

MASSMUTUAL PARTICIPATION INVESTORS

Form DEF 14A

March 30, 2007

SCHEDULE 14A  
Information Required in Proxy Statement

Schedule 14A Information

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934  
(Amendment No.\_\_\_\_)

Filed by the Registrant [X]

Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement

[ ] Confidential, for Use of the Commission Only (as permitted by Rule  
14a-6(e)(2))

[X] Definitive Proxy Statement

[ ] Definitive Additional Materials

[ ] Soliciting Material Pursuant to ss.240.14a-11(c) or ss.240.14a-12

MassMutual Participation Investors

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed  
pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the  
filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

[ ] Fee paid previously with preliminary materials.

MASSMUTUAL PARTICIPATION INVESTORS  
Springfield, Massachusetts 01115

[LOGO]

NOTICE OF ANNUAL MEETING  
OF SHAREHOLDERS  
AND  
PROXY STATEMENT

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TIME  
FRIDAY, APRIL 27, 2007  
AT 1:00 P.M.

PLACE  
OAK ROOM  
MASSACHUSETTS MUTUAL  
LIFE INSURANCE COMPANY  
1295 STATE STREET  
SPRINGFIELD, MASSACHUSETTS 01111

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PLEASE DATE, FILL IN AND SIGN THE ENCLOSED PROXY CARD AND MAIL IT IN THE  
ENCLOSED RETURN ENVELOPE WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED  
STATES.  
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MASSMUTUAL PARTICIPATION INVESTORS  
Springfield, Massachusetts

Dear Shareholder:

The 2007 Annual Meeting of Shareholders of MassMutual Participation Investors (the "Trust") will be held in the Oak Room of Massachusetts Mutual Life Insurance Company, 1295 State Street, Springfield, Massachusetts 01111, at 1:00 p.m., Eastern Time, on Friday, April 27, 2007. A Notice and a Proxy Statement regarding the meeting, a proxy card for your vote at the meeting, and a postage prepaid envelope in which to return your proxy card are enclosed.

BY PROMPTLY RETURNING THE ENCLOSED PROXY CARD YOU CAN HELP THE TRUST AVOID THE EXPENSE OF SENDING FOLLOW-UP LETTERS TO OBTAIN THE ATTENDANCE OF A MAJORITY OF THE OUTSTANDING SHARES. You are earnestly requested to sign and return the proxy card in order that the necessary quorum may be represented at the meeting. If you later find that you can be present in person, you may, if you wish, revoke your proxy then and vote your shares in person.

At the meeting, shareholders will be asked to elect five Trustees. The Board of Trustees and the Nominating Committee of the Board of Trustees recommend that shareholders elect the nominated Trustees.

I look forward to your attendance at this meeting because it will provide us with an opportunity to inform you about the progress of the Trust.

Sincerely,

/s/ Roger W. Crandall

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Roger W. Crandall  
CHAIRMAN

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MASSMUTUAL PARTICIPATION INVESTORS

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS OF  
MASSMUTUAL PARTICIPATION INVESTORS:

The Annual Meeting of Shareholders of MassMutual Participation Investors (the "Trust") will be held in the Oak Room of Massachusetts Mutual Life Insurance Company, 1295 State Street, Springfield, Massachusetts 01111, on Friday, April 27, 2007, at 1:00 p.m., Eastern Time, for the following purposes:

(1) to elect as Trustees Donald E. Benson, Donald Glickman, and Robert E. Joyal, each for three-year terms; William J. Barrett for a two-year term; and Michael H. Brown for a one-year term; and until their respective successors are duly elected and qualified; and

(2) to transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

Holders of record of the shares of beneficial interest of the Trust at the close of business on February 27, 2007, are entitled to vote at the meeting or any adjournment thereof.

By order of the  
Board of Trustees,

/s Rodney J. Dillman

-----  
Rodney J. Dillman  
VICE PRESIDENT AND SECRETARY

Springfield, Massachusetts  
March 30, 2007

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PROXY STATEMENT  
GENERAL

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Trustees of MassMutual Participation Investors (the "Trust") for use at the Annual Meeting of its Shareholders, to be held in the Oak Room of Massachusetts Mutual Life Insurance Company ("MassMutual"), 1295 State Street, Springfield, Massachusetts 01111, on Friday, April 27, 2007, at 1:00 p.m., Eastern Time.

Any person giving a proxy has power to revoke it by mail or in person at any time prior to its exercise by executing a superseding proxy or by submitting a notice of revocation to the Trust. All properly executed and unrevoked proxies received in time for the meeting will be voted in accordance with the instructions contained therein.

This Proxy Statement and the accompanying letter to shareholders from the Chairman of the Board of Trustees, Notice of Annual Meeting of Shareholders, and proxy card are being mailed on or about March 30, 2007, to shareholders of record on February 27, 2007, the record date. The Trust's principal business office is MassMutual Participation Investors, c/o Babson Capital Management LLC ("Babson Capital"), 1500 Main Street, Suite 600, P.O. Box 15189, Springfield, Massachusetts 01115-5189.

Holders of the shares of beneficial interest of the Trust ("shares") of

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record at the close of business on February 27, 2007 will be entitled to one vote per share on all business of the meeting and any adjournments. There were 9,831,693 shares outstanding on the record date. The Trust, to the best of its knowledge, is not aware of any beneficial owner of more than 5% of the outstanding shares of the Trust. However, MassMutual, the ultimate parent company of Babson Capital, may be deemed a beneficial owner of more than 5% of the outstanding shares of the Trust by reason of its owning a \$12,000,000 Senior Fixed Rate Convertible Note due December 13, 2011 (the "Note") issued by the Trust. MassMutual, at its option, can convert the principal amount of the Note into shares. The dollar amount of principal would be converted into an equivalent dollar amount of shares based upon the average price of the shares for ten business days prior to the notice of conversion.

Pursuant to the Trust's By-Laws, the presence at the Annual Meeting, in person or by proxy, of shareholders entitled to cast a majority of the votes shall be a quorum for the transaction of business. A plurality of votes cast with respect to a particular class of Trustees is required to elect a Trustee nominee as a member of that class of Trustees. Thus, the Trustee nominees for election as members of a class of Trustees at the Annual Meeting who receive the greatest number of votes properly cast with respect to that class of trustees shall be elected Trustees.

Votes cast by proxy or in person at the Annual Meeting will be counted by persons appointed by the Trust to act as election inspectors for the meeting. The election inspectors will count the total number of votes cast "for" approval of the proposals for purposes of determining whether sufficient affirmative votes have been cast. The election inspectors will count shares represented by proxies that withhold

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authority to vote for a nominee for election as a Trustee or that reflect abstentions or "broker non-votes" (i.e., shares held by brokers or nominees as to which (i) instructions have not been received from the beneficial owners or the persons entitled to vote and (ii) the broker or nominee does not exercise the discretionary voting power on a particular matter) as shares that are present and entitled to vote on the matter for purposes of determining the presence of a quorum. With respect to the election of Trustees, abstentions and broker non-votes have no effect on the outcome of the proposal so long as a quorum is present.

### (1) ELECTION OF TRUSTEES

The Board of Trustees is currently comprised of eight Trustees with terms expiring in 2007, 2008 and 2009. The terms of Donald E. Benson, Donald Glickman and Robert E. Joyal expire this year. William J. Barrett was elected as a Trustee by the Board of Trustees to fill a newly created board seat on July 18, 2006. Mr. Barrett's current term expires in 2009. Michael H. Brown was elected as a Trustee by the Board of Trustees to fill a newly created board seat on July 15, 2005. Mr. Brown's current term expires in 2008. Messrs. Barrett and Brown have each voluntarily agreed to stand for a shareholder election. The Trust's Nominating Committee nominated Messrs. Benson and Glickman for re-election as independent Trustees to the Board of Trustees for three-year terms, Mr. Barrett for a two-year term, and Mr. Brown for a one-year term. Upon the recommendation of the Nominating Committee, the Board of Trustees nominated Mr. Joyal for re-election to the Board of Trustees for a three-year term. All nominees, if elected, are to serve their respective terms, and until each of their successors is duly elected and qualified.

### INFORMATION CONCERNING TRUSTEES, NOMINEES FOR TRUSTEE AND OFFICERS OF THE TRUST

Set forth below after the name of each nominee for Trustee, and for each

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Trustee whose term will continue after this meeting, is his or her present office with the Trust; age; term of office and length of such term served; principal occupation during the past five years; certain other of the Trustees' directorships; and certain other information required to be disclosed in this Proxy Statement. Also, set forth below is a list of the Trust's Senior Officers, with his or her position with the Trust, term of office and length of such term served, and principal occupation or employment for the past five years.

For purposes of the following Trustee tables, the term "fund complex" includes the Trust, MassMutual Corporate Investors, MassMutual Premier Funds, MML Series Investment Fund, MML Series Investment Fund II, and MassMutual Select Funds.

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INTERESTED TRUSTEES

NAME (AGE) ADDRESS	POSITION WITH THE FUND	OFFICE TERM/ LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	PORTFOLIOS OVERSEEN IN FUND COMPLEX	OT
ROBERT E. JOYAL* (62) MassMutual Participation Investors 1500 Main Street Suite 600 P.O. Box 15189 Springfield, MA 01115-5189	Trustee (since 2003)	3 years/ 2 years, 10 months	President (2001-2003) of Babson Capital.	51	Pre (si (si (fi 200 (ai Tru Sel Ins inv Mas Ser inv Mas Sen Pre Tru Pre 200 (cl by
NOMINEE FOR TRUSTEE					

\* Mr. Joyal retired as President of Babson Capital in June 2003. In addition and as noted above, Jefferies Group, Inc., which has a wholly owned brokerdealer subsidiary that may execute portfolio principal transactions with the Trust, other investment companies advised by Babson Capital or which Babson Capital has brokerage placement discretion. Accordingly, the Trust has determined "interested person" of the Trust and Babson Capital (as defined in the Investment Company Act

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INTERESTED TRUSTEES

POSITION	OFFICE TERM/	PRINCIPAL	PORTFOLIOS OVERSEEN
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NAME (AGE) ADDRESS	WITH THE FUND	LENGTH OF TIME SERVED	OCCUPATION(S) DURING PAST 5 YEARS	IN FUND COMPLEX	OT
ROGER W. CRANDALL* (42) Massachusetts Mutual Life Insurance Company 1295 State Street Springfield, MA 01111	Trustee (since 2005)  Chairman (since 2005)	3 years/ 1 year, 7 months  1 year/ 7 months	Executive Vice President and Chief Investment Officer (since 2005) of MassMutual; and Chairman (since 2005), President and Chief Executive Officer (since 2006), Vice Chairman (2005), Member of the Board of Managers (since 2004), Member of the Board of Directors (2003-2004), and Managing Director (2000-2005) of Babson Capital.	2	Tru Pre Pre Dir Eur deb 200 Jap adv (si Lim man 200 Adv Dir Cor (in 200 Lim (si (Be Dir Hol Dir LLC (si New (si Cor (si joi Inc (si (in 199 (in Chi Mas (in 200 (de (si (de (si (de (si (de (si and Sub Tru Cha (20 (20 Inv com

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\* Mr. Crandall is classified as an "interested person" of the Trust and Babson Capital (as defined in the Trust Agreement, dated July 1940, as amended) because of his position as an officer of the Trust; and Chairman, President, Member of the Board of Managers of Babson Capital.

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INDEPENDENT TRUSTEES

NAME (AGE) ADDRESS	POSITION WITH THE FUND	OFFICE TERM/ LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	PORTFOLIOS OVERSEEN IN FUND COMPLEX	OT
WILLIAM J. BARRETT (67) MassMutual Participation Investors 1500 Main Street Suite 600 P.O. Box 15189 Springfield, MA 01115-5189	Trustee (since 2006)	3 years/ 10 months*	President (since 2002), Barrett-Gardner Associates, Inc. (investments); and Senior Vice President (1976-2002), Janney Montgomery Scott LLC (investments).	2	Tru Cor Inv Cap

NOMINEE FOR TRUSTEE

DONALD E. BENSON** (76) MassMutual Participation Investors 1500 Main Street Suite 600 P.O. Box 15189 Springfield, MA 01115-5189	Trustee (since 1988)	3 years/ 2 years, 10 months	Executive Vice President and Director (since 1992), Marquette Financial Companies (financial services); Partner (since 1996), Benson Family Limited Partnership No. 1 and Benson Family Limited Partnership No. 2 (investment partnerships); and Partner (1987-2004), Benson, Pinckney, Oates Partnership (building partnership).	2	Dir Inc com Nat hol 198 (cl by
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NOMINEE FOR TRUSTEE

\* Mr. Barrett was elected by the Board of Trustees to fill a newly created board seat on July 18, 2009. Mr. Barrett has voluntarily agreed to stand for a shareholder election for a two-year term.

\*\*Mr. Benson has a beneficial ownership interest in the Benson Family Limited Partnership No. 2, (value) of MassMutual High Yield Partners II LLC and 1.59% (\$898,904 in value) of Corporate Value investment fund that may be deemed to be controlled by MassMutual.

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INDEPENDENT TRUSTEES

PORTFOLIOS

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NAME (AGE) ADDRESS	POSITION WITH THE FUND	OFFICE TERM/ LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	OVERSEEN IN FUND COMPLEX	OT
MICHAEL H. BROWN (50) MassMutual Participation Investors 1500 Main Street Suite 600 P.O. Box 15189 Springfield, MA 01115-5189	Trustee (since 2005)	3 years/ 1 year, 7 months*	Private Investor; and Managing Director (1994-2005), Morgan Stanley.*	2	Tru Cor inv Cap 200 der

NOMINEE FOR TRUSTEE

DONALD GLICKMAN (73) MassMutual Participation Investors 1500 Main Street Suite 600 P.O. Box 15189 Springfield, MA 01115-5189	Trustee (since 1992)	3 years/ 2 years, 10 months	Chairman (since 1992), Donald Glickman and Company, Inc. (private investments); and Partner (since 1992), J.F. Lehman & Co.** (private investments).	2	Dir Bra ser Sof and Cor inv Cap
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\* Mr. Brown was elected by the Board of Trustees to fill a newly created board seat on July 15, 2008. Mr. Brown has voluntarily agreed to stand for a shareholder election for a one-year term

\*\*MassMutual and its affiliates are limited partners in three private investment funds in which the general partner and adviser and as such hold a carried interest. During the past two fiscal affiliates have paid approximately \$403,840 in management fees attributable to the investments

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INDEPENDENT TRUSTEES

NAME (AGE) ADDRESS	POSITION WITH THE FUND	OFFICE TERM/ LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	PORTFOLIOS OVERSEEN IN FUND COMPLEX	OT
MARTIN T. HART* (71) MassMutual Participation Investors 1500 Main Street Suite 600 P.O. Box 15189 Springfield, MA 01115-5189	Trustee (since 1991)	3 years/ 10 months	Private Investor; and President and Director (since 1983), H Investment Company LLC (family partnership)	2	Dir Roa cha Val com Spe com Mas (cl by



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CORINE T. NORGAARD (69)  MassMutual Participation Investors 1500 Main Street Suite 600 P.O. Box 15189 Springfield, MA 01115-5189	Trustee (since 1998)	3 years/ 1 year, 10 months	President, (2004-2005), Thompson Enterprises Real Estate Investment; and Dean (1996-2004), Barney School of Business, University of Hartford.	33	Tru Inv inv Mas Mas DLB com Tru (in 199 Tru Cor inv Cap
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\* Mr. Hart owns 0.878% (\$897,839 in value) of MassMutual High Yield Partners II LLC and 0.80% (\$ Corporate Value Partners Limited, each an investment fund that may be deemed to be controlled

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### OFFICERS OF THE TRUST

NAME (AGE) ADDRESS	POSITION WITH THE FUND	OFFICE TERM/ LENGTH OF TIME SERVED	PRINC OCCUPATION PAST 5
CLIFFORD M. NOREEN (49)  MassMutual Participation Investors 1500 Main Street Suite 600 P.O. Box 15189 Springfield, MA 01115-5189	President	1 year/ 7 months	President (since 2005) and Vice Pres Member of the Board of Managers (sin (since 2000) of Babson Capital; Trus (since 2005) of MMCI Subsidiary Trus President (since 2005) and Vice Pres Corporate Investors.
RODNEY J. DILLMAN (54)  MassMutual Participation Investors 1500 Main Street Suite 600 P.O. Box 15189 Springfield, MA 01115-5189	Vice President, Secretary, and Chief Legal Officer	1 year/ 7 months	Vice President, Secretary, and Chief Trust; Vice President and Associate MassMutual; General Counsel and Sec Capital; Secretary (since 2006) of M Subsidiary Trust; and Vice President Officer (since 2006) of MassMutual C
JAMES M. ROY (44)  MassMutual Participation Investors 1500 Main Street Suite 600 P.O. Box 15189 Springfield, MA 01115-5189	Vice President and Chief Financial Officer	1 year/ 7 months	Vice President and Chief Financial O (2003-2005), and Associate Treasurer Director (since 2005), and Director Trustee (since 2005), Treasurer (sin (2003-2005) of MMCI Subsidiary Trust Vice President and Chief Financial O (2003-2005) and Associate Treasurer Investors.

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OFFICERS OF THE TRUST

NAME (AGE) ADDRESS	POSITION WITH THE FUND	OFFICE TERM/ LENGTH OF TIME SERVED	PRINC OCCUPATION PAST 5
JOHN T. DAVITT, JR. (39) MassMutual Participation Investors 1500 Main Street Suite 600 P.O. Box 15189 Springfield, MA 01115-5189	Comptroller	1 year/ 7 months	Comptroller (since 2001) of the Trust Capital; Controller (since 2005) of Subsidiary Trust; and Comptroller (s Investors.
MELISSA M. LAGRANT (33) MassMutual Participation Investors 1500 Main Street Suite 600 P.O. Box 15189 Springfield, MA 01115-5189	Chief Compliance Officer	1 year/ 7 months	Chief Compliance Officer (since 2006 (since 2005) of Babson Capital; Vice Trading Manager (2003-2005), Loomis, Vice President-Business Risk Managem Vice President-Investment Compliance Investments/Deutsche Asset Managemen (since 2006) of MassMutual Corporate
RONALD S. TALAIA (38) MassMutual Participation Investors 1500 Main Street Suite 600 P.O. Box 15189 Springfield, MA 01115-5189	Treasurer	1 year/ 7 months	Treasurer (since 2006) of the Trust; Capital; and Treasurer (since 2006)

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OFFICERS OF THE TRUST

NAME (AGE) ADDRESS	POSITION WITH THE FUND	OFFICE TERM/ LENGTH OF TIME SERVED	PRINC OCCUPATION PAST 5
JILL A. FIELDS (47)	Vice President	1 year/ 7 months	Vice President (since 2006) of the T 2000) of Babson Capital; Vice Presid

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MassMutual  
Participation Investors  
1500 Main Street  
Suite 600  
P.O. Box 15189  
Springfield, MA 01115-5189

Trust and MMPI Subsidiary Trust; and  
MassMutual Corporate Investors.

MICHAEL P. HERMSEN (46)  
MassMutual  
Participation Investors  
1500 Main Street  
Suite 600  
P.O. Box 15189  
Springfield, MA 01115-5189

Vice President  
1 year/  
7 months

Vice President (since 1998) of the T  
2000) of Babson Capital; Vice Presid  
Trust and MMPI Subsidiary Trust; and  
MassMutual Corporate Investors.

MARY WILSON KIBBE (53)  
MassMutual  
Participation Investors  
1500 Main Street  
Suite 600  
P.O. Box 15189  
Springfield, MA 01115-5189

Vice President  
1 year/  
7 months

Vice President (since 1992) of the T  
2000) of Babson Capital; and Vice Pr  
Corporate Investors.

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OFFICERS OF THE TRUST

NAME (AGE) ADDRESS	POSITION WITH THE FUND	OFFICE TERM/ LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION PAST 5
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MICHAEL L. KLOFAS (46)  
MassMutual  
Participation Investors  
1500 Main Street  
Suite 600  
P.O. Box 15189  
Springfield, MA 01115-5189

Vice President  
1 year/  
7 months

Vice President (since 1998) of the T  
2000) of Babson Capital; Vice Presid  
Trust and MMPI Subsidiary Trust; and  
MassMutual Corporate Investors.

RICHARD E. SPENCER, II (44)  
MassMutual  
Participation Investors  
1500 Main Street  
Suite 600  
P.O. Box 15189  
Springfield, MA 01115-5189

Vice President  
1 year/  
7 months

Vice President (since 2002) of the T  
2000) of Babson Capital; Vice Presid  
Trust and MMPI Subsidiary Trust; and  
MassMutual Corporate Investors.

## SHARE OWNERSHIP OF TRUSTEES, NOMINEES AND EXECUTIVE OFFICERS

Set forth below is information concerning beneficial ownership, as of December 31, 2006, of the Trust's shares by each Trustee, nominee for Trustee, and the Trust's Trustees, nominees for Trustee and Executive Officers as a group.

BENEFICIAL OWNERSHIP OF TRUST SHARES  
DECEMBER 31, 2006(1)

NAME OF INDIVIDUAL OR GROUP	SHARES BENEFICIALLY OWNED (1)	PERCENTAGE OF OUTSTANDING SHARES OWNED
W. Barrett	4,913	*
D. Benson	9,780	*
M. Brown	2,000	*
R. Crandall	800	*
D. Glickman	2,540	*
M. Hart	44,438	*
R. Joyal	19,541(2)	*
C. Norgaard	1,756(3)	*
All Trustees, Nominees and Executive Officers as a Group	85,768	

- 1 This information, not being within the knowledge of the Trust, has been furnished by each nominee, Trustee and Executive Officer as of December 31, 2006. Beneficial ownership has been determined in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Except as otherwise indicated by footnote, the persons named in the table have sole voting and investment power with respect to all of the shares beneficially owned by them. Fractional shares not reported.
- 2 Includes 10,396 shares owned by Mr. Joyal's wife with respect to which he has no voting or investment power.
- 3 Ms. Norgaard has shared voting and investment power with respect to 900 of the shares listed in the table above.
- \* Less than one percent not listed.

The table below sets forth information regarding the beneficial ownership\* of the Trust's shares by each Trustee and Nominee based on the market value of such shares as of December 31, 2006.

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### DOLLAR RANGES OF SHARES OWNED BY TRUSTEES AND NOMINEES FOR TRUSTEE

NAME OF NOMINEE/ TRUSTEE	DOLLAR RANGE OF SHARES IN THE TRUST	AGGREGATE DOLLAR RANGE OF SHARES IN THE FAMILY INVESTMENT COMPANIES
W. Barrett	\$50,001-\$100,000	Over \$100,000
D. Benson	Over \$100,000	Over \$100,000
M. Brown	\$10,001-\$50,000	\$50,001-\$100,000
R. Crandall	\$10,001-\$50,000	Over \$100,000**
D. Glickman	\$10,001-\$50,000	Over \$100,000
M. Hart	Over \$100,000	Over \$100,000
R. Joyal	Over \$100,000	Over \$100,000**
C. Norgaard	\$10,001-\$50,000	\$50,001-\$100,000

\* Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) under the Exchange Act.

\*\* Includes interest derived from the market value of MassMutual Corporate Investors common shares represented in the MassMutual and/or Babson Capital non-qualified compensation deferral plans. However, pursuant to the terms of the plans, neither the plans nor the participant has actual ownership in MassMutual Corporate Investors common shares.

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### INFORMATION CONCERNING COMMITTEES AND MEETINGS OF THE BOARD OF TRUSTEES

The Board of Trustees has an Audit Committee, a Joint Transactions Committee, and a Nominating Committee.

The Audit Committee is comprised exclusively of Trustees who are not "interested persons" of the Trust and operates pursuant to a written Audit Committee Charter, which is available on the Trust's website, [www.babsoncapital.com/mpv](http://www.babsoncapital.com/mpv). The present members of the Audit Committee are Donald E. Benson (Chairman), Martin T. Hart, and Corine T. Norgaard. Each member of the Audit Committee qualifies as an "independent" Trustee under the current listing standards of the New York Stock Exchange (the "Listing Standards") and the rules of the U.S. Securities and Exchange Commission ("SEC"). In accordance with the SEC's rules implementing Section 407 of the Sarbanes-Oxley Act of 2002, and upon due consideration of the qualifications of each member of the Trust's Audit Committee, the Board designated Mr. Benson as the Trust's Audit Committee Financial Expert.

In accordance with the standards set forth in the Audit Committee Charter, the Audit Committee is responsible for: financial statement and disclosure oversight matters; matters related to the hiring, retention, and oversight of the Trust's independent accountants; certain financial and accounting oversight matters; and certain other matters as set forth in the Audit Committee Charter. The Audit Committee also supervises investigations into matters relating to audit function and performs other duties as required by applicable law or regulation. During the twelve months ended December 31, 2006, the Audit Committee held eight meetings.

The Joint Transactions Committee is comprised of all of the Trust's Trustees who are not "interested persons" of the Trust. This Committee reviews certain joint investment transactions between the Trust and MassMutual pursuant to the conditions set forth in the Trust's SEC exemptive order under Section 17(d) of the Investment Company Act of 1940, as amended (the "1940 Act") and Rule 17d-1 thereunder. This Committee acts primarily by written consent (twelve

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consents were executed by Committee members, approving twenty-five investments during the past fiscal year). The Committee also met informally four times during the year in conjunction with the quarterly meetings of the Trust's Board of Trustees (approving seven investments during the past fiscal year).

The Trust's Nominating Committee currently is comprised of the following Trustees: William J. Barrett, Donald E. Benson, Michael H. Brown, Donald Glickman, Martin T. Hart, and Corine T. Norgaard, none of whom is an "interested person" of the Trust, as defined in Section 2(a)(19) of the 1940 Act. A current copy of the Nominating Committee's Charter can be found on the Trust's website, [www.babsoncapital.com/mpv](http://www.babsoncapital.com/mpv). This Committee met twice during fiscal year 2006.

The Nominating Committee is responsible for identifying and nominating individuals to serve as Trustees who are not "interested persons" of the Trust ("independent Trustees"). The Nominating Committee Charter contemplates that all nominees for independent Trustees have a college degree or, in the judgment of the

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Committee, equivalent business experience. In addition, the Committee may take into account a wide variety of factors in considering Trustee candidates, giving such weight to any individual factor(s) as it deems appropriate, including but not limited to: availability and commitment of a candidate to attend meetings and perform his or her responsibilities on the Board; relevant industry and related experience; educational background; depth and breadth of financial expertise; and an assessment of the candidate's ability, judgment, expertise, reputation, and integrity. In the case of a shareholder recommended candidate, the Committee may also consider any other facts and circumstances attendant to such shareholder submission as may be deemed appropriate by the Committee. Different factors may assume greater or lesser significance at particular times, in light of the Board's present composition and the Committee's (or the Board's) perceptions about future issues and needs.

When the Board has or expects to have a vacancy for an independent Trustee, the Nominating Committee will consider candidates recommended by the Trust's current Trustees; the Trust's officers; the Trust's investment adviser; the Trust's shareholders; and any other source the Committee deems to be appropriate. Shareholders' recommendations to fill vacancies on the Board for independent Trustees must be submitted in accordance with the provisions of the Nominating Committee Charter, which requires that shareholder recommendations be timely received, and contain biographical and other necessary information regarding the candidate that would be required for the Trust to meet its disclosure obligations under the proxy rules. The Nominating Committee will evaluate nominee candidates properly submitted by shareholders in the same manner as it evaluates candidates recommended by other sources.

During the past fiscal year, the Board of Trustees held five regular meetings (one of which was held by means of a telephone conference call) and one special meeting.

### TRANSACTIONS WITH AND REMUNERATION OF OFFICERS AND TRUSTEES

Pursuant to the Investment Advisory and Administrative Services Contract between the Trust and Babson Capital (the "Contract"), Babson Capital paid (and will continue to pay) the compensation and expenses of the Trust's officers and of all Trustees of the Trust who were officers or employees of Babson Capital, with the exception of Mr. Crandall and Mr. Dillman, and Assistant Secretaries Bradley J. Lucido and Jason M. Pratt, whose compensation and expenses were paid (and will continue to be paid) by MassMutual.

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In July 2006, the Board reviewed the Trustee compensation structure and unanimously voted to approve an increase to certain fees paid to Trustees who are not officers or employees of MassMutual or Babson Capital. Also, the Board approved an additional annual retainer fee for the Chairman of the Audit Committee in the amount of \$2,500. The new compensation structure became effective on October 1, 2006. The annual retainer for Trustees increased \$2,000 to \$10,000. Trustees receive a fee of \$1,500 for each meeting of the Board which they attend, a \$250 increase. Trustees receive a fee of \$750 for each meeting conducted by telephone, a \$100 increase. Members of the Audit Committee and Nominating Committee continue to receive an additional fee of \$1,000 per meeting attended, including meetings conducted by teleconference call. Pursuant to a deferred compensation plan, Trustees may defer receipt of their fees until their

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retirement from the Board or some other time at their election. The aggregate direct remuneration of these Trustees and reimbursement of their out-of-pocket expenses paid by the Trust during the fiscal year ended December 31, 2006 was \$138,121 (includes amounts paid to a former Trustee, Jack A. Laughery, who died during 2006).

The following table discloses the compensation paid to the Trust's independent Trustees (not including reimbursement for out-of-pocket expenses) for the fiscal year ended December 31, 2006. Each of the independent Trustees also serves as a Trustee of one other closed-end investment company, MassMutual Corporate Investors, managed by Babson Capital. Ms. Norgaard also serves as a Trustee of two open-end investment companies, MassMutual Premier Funds and MML Series Investment Fund II, both of which are managed by MassMutual, the ultimate parent of Babson Capital. (The Trust, MassMutual Corporate Investors, MassMutual Premier Funds, and MML Series Investment Fund II, are collectively referred to in the table below as the "Fund Complex"). The Trustees do not receive pension or retirement benefits.

NAME OF TRUSTEE -----	AGGREGATE COMPENSATION FROM THE TRUST -----	TOTAL COMPENSATION FROM FUND COMPLEX -----
William J. Barrett	\$ 8,000	\$ 19,875
Donald E. Benson	25,125	58,625
Michael H. Brown	16,500	40,375
Donald Glickman	16,500	40,375
Martin T. Hart	24,500	57,375
Jack A. Laughery*	11,750	28,750
Corine T. Norgaard	24,500	145,375**
	-----	-----
Total	\$111,625	\$693,500
	=====	=====

\* Mr. Laughery died in August, 2006.

\*\* Additionally, Ms. Norgaard received \$132,125 in total compensation from the Fund Complex for the fiscal year ended December 31, 2005.

### AUDIT COMMITTEE REPORT

The Audit Committee oversees the Trust's financial reporting process on behalf of the Board of Trustees and operates under a written Charter adopted by the Board of Trustees. The Audit Committee meets with the Trust's management ("Management") and independent public accountants and

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reports the results of its activities to the Board of Trustees. Management has the primary responsibility for the financial statements and the reporting process including the system of internal controls. In connection with the Committee's and independent accountant's responsibilities, Management advised that the Trust's financial statements were prepared in conformity with generally accepted accounting principles.

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Accordingly, the Audit Committee has:

- o Reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2006 with Management and KPMG LLP, the Trust's independent public accountants;
- o Discussed with KPMG LLP those matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standards); and
- o Received the written disclosure and the letter from KPMG LLP required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and has discussed with KPMG LLP its independence.

The Audit Committee has also reviewed the aggregate fees billed for professional services rendered by KPMG LLP for 2006 and 2005 for the Trust and for the non-audit services provided to Babson, and Babson's parent, MassMutual. As part of this review, the Audit Committee considered whether the provision of such non-audit services was compatible with maintaining the principal accountant's independence.

In reliance on the reviews and discussions referred to above, the Audit Committee presents this Report to the Trust's Board of Trustees and recommends that the Board of Trustees (1) include the December 31, 2006 audited financial statements in the Annual Report to shareholders for the fiscal year ended December 31, 2006, and (2) file such Annual Report with the Securities and Exchange Commission and the New York Stock Exchange.

The Audit Committee appointed the firm of KPMG LLP as the Trust's auditors for the fiscal year ending December 31, 2007, and, in connection therewith, KPMG LLP will prepare all of the Trust's tax returns for the fiscal year ending December 31, 2007.

SUBMITTED BY THE AUDIT COMMITTEE OF THE BOARD OF TRUSTEES

DONALD E. BENSON, Audit Committee Chair  
MARTIN T. HART, Audit Committee Member  
CORINE T. NORGAARD, Audit Committee Member

FEBRUARY 6, 2007

The Board of Trustees reviewed this Report and approved the audited financial statements for publication in the Trust's Annual Report.

### THE TRUST'S INDEPENDENT AUDITORS

KPMG LLP ("KPMG") audited the financial statements of the Trust, Babson Capital, and MassMutual for the fiscal year ended December 31, 2006. KPMG's audit report for the Trust contained no qualifications or modifications. A KPMG



representative is expected to be present at the forthcoming Annual Meeting. This representative shall have the opportunity to make a statement if he or she desires to do so, and it is expected that such representative will be available to respond to appropriate questions from shareholders. As noted above, KPMG will audit the Trust's 2007 financial statements and prepare the Trust's 2006 tax return.

FEEs PAID TO INDEPENDENT AUDITORS  
(1) FEES BILLED TO THE TRUST

	KPMG LLP YEAR ENDED DECEMBER 31, 2006	KPMG LLP YEAR ENDED DECEMBER 31, 2005
Audit Fees	\$ 35,500	\$ 39,200
Audit-Related Fees	5,400	5,000
Tax Fees	32,900	25,900
All Other Fees	0	0
Total Fees	\$ 73,800	\$ 70,100

(2) NON-AUDIT FEES BILLED TO  
BABSON CAPITAL AND MASSMUTUAL

	KPMG LLP YEAR ENDED DECEMBER 31, 2006	KPMG LLP YEAR ENDED DECEMBER 31, 2005
Audit-Related Fees	\$ 988,727	\$1,229,916
Tax Fees	18,000	0
All Other Fees	0	0
Total Fees	\$1,006,727	\$1,229,916

The category "Audit Related Fees" reflects fees billed by KPMG for various non-audit and non-tax services rendered to the Trust, Babson Capital, and MassMutual, such as SAS 70 review, and agreed upon procedures reports. Preparation of Federal, state and local income tax and tax compliance work are representative of the fees billed in the "Tax Fees" category. The category "All Other Fees" represents fees billed by KPMG for tax consulting rendered to Babson Capital and MassMutual. The Sarbanes-Oxley Act of 2002 and its implementing regulations allows the Trust's Audit Committee to establish a pre-approval policy for certain services rendered by the Trust's independent accountants. During 2006, the Trust's Audit Committee approved all of the services rendered to the Trust by KPMG and did not rely on such a pre-approval policy for any such services.

The 2005 fees billed represent final 2005 amounts, which may differ from the preliminary figures available as of the publication date of the Trust's 2006 Proxy

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Statement and includes, among other things, fees for services that may not have been billed as of the publication date of the Trust's 2006 Proxy Statement, but are now properly included in the 2005 fees billed to the Trust, Babson Capital, and MassMutual.

### (2) OTHER BUSINESS

The Board of Trustees knows of no business to be brought before the meeting other than as set forth above. If, however, any other matters properly come before the meeting, it is the intention of the persons named in the enclosed proxy card to vote proxies on such matters in accordance with their best judgment.

### INVESTMENT ADVISER

Babson Capital provides investment management and certain administrative services to the Trust pursuant to the Contract.

Babson Capital, an SEC registered investment adviser since 1940, currently has over \$88 billion in assets under management and provides investment management services to registered investment companies, unregistered investment companies, and institutional investors (such as insurance companies, pension plans, endowments, and foundations). MassMutual Holding LLC is the direct owner of 100% of the voting shares of Babson Capital. MassMutual owns all of the voting shares of MassMutual Holding LLC. MassMutual and MassMutual Holding LLC are located at 1295 State Street, Springfield, Massachusetts, 01111. Babson Capital has an office at 1500 Main Street, Suite 1100, in Springfield, Massachusetts, 01115, and its principal office is located at Independence Wharf, 470 Atlantic Avenue, Boston, Massachusetts 02210.

### CERTAIN ADMINISTRATIVE SERVICES

MassMutual indirectly provides certain administrative services to the Trust including, but not limited to, accounting services, meeting facilities, legal support, report preparation, and other services provided to Babson Capital, the Trust's investment adviser. MassMutual's principal business address is 1295 State Street, Springfield, MA, 01111.

### SECTION 16 (A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Trust's Trustees and certain officers, investment advisers, certain affiliated persons of the investment advisers, and persons who own more than 10% of any class of outstanding securities of the Trust are required to file forms reporting their affiliation with the Trust and reports of ownership and changes in ownership of the Trust's securities with the SEC and the New York Stock Exchange. These persons and entities are required by SEC regulation to furnish the Trust with copies of all such forms they file. Based solely on a review of these forms furnished to the Trust, the Trust believes that each of its Trustees and relevant officers, Babson Capital, and relevant affiliated persons have complied with all applicable filing requirements during the Trust's fiscal year ended December 31, 2006.

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### PROPOSALS BY SHAREHOLDERS AND COMMUNICATIONS WITH THE BOARD OF TRUSTEES

Any Shareholder intending to present a proposal at the Annual Meeting to be held in 2008 who wishes to have such proposal included in the Trust's proxy material for that meeting, should forward the written proposal to the Trust,

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Attention: Secretary. Proposals must be received on or before November 1, 2007, to be considered for inclusion in the Trust's proxy material for its 2008 Annual Meeting.

Pursuant to procedures approved by the Trust's Board of Trustees, including a majority of the Trustees who are not "interested persons of the Trust" as defined in Section 2(a)(19) of the 1940 Act, Shareholders may mail written communications to the Board by writing the Trust's Chief Financial Officer at the Office of the Trust's investment adviser or by emailing the Trust's Chief Financial Officer at mpvmailbox@massmutual.com. When writing to the Trust's Board, Shareholders should identify themselves, the fact that the communication is directed to the Board, and any relevant information regarding their Trust holdings.

### ADDITIONAL INFORMATION

Proxies will be solicited by mail and may be solicited in person or by telephone, electronically, or facsimile by officers of the Trust. The expenses connected with the solicitation of these proxies and with any further proxies which may be solicited by the Trust's officers in person, by telephone or by facsimile will be borne by the Trust. In addition, the Trust may retain an outside firm to solicit proxies, which would involve additional expenses, payable by the Trust. If the Trust does retain such an outside firm, the anticipated cost would be approximately \$14,000. The Trust will reimburse banks, brokers, and other persons holding the Trust's shares registered in their names or in the names of their nominees, for their expenses incurred in sending proxy material to and obtaining proxies from the beneficial owners of such shares, which reimbursement will not be submitted to a vote of the Trust's Shareholders.

The Trust will arrange for at least one Trustee to attend its 2007 Annual Meeting of Shareholders; encourages all of its Trustees to attend its Annual Meetings of Shareholders; and will endeavor to arrange Annual Meetings of Shareholders on the same date as a Board of Trustees meeting to facilitate such attendance. Six of the Trust's Trustees attended the April 21, 2006 Annual Meeting.

If any Shareholders desire additional information about the matters proposed for action, management will be glad to hear from them and to provide further information.

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### ANNUAL REPORT

THE ANNUAL REPORT OF THE TRUST FOR ITS FISCAL YEAR ENDED DECEMBER 31, 2006, INCLUDING FINANCIAL STATEMENTS, A SCHEDULE OF THE TRUST'S INVESTMENTS AS OF SUCH DATE AND OTHER DATA, WAS MAILED ON OR ABOUT FEBRUARY 28, 2007, TO ALL SHAREHOLDERS OF RECORD. ANY SHAREHOLDER MAY REQUEST A COPY OF THE ANNUAL REPORT AND THE MOST RECENT SEMI-ANNUAL REPORT, WHICH WILL BE FURNISHED WITHOUT CHARGE, BY CALLING (TOLL-FREE) THE TRUST'S TRANSFER AGENT, SHAREHOLDER FINANCIAL SERVICES, INC., AT 1-800-647-7374.

By order of the  
Board of Trustees,

/s/ Rodney J. Dillman

-----  
Rodney J. Dillman  
VICE PRESIDENT AND SECRETARY

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1500 Main Street  
Springfield, Massachusetts 01115  
March 30, 2007

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TO VOTE BY MAIL

MASSMUTUAL PARTICIPATION INVESTORS  
C/O BABSON CAPITAL MANAGEMENT LLC  
1500 MAIN STREET  
SUITE 600  
SPRINGFIELD, MA 01115

- 1) Read the Proxy Statement.
- 2) Check the appropriate boxes o
- 3) Sign and date the proxy card
- 4) Return the proxy card in the

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

MAPAN1

-----  
THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

MASSMUTUAL CORPORATE INVESTORS

1. ELECTION OF TRUSTEES
- |   | For All | Withhold All | For All Except |
|---|---------|--------------|----------------|
| Nominees for Election: (01) Donald E. Benson, (02) Donald Glickman, and (03) Robert E. Joyal for three-year terms; (04) William J. Barret for a two-year term; and (05) Michael H. Brown for a one-year term; and until their respective successors are duly elected and qualified. | [_]     | [_]          | [_]            |

2. OTHER BUSINESS
- In their discretion, the proxy or proxies are authorized to vote upon such other business or before the Annual Meeting or any adjournment or adjournments thereof.

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Please sign exactly as your name or names appear(s). When signing as joint tenant, all parties to  
When signing as attorney, executor, administrator, trustee or guardian, please give your full tit

\_\_\_\_\_  
Signature [PLEASE SIGN WITHIN BOX] Date

\_\_\_\_\_  
Signature (Joint Owners)

MASSMUTUAL PARTICIPATION INVESTORS

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF TRUSTEES

The undersigned hereby appoints Rodney J. Dillman and James M. Roy, and each of them, attorneys and proxies of the undersigned, with power of substitution to vote all shares of MassMutual Participation Investors (the "Trust") which the undersigned is entitled to vote at the Annual Meeting of Shareholders of the Trust to be held in the Oak Room of Massachusetts Mutual Life Insurance Company, 1295 State Street, Springfield, Massachusetts 01111, on Friday, April 27, 2007, at 1:00 p.m. Eastern Time, and at any adjournments thereof (the "Annual Meeting").

THIS PROXY WILL BE VOTED ON ITEM (1) IN ACCORDANCE WITH THE INSTRUCTIONS GIVEN ON THIS CARD, AND IN THE ABSENCE OF INSTRUCTIONS THE UNDERSIGNED HEREBY AUTHORIZES THE AFORESAID PROXY OR PROXIES TO VOTE FOR ITEM (1).

THIS PROXY WILL BE VOTED ON ITEM (2) IN THE SOLE AND ABSOLUTE DISCRETION OF THE PROXY OR PROXIES, AND IN THE ABSENCE OF INSTRUCTIONS, THE UNDERSIGNED HEREBY AUTHORIZES THE AFORESAID PROXY OR PROXIES TO VOTE ON ANY MATTER RAISED PURSUANT TO ITEM (2).