corporation | 3.303 | 07/06/05 | 2,195,000 |
| D T E Energy Company | 3.354 | 07/12/05 | 2,000,000 |
| DaimlerChrysler NA Holding Corporation | 3.313 | 07/08/05 | 1,640,000 |
| Deluxe Corporation | 3.303 | 07/07/05 | 1,037,000 |
| Wellpoint, Inc. | 3.273 | 07/05/05 | 2,300,000 |
| TOTAL SHORT-TERM SECURITIES | | | \$ 14,229,000 |
| TOTAL INVESTMENTS | | | 115.70% |
| Other Assets | | | 5.01 |
| Liabilities | | | (20.71) |
| Total Net Assets | | | 100.00% |
| | | | ===== |

(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.

See Notes to Consolidated Financial Statements.

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)
 June 30, 2005
 (Unaudited)

| Industry Classification: | Fair Value/ Market Value ----- | Industry Classification: (Cont |
|--|--------------------------------------|---------------------------------|
| AEROSPACE - 2.65% | | BUILDINGS & REAL ESTATE - 4.21% |
| Argo Tech Corporation | \$ 461,125 | A W C Holding Company |
| Bombardier, Inc. | 452,500 | Adorn, Inc. |
| Consolidated Foundries Holdings | 1,324,891 | Compression Polymers Holding |
| Esterline Technologies | 185,500 | Shelter Acquisition, Inc. |
| Vought Aircraft Industries | 643,500 | Texas Industries, Inc. |
| | ----- | TruStile Doors, Inc. |
| | 3,067,516 | |
| | ----- | |
| AIRLINES - 0.34% | | CARGO TRANSPORT - 2.37% |
| Northwest Airlines Corporation | 393,540 | Kenan-Advantage Transport Comp |
| | ----- | Tidewater Holdings, Inc. |
| AUTOMOBILE - 7.81% | | |
| America's Body Company, Inc./LCP Holding Co. | 1,750,000 | |
| Collins & Aikman Products Co. | 101,250 | |
| Gencorp, Inc. | 140,400 | |
| Goodyear Tire & Rubber Co. | 340,375 | CHEMICAL, PLASTICS |
| Jason, Inc. | 1,051,507 | & RUBBER - 3.05% |
| LIH Investors, L.P. | 2,589,798 | Capital Specialty Plastics, In |
| Metaldyne Corporation | 278,800 | Huntsman LLC |
| Nyloncraft, Inc. | 1,650,423 | Koppers, Inc. |
| Qualis Automotive LLC | 1,146,210 | Lyondell Chemical Co. |
| | ----- | P Q Corporation |
| | 9,048,763 | Process Chemicals LLC |
| | ----- | Rhodia SA |
| BEVERAGE, DRUG & FOOD - 4.86% | | Tomah Holdings, Inc. |
| Beta Brands Ltd -- | | |
| Cains Foods, L.P. | 299,613 | |
| Del Monte Corporation | 220,000 | CONSUMER PRODUCTS - 7.95% |
| Dominos, Inc. | 116,085 | Appleton Papers, Inc. |
| Eagle Pack Pet Foods, Inc. | 578,315 | Augusta Sportswear Holding Co. |
| National Wine & Spirits, Inc. | 25,250 | Colibri Holdings Corporation |
| Nonni's Food Company | 1,225,947 | Euro-Pro Corporation |
| Pinnacle Foods Group | 201,375 | G F S I, Inc. |
| River Ranch Fresh Foods LLC | 1,104,903 | H C I Direct, Inc. |
| Specialty Foods Group, Inc. | 74,436 | K 2, Inc. |
| Vicorp Restaurants, Inc. | 303,000 | Maverick Acquisition Company |
| Vitality Foodservice, Inc. | 1,131,326 | Neff Motivation, Inc. |
| Wornick Co. | 355,250 | Rayovac Corporation |
| | ----- | Royal Baths Manufacturing Comp |
| | 5,635,500 | Savage Sports Holding, Inc. |
| | ----- | The Tranzonic Companies |
| BROADCASTING - 2.43% | | Volcom, Inc. |
| C S C Holdings, Inc. | 246,875 | Walls Industries, Inc. |
| Cablevision Systems Corporation | 451,125 | Winsloew Furniture, Inc. |
| Charter Communications Op LLC | 497,500 | |
| Liberty Media Corporation | 465,052 | |
| Lodgenet Entertainment Corporation | 408,750 | |
| Mediacom LLC | 748,125 | |
| | ----- | CONTAINERS, PACKAGING |

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| | |
|-----------|--------------------------|
| 2,817,427 | & GLASS - 5.23% |
| ----- | A E P Industries, Inc. |
| | Paradigm Packaging, Inc. |
| | Pliant Corporation |
| | Snyder Industries, Inc. |
| | Tekni-Plex, Inc. |
| | Vitex Packaging, Inc. |

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)
June 30, 2005
(Unaudited)

| Industry Classification: (Cont.) | Fair Value/ Market Value ----- | Industry Classification: (Cont.) |
|--|--------------------------------------|----------------------------------|
| DISTRIBUTION - 3.62% | | FARMING & AGRICULTURE - 0.00% |
| Brampton Fastener Co. Ltd | \$ 39,600 | Protein Genetics, Inc. |
| Corvest Group, Inc. | 1,965,370 | |
| Kele and Associates, Inc. | 1,196,654 | FINANCIAL SERVICES - 4.40% |
| QualServ Corporation | 998,267 | BCP Caylux Holding Lux SCA |
| Strategic Equipment & Supply Corporation, Inc. | -- | Bombardier Capital, Inc. |
| | ----- | Dollar Financial Group |
| | 4,199,891 | East River Ventures I, L.P. |
| | ----- | Ford Motor Credit Co. |
| DIVERSIFIED/CONGLOMERATE, | | General Motors Acceptance Corp |
| MANUFACTURING - 5.12% | | Highgate Capital LLC |
| Activant Solutions, Inc. | 766,625 | Lazard LLC |
| AmerCable, Inc. | 1,120,290 | Leucadia National Corporation |
| Arrow Tru-Line Holdings, Inc. | 1,099,876 | T C W Leveraged Income Trust, |
| Coining Corporation of America LLC | 1,065,714 | Victory Ventures LLC |
| Dexter Magnetics Technologies, Inc. | 554,304 | Western Alliance Bancorp |
| Douglas Dynamics LLC | 318,500 | Williams Scotsman, Inc. |
| Evans Consoles, Inc. | -- | |
| Justrite Manufacturing Acquisition Co. | 844,541 | |
| Tyco International Group SA | 164,745 | |
| | ----- | HEALTHCARE, EDUCATION & |
| | 5,934,595 | CHILDCARE - 4.37% |
| | ----- | A T I Acquisition Company |
| DIVERSIFIED/CONGLOMERATE, | | American Hospice Management Ho |
| SERVICE - 7.25% | | Interactive Health LLC |
| Abitibi-Consolidated, Inc. | 502,500 | MedAssist, Inc. |
| Allied Waste NA | 511,250 | Quintiles Transnational Corpor |
| CapeSuccess LLC | 2,512 | Tenet Healthcare Corporation |
| Chemed Corporation | 1,463,012 | |
| Diversco, Inc./DHI Holdings, Inc. | 1,044,048 | |
| Dwyer Group, Inc. | 1,361,289 | |
| Keystone North America, Inc. | 225,187 | HOME & OFFICE FURNISHINGS, |
| Lancaster Laboratories, Inc. | 810,076 | HOUSEWARES, AND DURABLE |
| Moss, Inc. | 936,153 | CONSUMER PRODUCTS - 4.00% |
| M S X International, Inc. | 172,375 | Connor Sport Court Internation |
| Service Corporation International | 534,881 | Home Decor Holding Company |
| U S M Holdings Corporation | 623,274 | Hussey Seating Corporation |

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| | | |
|-------------------------------------|-----------|-------------------------------|
| Universal City Florida | 208,000 | Samsonite Corporation |
| | ----- | U-Line Corporation |
| | 8,394,557 | |
| | ----- | |
| ELECTRONICS - 3.62% | | |
| A E S Corporation | 671,376 | LEISURE, AMUSEMENT, |
| Arrow Electronics, Inc. | 515,584 | ENTERTAINMENT - 1.95% |
| Directed Electronics, Inc. | 1,134,748 | Intrawest Corporation |
| Distributed Energy Systems | 58,940 | Keepsake Quilting, Inc. |
| Electronic Data Systems Corporation | 538,160 | M G M Mirage, Inc. |
| Precision Dynamics, Inc. | 607,210 | Majestic Star Casino LLC |
| Siebe PLC | 301,875 | O E D Corp/Diamond Jo Company |
| Texas Genco LLC | 368,375 | Warner Music Group |
| | ----- | |
| | 4,196,268 | |
| | ----- | |

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MASSMUTUAL PARTICIPATION INVESTORS

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)
June 30, 2005
(Unaudited)

| Industry Classification: (Cont.) | Fair Value/ Market Value ----- | Industry Classification: (Cont.) |
|--|--------------------------------------|----------------------------------|
| MACHINERY - 9.88% | | RETAIL STORES - 4.23% |
| Aearo Co. | \$ 225,000 | Blockbuster, Inc. |
| C & M Conveyor, Inc. | 1,214,899 | D S W, Inc. |
| Integration Technology Systems, Inc. | 682,812 | Neff Corporation |
| Manitowoc Company, Inc. | 104,500 | Olympic Sales, Inc. |
| Maxon Corporation | 1,485,754 | Rent-A-Center, Inc. |
| Numatics, Inc. | 375,938 | Rent-Way, Inc. |
| P W Eagle, Inc. | 592,231 | Sports Club Co. |
| Safety Speed Cut Manufacturing Company, Inc. | 1,528,792 | TVI, Inc. |
| Synventive Equity LLC | 1,966,372 | United Rentals, Inc. |
| Tronair, Inc. | 1,560,386 | |
| Tubular Textile Machinery | 1,379,312 | |
| Weasler Holdings LLC | 329,846 | |
| | ----- | |
| | 11,445,842 | TECHNOLOGY - 0.63% |
| | ----- | Convera Corporation |
| MEDICAL DEVICES/BIOTECH - 1.57% | | Cymer, Inc. |
| Beacon Medical Products, Inc. | 1,127,401 | Delstar Holding Corporation |
| Coeur, Inc. | 690,297 | Magnachip Semiconductor |
| E X C Acquisition Corporation | -- | NeuStar, Inc. |
| | ----- | |
| | 1,817,698 | |
| | ----- | |
| MINING, STEEL, IRON | | TELECOMMUNICATIONS - 2.60% |
| & NON PRECIOUS METALS - 0.05% | | Cincinnati Bell, Inc. |
| Better Minerals & Aggregates | 54,525 | Intelsat Bermuda, Ltd. |
| | ----- | Nextel Communications Corporat |
| OIL AND GAS - 4.37% | | Rogers Wireless, Inc. |
| Chesapeake Energy Corporation | 689,000 | Telex Communications, Inc. |
| GulfMark Offshore, Inc. | 315,750 | Triton P C S, Inc. |
| Mustang Ventures Company | 367,762 | |

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| | | |
|-----------------------------------|-----------|--|
| North American Energy Partners | 172,000 | |
| Offshore Logistics, Inc. | 337,750 | UTILITIES - 1.13% |
| Pacific Energy Partners | 260,313 | Bill Barrett Corporation |
| Transmontaigne, Inc. | 2,916,596 | Markwest Energy |
| | ----- | Moog, Inc. |
| | 5,059,171 | Nalco Co. |
| | ----- | Tenaska Alabama Partners LP |
| PHARMACEUTICALS - 0.66% | | Utilicorp United, Inc. |
| Enzymatic Therapy, Inc. | 762,191 | |
| | ----- | |
| PUBLISHING/PRINTING - 2.07% | | |
| American Media Operation, Inc. | 450,063 | WASTE MANAGEMENT/ POLLUTION - 1.01% |
| Cadmus Communications Corporation | 360,063 | Terra Renewal Services, Inc. |
| Houghton Mifflin Co. | 533,750 | |
| Jostens I H Corporation | 320,938 | |
| Primedia, Inc. | 501,250 | TOTAL CORPORATE RESTRICTED AND PUBLIC SECURITIES - 103. |
| Sheridan Acquisition Corporation | 233,718 | |
| | ----- | |
| | 2,399,782 | |
| | ----- | |

See Notes to Consolidated Financial Statements.

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MASSMUTUAL PARTICIPATION INVESTORS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. HISTORY

MassMutual Participation Investors (the "Trust") was organized as a Massachusetts business trust under the laws of the Commonwealth of Massachusetts pursuant to a Declaration of Trust dated April 7, 1988.

The Trust is a diversified closed-end management investment company. Babson Capital Management LLC, formerly David L. Babson & Company Inc. ("Babson Capital"), a wholly owned indirect subsidiary of Massachusetts Mutual Life Insurance Company ("MassMutual"), acts as its investment adviser. The Trust's investment objective is to maximize total return by providing a high level of current income, the potential for growth of such income, and capital appreciation, by investing primarily in a portfolio of privately placed below investment grade, long-term corporate debt obligations purchased directly from their issuers, at least half of which normally will include equity features.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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A. VALUATION OF INVESTMENTS:

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

Nearly all securities which are acquired by the Trust directly from the issuers and shares into which such securities may be converted or which may be purchased on the exercise of warrants will be subject to legal or contractual delays in, or restrictions on, resale and will therefore be "restricted securities." Generally speaking, as contrasted with open-market sales of unrestricted securities, which may be effected immediately if the market is adequate, absent an exemption from registration, restricted securities can be sold only in a public offering for which a registration statement is in effect under the Securities Act of 1933.

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

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

The Trust's Board of Trustees meets at least once in each quarter to value the Trust's portfolio securities as of the close of business on the last business day of the preceding quarter. This valuation requires the approval of a majority of the Trustees of the Trust, including a majority of the Trustees

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MASSMUTUAL PARTICIPATION INVESTORS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

who are not interested persons of the Trust or of Babson Capital, the Trust's investment adviser. In making valuations, the Trustees will consider Babson Capital's reports analyzing each portfolio security in accordance with the relevant factors referred to above. Babson Capital has agreed to provide such reports to the Trust at least quarterly.

The consolidated financial statements include private placement restricted securities valued at \$78,849,592 (68.05% of net assets) as of June 30, 2005 whose values have been determined by the Board of Trustees in the absence of readily ascertainable market values. Due to the inherent uncertainty of valuation, those values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

The values for corporate public securities are stated at the last reported sales price or at prices based upon quotations obtained from brokers and dealers as of June 30, 2005, subject to discount where appropriate, and are approved by the Trustees.

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

B. ACCOUNTING FOR INVESTMENTS:

Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. The Trust does not accrue income when payment is delinquent and when management believes payment is questionable.

Discounts and premiums on securities purchased are amortized, over the lives of the respective securities.

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

C. USE OF ESTIMATES:

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

D. FEDERAL INCOME TAXES:

No provision for federal income taxes on net investment income and short-term capital gains is considered necessary for the Trust because it is a "regulated investment company" under the Internal Revenue Code, and intends to maintain this qualification by, among other things, distributing 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

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recommend that 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 operating company. The Trust's violation of this limitation could result in the loss of its status as a regulated investment company, thereby subjecting all of its net income and capital gains to corporate taxes prior to distribution to its shareholders. The Trust, from time-to-time, identifies investment opportunities in the securities of entities that could cause such trade or business income to be allocable to the Trust. The MMPI Subsidiary Trust (described in Footnote 1, above) was formed in order to allow investment in such securities without adversely affecting the Trust's status as a regulated investment company.

The MMPI Subsidiary Trust is not taxed as a regulated investment company. Accordingly, prior to the Trust's receiving any distributions from the MMPI Subsidiary Trust, all of the MMPI Subsidiary Trust's taxable income and realized gains, including non-qualified income and realized gains, is subject to taxation at prevailing corporate tax rates. For the six months ended June 30, 2005 the MMPI Subsidiary Trust has accrued tax expense on net realized and unrealized gains of \$81,427 and \$459,629, respectively.

E. DISTRIBUTIONS TO SHAREHOLDERS:

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

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MASSMUTUAL PARTICIPATION INVESTORS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

3. INVESTMENT ADVISORY AND ADMINISTRATIVE SERVICES CONTRACT

A. SERVICES:

Under an Investment Advisory and Administrative Services Contract (the "Contract") with the Trust, Babson Capital has agreed to use its best efforts to present to the Trust a continuing and suitable investment program consistent with the investment objectives and policies of the Trust. Babson Capital has further agreed that it will request each issuer of securities which MassMutual is prepared to purchase in a negotiated private placement, and which would be consistent with the investment objectives and policies of the Trust, to also offer such securities to the Trust. Babson Capital will use its best efforts to insure that issuers accede to such requests. MassMutual has agreed that, subject to such orders of the Securities and Exchange Commission as may apply, it will invest concurrently with the Trust in any such investment. 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 provides administration of the day-to-day operations of the Trust and provides the Trust with office space and office equipment, accounting and

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bookkeeping services, and necessary executive, clerical and secretarial personnel for the performance of the foregoing services.

B. FEE:

For its services under the Contract, Babson Capital is paid a quarterly fee equal to .225% of the value of the Trust's net assets as of the last business day of each fiscal quarter, an amount approximately equivalent to .90% on an annual basis. A majority of the Trustees, including a majority of the Trustees who are not interested persons of the Trust or of Babson Capital, approve the valuation of the Trust's net assets as of such day.

C. BASIS FOR BOARD RENEWAL OF THE CONTRACT:

At a meeting of the Board of Trustees of the Trust held on April 22, 2005, the Board of Trustees (including a majority of the Trustees who are not "interested persons" of the Trust or Babson Capital) unanimously approved the continuance of the Contract.

Prior to the meeting, the Board of Trustees requested and received from Ropes & Gray LLP ("Ropes & Gray"), counsel to the Trust, a memorandum describing the Board of Trustees' legal responsibilities in connection with its review and reapproval of the Contract. The Board of Trustees also requested and received from Babson Capital extensive written and oral information regarding: the principal terms of the Contract; the reasons why Babson Capital was proposing the continuance of the Contract; Babson Capital and its personnel; the Trust's investment performance, including comparative performance information; the nature and quality of the services provided by Babson Capital to the Trust; financial strength of Babson Capital; the fee arrangements; fee and expense information, including comparative fee and expense information; profitability of the advisory arrangement to Babson Capital; and "fallout" benefits to Babson Capital resulting from the Contract.

Among other things, the Trustees discussed and considered with management (i) the aforementioned guidance provided by Ropes & Gray and the information provided by Babson Capital prior to the meeting and (ii) the reasons Babson Capital put forth in support of its recommendation that the Trustees approve the continuance of the Contract. These reasons are summarized below.

NATURE, EXTENT AND QUALITY OF SERVICES TO BE PROVIDED BY BABSON CAPITAL

In evaluating the scope and quality of the services provided by Babson Capital, the Trustees considered, among other factors: (i) the scope of services required to be provided by Babson Capital under the Contract; (ii) Babson Capital's ability to find and negotiate private placement securities having equity features; (iii) the experience and quality of Babson Capital's staff; (iv) the financial strength of Babson Capital's financial condition; (v) the nature of the private placement market compared to public markets (including the fact that finding, analyzing, negotiating and servicing private placement securities is more labor-intensive than buying and selling public securities and the administration of private placement securities is more extensive, expensive, and requires greater time and expertise than a portfolio of only public securities); (vi) the Trust's ability to co-invest in negotiated private placements with MassMutual; and (vii) the expansion of the scope of services provided by Babson Capital as result of regulatory and legislative initiatives that have required increased legal, compliance and business attention and diligence. Based on such considerations, the Board of Trustees concluded that, overall, they are satisfied with the nature, extent and quality of services provided, and expected to be provided in the future, under the renewed Contract.

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INVESTMENT PERFORMANCE

The Board also examined the Trust's short-term, intermediate-term, and long-term performance as compared against

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MASSMUTUAL PARTICIPATION INVESTORS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

appropriate benchmark indices presented at the meeting, which showed that the Trust had outperformed such indices for the 1, 3, 5, and 10-year periods. In addition, the Trustees considered comparisons of the Trust's performance with the performance of (i) selected closed-end investment companies and funds that may invest in private placement securities and/or bank loans; (ii) selected business development companies with comparable types of investments; and (iii) investment companies included in the Lipper closed-end bond universe. It was acknowledged that, while such comparisons are helpful in judging performance, they are not directly comparable in terms of types of investments and due to the fact that the business development companies often reported returns based on market value, which is affected by factors other than the performance of the underlying portfolio investments. Based on these considerations and the detailed performance information provided to the Trustees at the regular Board meetings each quarter, the Trustees concluded that the Trust's absolute and relative performance over time have been sufficient to warrant re-approval of the Contract.

ADVISORY FEE/COST OF SERVICES PROVIDED AND PROFITABILITY/ MANAGER'S "FALL-OUT" BENEFITS

In connection with the Trustees' consideration of the advisory fee paid by the Trust to Babson Capital under the Contract, Babson Capital noted that it was unaware of any closed-end investment companies that are directly comparable to the Trust in terms of the types of investments and percentages invested in private placement securities (which require more extensive advisory and administrative services than a portfolio of publicly traded securities, as previously discussed) other than MassMutual Corporate Investors ("Corporate Investors"), which also is advised by Babson Capital and pays a quarterly advisory fee equal to $\frac{5}{16}$ of 1% of the fund's NAV (an amount equivalent to 1.25% on an annual basis) subject to a quarterly performance adjustment of $\frac{1}{16}$ of 1% (approximately equal to .25% on an annual basis). It was also noted that the shareholders of Corporate Investors would be voting on a proposal to eliminate the performance fee component of Babson Capital's advisory fee in August of 2005. In considering the fee rate recommended under the Contract, the Trustees noted the Trust's different investment objectives between the Trust and Corporate Investors and the advisory fee charged by Tower Square Capital Partners, L.P. ("Tower Square"), a more recent private mezzanine fund managed by Babson Capital that commenced operations in 2002. Tower Square has an advisory fee of 1.5% of committed capital during the 5-year investment period and 1.25% of net invested capital thereafter plus an incentive allocation of 20% of net realized gains after investors have received a cumulative 8% internal rate of return.

At the request of the Trustees, Babson Capital also provided information concerning the profitability of Babson Capital's advisory relationship with the Trust. The Board also considered the non-economic benefits Babson Capital and its affiliates derived from its relationship with the Trust,

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including the reputational benefits derived from having the Trust listed on the New York Stock Exchange, and the de minimis amount of commissions resulting from the Trust's portfolio transactions used by Babson Capital for third-party soft dollar arrangements (less than \$1,000). The Trustees recognized that Babson Capital should be entitled to earn a reasonable level of profits for services provided to the Trust and, based on their review, concluded that they were satisfied that Babson Capital's level of profitability from its relationship with the Trust was not excessive and that the advisory fee structure under the Contract was reasonable.

ECONOMIES OF SCALE

The Trustees considered the concept of economies of scale and possible advisory fee reductions if the Trust were to grow in assets. Given that the Trust is not continuously offering shares, such growth seemed unlikely. The Trustees also examined the scale down features of selected competitive funds and noted that the minimum starting point for fee reductions in those funds was at least \$200 million whereas the Trust current net assets are near \$100 million. The Trustees further noted that the Trust is a relatively small, closed-end registered investment company that has not grown significantly in the past and is not likely to grow significantly in the future. The Trustees concluded that the absence of breakpoints in the fee schedule under the Contract was acceptable given the Trust's size and circumstances.

4. SENIOR SECURED INDEBTEDNESS:

A. NOTE PAYABLE

MassMutual holds the Trust's \$12,000,000 Senior Fixed Rate Convertible Note (the "Note") issued by the Trust in 1995. The Note, as amended, is due December 13, 2011 and accrues interest at 5.80% per annum. MassMutual, at its option, can convert the principal amount of the Note into common shares. The dollar amount of principal would be converted into an equivalent dollar amount of common shares based upon the average price of the common shares for ten business days prior to the notice of conversion. For the six months ended June 30, 2005, the Trust incurred total interest expense on the Note of \$348,000.

The Trust may redeem the Note, in whole or in part, at the principal amount proposed to be redeemed together with the

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MASSMUTUAL PARTICIPATION INVESTORS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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 Notes proposed to be redeemed.

B. REVOLVING CREDIT AGREEMENT

The Trust entered into a \$15,000,000 Revolving Credit Agreement with Fleet National Bank (the "Agent Bank") dated May 29, 1997, which had a stated maturity on May 31, 2004. The maturity date of this loan was extended to May

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31, 2007, and its terms amended and restated pursuant to the First Amended and Restated Revolving Credit Agreement (the "Revolver") dated May 27, 2004, between the Trust and the Agent Bank.

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

As of June 30, 2005, there was \$10,500,000 in outstanding loans against the Revolver and the average blended rate of interest attributable to the Revolver was 3.22%. For the six months ended June 30, 2005, the Trust incurred total interest expense on the Revolver of \$167,608, plus \$8,527 related to the undrawn portion.

5. PURCHASES AND SALES OF INVESTMENTS

| | FOR THE SIX MONTHS ENDED 6/30/2005 | |
|---------------------------------|---------------------------------------|---|
| | COST OF INVESTMENTS ACQUIRED | PROCEEDS FROM SALES OR MATURITIES |
| | ----- | ----- |
| Corporate restricted securities | \$ 13,365,703 | \$ 24,431,574 |
| Corporate public securities | 5,261,238 | 3,903,285 |
| Short-term securities | 226,311,365 | 217,800,000 |

The aggregate cost of investments was substantially the same for financial reporting and federal income tax purposes as of June 30, 2005. The net unrealized appreciation of investments for financial reporting and federal tax purposes as of June 30, 2005 is \$634,442 and consists of \$13,467,586 appreciation and \$12,833,144 depreciation.

6. QUARTERLY RESULTS OF INVESTMENT OPERATIONS

| | MARCH 31, 2005 | |
|---|----------------|-----------|
| | AMOUNT | PER SHARE |
| Investment income | \$2,833,525 | |
| Net investment income | 2,192,726 | \$0.23 |
| Net realized and unrealized gain on investments (net of taxes) | 1,002,116 | 0.10 |
| | JUNE 30, 2005 | |
| | AMOUNT | PER SHARE |
| Investment income | \$2,971,531 | |
| Net investment income | 2,302,919 | 0.23 |
| Net realized and unrealized gain on investments (net of taxes) | 4,574,450 | 0.47 |

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

For the six months ended June 30, 2005, the Trust has paid its Trustees aggregate remuneration of \$54,375. The Trust does not pay any compensation

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to any of its Trustees who are "interested persons" (as defined by the Investment Company Act of 1940, as amended (the "1940 Act")) of the Trust. Messers. Reese and Joyal were each classified as "interested persons" of the Trust.

All of the Trust's officers are employees of Babson Capital or MassMutual. Pursuant to the Investment Advisory and Administrative Services Contract, the Trust does not compensate its officers who are employees of Babson Capital or MassMutual.

For the six months ended June 30, 2005, Mr. Reese, one of the Trust's Trustees, was an "affiliated person" (as defined by the 1940 Act) of MassMutual and Babson Capital. The Trust did not make any payments to Babson Capital for the six months ended June 30, 2005, other than amounts payable to Babson Capital pursuant to the Investment Advisory and Administrative Services Contract. For the six months ended June 30, 2005, the Trust paid the following amounts to

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MASSMUTUAL PARTICIPATION INVESTORS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

MassMutual, exclusive of interest expense on the Note explained in Footnote 4A:

| | |
|--|----------|
| Preparation of the Trust's Quarterly and Annual Reports to Shareholders | 11,868 |
| Preparation of Certain of the Trust's Shareholder communications | 526 |
| Preparation of the Trust's Annual Proxy Statements | 1,084 |
| | ----- |
| | \$13,478 |
| | ===== |

8. CONTINGENCIES

The Trust, together with other investors, including MassMutual, is a plaintiff in litigation connected with private placement investments made by the Trust in Sharp International Corporation ("Sharp"). Three managing shareholders of Sharp, which is currently being liquidated in Chapter 11 liquidation proceedings, have pleaded guilty to criminal fraud charges. Initially, two separate civil lawsuits were brought in New York State Court in an attempt to recover damages for lost investment funds from Sharp's working capital lender and auditors. The first lawsuit involving Sharp's working capital lender was dismissed prior to trial. An appeal of this dismissal was unsuccessful. The second lawsuit against Sharp's auditors was settled in the Spring of 2005. Under the terms of the settlement agreement, the Trust recovered all legal fees it incurred to prosecute the lawsuit, as well as additional amounts. A related lawsuit brought by the Trustee of the Sharp bankruptcy estate against Sharp's auditors on behalf of unsecured creditors, including the Trust, was also settled at the same time. Total net proceeds to be distributed to the Trust as a result of the settlement of these two lawsuits against Sharp's auditors are expected to be approximately \$750,000, of which \$458,619 has already been received by the Trust.

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9. RESULTS OF SHAREHOLDER MEETING

The Annual Meeting of Shareholders was held on Friday, April 22, 2005. Prior to the Annual Meeting, Steve Kandarian resigned from the Board of Trustees. Mr. Kandarian also withdrew his agreement to stand for re-election. As a result, the size of the Board of Trustees was reduced from 8 to 7 members and only two Trustees stood for re-election at the Annual Meeting.

At the Annual Meeting, Shareholders were asked to vote to re-elect, and they did vote to re-elect Jack A. Laughery and Corine T. Norgaard as trustees each for a three-year term. The Trust's other trustees (Donald E. Benson, Donald Glickman, Martin T. Hart, Robert E. Joyal and Stuart H. Reese) continued to serve their respective terms following the April 22, 2005 Annual Shareholders Meeting. The results of the Shareholders votes are set forth below.

| TRUSTEE: | JACK A. LAUGHERY | CORINE T. NORGAARD |
|------------------------------|---------------------|-----------------------|
| ----- | ----- | ----- |
| SHARES FOR: | 8,602,281 | 8,607,228 |
| WITHHELD | 86,888 | 81,941 |
| TOTAL | 8,689,169 | 8,689,169 |
| % OF SHARES VOTED FOR | 99.00% | 99.06% |

10. SUBSEQUENT EVENTS

Prior to the Board of Trustees' July 15, 2005 quarterly meeting, Stuart H. Reese stepped down as a Trustee and Chairman of the Board of Trustees as a result of his new position as President and CEO of MassMutual. At the quarterly meeting the Board appointed Roger W. Crandall as Trustee to complete the unexpired term of the Board seat vacated by Mr. Reese. The Board also elected Mr. Crandall to the office of Chairman of the Board. Mr. Crandall is an "interested person" of the Trust as defined in the 1940 Act, as amended. In addition, the Board of Trustees voted to expand the Board from seven to eight Trustees and appointed Michael H. Brown as a Trustee for three-year term of office.

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

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*Member of the Audit Committee

DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

MassMutual Participation Investors offers a Dividend Reinvestment and Cash Purchase Plan. The Plan provides a simple and automatic way for shareholders to add to their holdings in the Trust through the receipt of dividend shares issued by the Trust or through the reinvestment of cash dividends in Trust shares purchased in the open market. The dividends of each shareholder will be automatically reinvested in the Trust by Shareholder Financial Services Inc., the Transfer Agent, in accordance with the Plan, unless such shareholder elects not to participate by providing written notice to the Transfer Agent. A shareholder may terminate his or her participation by notifying the Transfer Agent in writing.

Participating shareholders may also make additional contributions to the Plan from their own funds. Such contributions may be made by personal check or other means in an amount not less than \$100 nor more than \$5,000 per quarter.

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

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

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

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

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ITEM 2. CODE OF ETHICS.

Not Applicable for this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not Applicable for this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not Applicable for this filing.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not Applicable for this filing.

ITEM 6. SCHEDULE OF INVESTMENTS

Not applicable for this filing.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED END MANAGEMENT INVESTMENT COMPANIES.

Not Applicable for this filing.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not Applicable for this filing.

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ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not Applicable for this filing.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not Applicable for this filing.

ITEM 11. CONTROLS AND PROCEDURES.

- (a) The principal executive officer and principal financial officer of the Registrant evaluated the effectiveness of the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "Act")) as of a date within 90 days of the filing date of this report and based on that evaluation have concluded that such disclosure controls and procedures are effective to provide reasonable assurance that material information required to be disclosed by the Registrant on Form N-CSR is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.
- (b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act) during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

- (a) (1) ANY CODE OF ETHICS, OR AMENDMENTS THERETO, THAT IS THE SUBJECT OF DISCLOSURE REQUIRED BY ITEM 2, TO THE EXTENT THAT THE REGISTRANT INTENDS TO SATISFY THE ITEM 2 REQUIREMENTS THROUGH THE FILING OF AN EXHIBIT.

Not Applicable for this filing.

- (a) (2) A SEPARATE CERTIFICATION FOR EACH PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER OF THE REGISTRANT AS REQUIRED BY RULE 30a-2 UNDER THE ACT.

Attached hereto as EX-99.31.1
Attached hereto as EX-99.31.2

- (a) (3) ANY WRITTEN SOLICITATION TO PURCHASE SECURITIES UNDER RULE 23c-1 UNDER THE ACT (17 CFR 270.23c-1) SENT OR GIVEN DURING THE PERIOD COVERED BY THE REPORT BY OR ON BEHALF OF THE REGISTRANT TO 10 OR MORE PERSONS.

Not Applicable for this filing.

- (b) CERTIFICATIONS PURSUANT TO RULE 302-2(b) UNDER THE ACT.

Attached hereto as EX-99.32

SIGNATURES

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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant): MassMutual Participation Investors

By: /s/ Clifford M. Noreen

Clifford M. Noreen, President

Date: September 6, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Clifford M. Noreen

Clifford M. Noreen, President

Date: September 6, 2005

By: /s/ James M. Roy

James M. Roy, Vice President, and
Chief Financial Officer

Date: September 6, 2005
