

MASSMUTUAL PARTICIPATION INVESTORS

Form N-30D

June 10, 2005

MASSMUTUAL  
PARTICIPATION  
INVESTORS

[LOGO]

REPORT FOR THE THREE  
MONTHS ENDED 3/31/05

ADVISER

Babson Capital Management LLC  
1500 Main Street  
Springfield, Massachusetts 01115

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP  
Boston, Massachusetts 02110

COUNSEL TO THE TRUST

Ropes & Gray LLP  
Boston, Massachusetts 02110

[LOGO]

MPV  
LISTED  
NYSE

CUSTODIAN

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

TRANSFER AGENT & REGISTRAR

Shareholder Financial Services, Inc.  
P.O. Box 173673  
Denver, Colorado 80217-3673  
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Internet website: [www.babsoncapital.com/mpv](http://www.babsoncapital.com/mpv)

INVESTMENT OBJECTIVE AND POLICY

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

TO OUR SHAREHOLDERS

April 30, 2005

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We are pleased to present the March 31, 2005 Quarterly Report of MassMutual Participation Investors (the "Trust"). At the Trust's Annual Shareholders Meeting, which was held on April 22, 2005, shareholders re-elected Jack A. Laughery and Corine Norgaard as Trustees, each for a three-year term. As a result of the resignation of Steven Kandarian as a Trustee prior to the Annual Meeting, the size of the Board was reduced from eight to seven members.

The Board of Trustees declared a quarterly dividend to 24 cents per share, payable on May 16, 2005 to shareholders of record on May 2, 2005. The Trust had previously paid a 24 cent per share dividend for the preceding quarter (plus a special year-end dividend of 12 cents per share).

U.S. equity markets, as measured by several broad market indices declined during the quarter. Large stocks, as approximated by the Dow Jones Industrial Average, decreased 2.06%. Smaller stocks, as approximated by the Russell 2000 Index, decreased 5.34%. U.S. fixed income markets, as measured by selected indices, also posted negative returns for the quarter. The Lehman Brothers Government/Credit Index and the Lehman Brothers U.S. Corporate High Yield Index decreased 0.67% and 1.61%, respectively, for the quarter.

During the quarter ended March 31, 2005, net assets of the Trust increased to \$111,110,593 or \$11.46 per share compared to \$107,610,007 or \$11.13 per share on December 31, 2004, which translates into a 2.96% return for the quarter, based on the change in the Trust's net assets assuming the reinvestment of all dividends. Long term, the Trust returned 23.58%, 11.61%, and 14.16% for the 1-, 5-, and 10-year time periods ended March 31, respectively, based on the change in the Trust's net assets assuming the reinvestment of all dividends. The Trust earned 23 cents per share of net investment income for the quarter, compared to 22 cents per share in the previous quarter.

During the quarter, the Trust made private placement investments in two new issuers and closed one "follow-on" investment, totaling approximately \$2.4 million. The follow-on investment purchased by the Trust was in Augusta Sportswear Holding Co. The two new issuers the Trust invested in were Connor Sport Court International, Inc. and Terra Renewal Services, Inc. The weighted average coupon of these investments was 11.4%. (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/ Roger W. Crandall

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Roger W. Crandall  
President

### PORTFOLIO COMPOSITION AS OF 03/31/05\*

Public High Yield Debt 24%

Public Equity 2%

Cash & Short Term Investments 10%

Private/Restricted Equity 16%

Private Investment Grade Debt 3%

Private High Yield Debt 45%

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\*BASED ON MARKET VALUE OF TOTAL INVESTMENTS

CONSOLIDATED STATEMENT OF  
ASSETS AND LIABILITIES

MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2005  
(Unaudited)

ASSETS:

Investments	
(See Consolidated Schedule of Investments)	
Corporate restricted securities at fair value	
(Cost - \$93,491,200)	\$ 93,148,786
Corporate public securities at market value	
(Cost - \$26,873,388)	27,884,318
Short-term securities at cost plus earned discount which approximates market value	9,053,505
	-----
	130,086,609
Cash	1,950,755
Interest receivable	2,384,638
Receivable for investments sold	140,082
Other assets	18,978
	-----
TOTAL ASSETS	\$134,581,062
	=====

LIABILITIES:

Management fee payable	\$ 249,456
Note payable	12,000,000
Revolving Credit Agreement	10,500,000
Interest payable	292,538
Accrued expenses	97,899
Accrued taxes payable	330,576
	-----
TOTAL LIABILITIES	23,470,469

NET ASSETS:

Common shares, par value \$.01 per share; an unlimited number authorized	96,964
Additional paid-in capital	89,919,670
Retained net realized gain on investments, prior years	19,858,001
Undistributed net investment income	2,653,553
Accumulated net realized loss on investments	(1,844,725)
Net unrealized appreciation of investments	427,130
	-----
TOTAL NET ASSETS	111,110,593
TOTAL LIABILITIES AND NET ASSETS	\$134,581,062
	=====

COMMON SHARES ISSUED AND OUTSTANDING	9,696,389
	=====

NET ASSET VALUE PER SHARE	\$ 11.46
	=====

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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CONSOLIDATED STATEMENT OF  
ASSETS AND LIABILITIES

MASSMUTUAL PARTICIPATION INVESTORS

For the three months ended March 31, 2005  
(Unaudited)

INVESTMENT INCOME:	
Interest	\$ 2,832,256
Dividends	1,269
	-----
TOTAL INVESTMENT INCOME	2,833,525
	-----
EXPENSES:	
Management fees	249,456
Interest	253,785
Trustees' fees and expenses	30,600
Transfer agent/registrar's expenses	6,600
Reports to shareholders	30,000
Professional fees	57,600
Other	12,758
	-----
TOTAL EXPENSES	640,799
	-----
NET INVESTMENT INCOME (\$0.23 PER SHARE)	2,192,726
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:	
Realized loss on investments before taxes	(362,607)
Net change in unrealized depreciation of investments	1,687,535
Provision for taxes	(322,812)
	-----
NET GAIN ON INVESTMENTS	1,002,116
	-----
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 3,194,842
	=====

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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CONSOLIDATED STATEMENT OF  
ASSETS AND LIABILITIES

MASSMUTUAL PARTICIPATION INVESTORS

For the three months ended March 31, 2005  
(Unaudited)

NET DECREASE IN CASH:	
Cash flows from operating activities:	
Interest and dividends received	\$ 2,126,220
Interest expense paid	(75,071)
Operating expenses paid	(454,745)
Income taxes paid	(408,655)
	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,187,749
Cash flows from investing activities:	
Purchases/Proceeds/Maturities from short-term portfolio securities, net	(3,426,104)
Purchases of portfolio securities	(8,776,805)
Proceeds from disposition of portfolio securities	13,772,241

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NET CASH PROVIDED BY INVESTING ACTIVITIES	1,569,332
NET CASH PROVIDED BY OPERATING AND INVESTING ACTIVITIES	2,757,081
Cash flows from financing activities:	
Receipts for shares issued on reinvestment of dividends	305,744
Cash dividends paid from net investment income	(3,482,121)
NET CASH USED FOR FINANCING ACTIVITIES	(3,176,377)
NET DECREASE IN CASH	(419,296)
Cash - beginning of year	2,370,051
CASH - END OF PERIOD	\$ 1,950,755
RECONCILIATION OF NET INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING AND INVESTING ACTIVITIES:	
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 3,194,842
Increase in investments	(1,315,212)
Increase in interest receivable	(517,303)
Decrease in receivable for investments sold	1,388,593
Increase in other assets	(18,978)
Increase in management fee payable	7,784
Increase in interest payable	178,714
Decrease in accrued expenses	(75,516)
Decrease in accrued taxes payable	(85,843)
TOTAL ADJUSTMENTS TO NET ASSETS FROM OPERATIONS	(437,761)
NET CASH PROVIDED BY OPERATING AND INVESTING ACTIVITIES	\$ 2,757,081

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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CONSOLIDATED STATEMENTS OF  
CHANGES IN NET ASSETS

MASSMUTUAL PARTICIPATION INVESTORS

For the three months ended March 31, 2005 and the year ended December 31, 2004

	For the three months ended 03/31/2005 (Unaudited)	For the year ended 12/31/2004
	-----	-----
INCREASE IN NET ASSETS: OPERATIONS:		
Net investment income	\$ 2,192,726	\$ 9,713,437
Net realized (loss) gain on investments before taxes	(362,607)	1,196,570
Net change in unrealized depreciation of investments	1,687,535	12,493,998

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Provision for taxes	(322,812)	(504,437)
Net increase in net assets resulting from operations	3,194,842	22,899,568
Net increase in shares of beneficial interest transactions (common shares issued: 2005 - 23,830; 2004 - 81,587)	305,744	927,073
Dividends to shareholders from:		
Net investment income (2004 - \$1.10 per share)	--	(10,613,225)
 TOTAL INCREASE IN NET ASSETS	 3,500,586	 13,213,416
NET ASSETS, BEGINNING OF YEAR	107,610,007	94,396,591
NET ASSETS, END OF PERIOD/YEAR	<u>\$111,110,593</u>	<u>\$107,610,007</u>
	=====	=====

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 three months ended 3/31/2005 (Unaudited)	For the years ended		
		2004	2003	2002
	-----	-----	-----	-----
Net asset value:				
Beginning of year	\$ 11.13	\$ 9.84	\$ 8.78	\$ 9.1
	-----	-----	-----	-----
Net investment income	0.23	1.00	0.80	0.8
Net realized and unrealized gain (loss) on investments	0.10	1.36	1.21	(0.3
	-----	-----	-----	-----
Total from investment operations	0.33	2.36	2.01	0.5
	-----	-----	-----	-----
Dividends from net investment income to common shareholders	--	(1.10)	(0.96)	(0.8
Dividends from net realized gain on investments to common shareholders	--	--	--	--
Change from issuance of shares	--	0.03	0.01	--
	-----	-----	-----	-----
Total distributions	--	(1.07)	(0.95)	(0.8
	-----	-----	-----	-----
Net asset value:				
End of period/year	\$ 11.46	\$ 11.13	\$ 9.84	\$ 8.7
	-----	-----	-----	-----
Per share market value:				
End of period/year	\$ 12.20	\$ 13.31	\$ 11.65	\$ 9.4
	=====	=====	=====	=====

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Total investment return				
Market value	(8.34)%*	25.77%	35.50%	12.5
Net asset value **	2.96%*	25.14%	23.72%	5.7
Net assets (in millions):				
End of period/year	\$ 111.11	\$ 107.61	\$ 94.40	\$ 83.5
Ratio of operating expenses to average net assets	0.35%*	1.63%	1.65%	1.2
Ratio of interest expense to average net assets	0.23%*	0.89%	0.97%	1.0
Ratio of total expenses to average net assets	0.58%*	2.52%	2.62%	2.3
Ratio of net investment income to average net assets	2.00%*	9.60%	8.55%	9.4
Portfolio turnover	7.18%*	51.25%	55.08%	35.3

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

\*\* Net asset value return represents portfolio returns based on change in the net asset value assuming dividends and distributions which differs from the total investment return based on market value of the net asset value and the market value of the shares outstanding; past performance in no guarantee.

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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CONSOLIDATED SCHEDULE OF INVESTMENTS

MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2005  
(Unaudited)

	Shares, Units, Warrants, Ownership or Principal Amount	Acquisition Date
CORPORATE RESTRICTED SECURITIES - 83.83% (A)		
PRIVATE PLACEMENT INVESTMENTS - 76.80%		
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	04/08/04
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	1,230 shs.	04/08/04
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	\$ 1,125,000	05/18/04
Limited Partnership Interest of AWC Investment, LLC (B)	132 uts.	05/18/04



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ADORN, INC.

A manufacturer of wall panels, cabinets, moldings and countertops for houses and recreational vehicles.

12.5% Subordinated Note due 2010	\$ 1,125,000	02/29/00
Warrant, exercisable until 2010, to purchase common stock at \$.02 per share (B)	192 shs.	02/29/00

AMERICA'S BODY COMPANY, INC./LCP HOLDING CO.

A designer and manufacturer of commercial work vehicles.

12% Preferred Stock Series C (B)	197 shs.	12/16/03
Warrant, exercisable until 2007, to purchase common stock at \$.01 per share (B)	40 shs.	*

AMERICAN HOSPICE MANAGEMENT HOLDING LLC

A for-profit hospice care provider in the United States.

12% Senior Subordinated Note due 2010	\$ 1,125,000	01/22/04
Preferred Class A Unit (B)	1,337 uts.	01/22/04
Common Class B Unit (B)	1,610 uts.	01/22/04

AUGUSTA SPORTSWEAR HOLDING CO.

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

12% Senior Subordinated Note due 2012	\$ 893,000	12/31/04
Common Stock (B)	261 shs.	**
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	73 shs.	12/31/04

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

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2005  
(Unaudited)

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

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	04/09/02
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Senior Secured Tranche A Floating Rate Note due 2008	\$ 466,242	04/09/02
12% Senior Secured Note due 2010	\$ 412,112	04/09/02
Limited Partnership Interest of Riverside Capital Appreciation Fund IV, L.P. (B)	6.38% int.	04/09/02
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)	794 shs.	04/09/02
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	03/31/04
Warrant, exercisable until 2009, to purchase common stock at \$.01 per share (B)	2,421 shs.	03/31/04
BETTER MINERALS & AGGREGATES		
A producer of high grade industrial and specialty silica sands.		
14% Redeemable Preferred Stock (B)	499 shs.	09/30/99
Convertible Preferred Stock Series A and B, convertible into common stock at \$9.26 per share (B)	62,997 shs.	12/19/96
Common Stock (B)	10,013 shs.	09/30/99
Warrants, exercisable until 2005 and 2010, to purchase common stock at \$.01 per share (B)	5,700 shs.	*
BRAMPTON FASTENER CO. LTD		
A value-added national distributor of maintenance, repair and operating supplies such as fasteners, electrical components and tools.		
8% Senior Secured Term A Note due 2009	\$ 420,000	12/31/04
12% Senior Secured Term B Note due 2009	\$ 430,000	12/31/04
Limited Partnership Interest of Brafasco Investors LLC (B)	44,000 uts.	12/31/04
Preferred Stock (B)	155 shs.	12/31/04
Warrant of G C-Sun Holdings L.P., exercisable until 2008, to purchase common stock at \$.01 per share (B)	469 shs.	03/02/00
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	09/13/02
11% Senior Subordinated Note due 2010	\$ 478,916	09/13/02
Common Stock (B)	180,723 shs.	09/13/02
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)	78,386 shs.	09/13/02

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2005

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

(Unaudited)

CORPORATE RESTRICTED SECURITIES (A) (CONTINUED)	Shares, Units, Warrants, Ownership or Principal Amount -----	Acquisition Date -----
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.	09/29/95
CAPESUCCESS LLC		
A provider of diversified staffing services.		
Preferred Membership Interests (B)	806 uts.	04/29/00
Common Membership Interests (B)	10,421 uts.	04/29/00
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-and maintenance service industry through two wholly owned subsidiaries, Roto-Rooter and Service America		
Common Stock	10,500 shs.	02/24/04
COEUR, INC.		
A producer of proprietary, disposable power injection syringes.		
Senior Secured Floating Rate Revolving Credit Facility due 2010	\$ 25,363	02/02/05
8.75% Senior Secured Term Note due 2010	\$ 326,087	04/30/03
11.5% Senior Subordinated Note due 2011	\$ 242,754	04/30/03
Common Stock (B)	72,463 shs.	04/30/03
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)	50,099 shs.	04/30/03
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	01/07/02
Senior Secured Floating Rate Tranche A Note due 2007	\$ 552,469	06/26/01
13% Senior Secured Tranche B Note due 2006	\$ 370,370	06/26/01
Limited Partnership Interest (B)	3.65% int.	06/26/01
Warrant, exercisable until 2008, to purchase common stock at \$.01 per share (B)	61,163 shs.	06/26/01

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

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March 31, 2005  
(Unaudited)

CORPORATE RESTRICTED SECURITIES (A) (CONTINUED)	Shares, Units, Warrants, Ownership or Principal Amount -----	Acquisition Date -----
COLIBRI HOLDINGS CORPORATION		
A manufacturer and distributor of wild bird feeders and accessories.		
12.5% Senior Subordinated Note due 2008	\$ 843,750	09/22/00
28% Preferred Stock (B)	38 shs.	11/02/01
20% Preferred Stock (B)	35 shs.	03/09/04
Common Stock (B)	756 shs.	09/22/00
Warrant, exercisable until 2008, to purchase common stock at \$.01 per share (B)	446 shs.	09/22/00
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.	*
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.	***
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.	10/05/01
Convertible Preferred Stock, convertible into common stock at \$11.89 per share (B)	206 shs.	09/16/04
DEXTER MAGNETICS TECHNOLOGIES, INC.		
A designer, fabricator, assembler and distributor of industrial magnets and subassemblies in North America and Europe.		
12% Senior Subordinated Note due 2006	\$ 81,522	07/19/01
Common Stock (B)	310 shs.	07/19/01
Warrant, exercisable until 2006, to purchase common stock at \$.01 per share (B)	157 shs.	07/19/01

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\*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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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2005  
 (Unaudited)

CORPORATE RESTRICTED SECURITIES (A) (CONTINUED)	Shares, Units, Warrants, Ownership or Principal Amount	Acquisition Date
	-----	-----
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.	12/22/99
Limited Partnership Interest (B)	4.61% int.	12/22/99
Warrant, exercisable until 2007, to purchase common stock at \$.01 per share (B)	25,713 shs.	12/22/99
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.	08/27/98
Preferred Stock (B)	1,639 shs.	12/14/01
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	10/30/03
Common Stock (B)	3,656 shs.	**
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	1,077 shs.	10/30/03
E X C ACQUISITION CORPORATION		
A manufacturer of pre-filled syringes and pump systems used for intravenous drug delivery.		
15% Senior Subordinated Note due 2012	\$ 1,142,078	06/28/04
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	11 shs.	06/28/04
EAGLE PACK PET FOODS, INC.		
A manufacturer of premium pet food sold through		

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independent pet stores.		
14% Senior Subordinated Note due 2011	\$ 562,500	09/24/04
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	2,163 shs.	09/24/04

### EAGLE WINDOW & DOOR HOLDING CO.

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

12% Senior Subordinated Note due 2010	\$ 1,000,000	05/06/02
Common Stock (B)	125 shs.	05/06/02
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)	232 shs.	05/06/02

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

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

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

March 31, 2005  
(Unaudited)

	Shares, Units, Warrants, Ownership or Principal Amount	Acquisition Date
CORPORATE RESTRICTED SECURITIES (A) (CONTINUED)	-----	-----
EAST RIVER VENTURES I, L.P.		
An acquirer of controlling or substantial interests in other entities.		
Limited Partnership Interest (B)	0.04% int.	01/01/01
ENZYMATIC THERAPY, INC.		
A manufacturer and distributor of branded natural medicines and nutritional supplements.		
13% Senior Subordinated Note due 2006 (B)	\$ 843,750	09/17/02
Limited Partnership Interest (B)	0.70% int.	03/30/00
Warrant, exercisable until 2009, to purchase common stock at \$.01 per share (B)	253 shs.	03/30/00
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	09/09/03
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	23,229 shs.	09/09/03
EVANS CONSOLES, INC.		
A designer and manufacturer of consoles and control center systems.		

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10% Senior Secured Note due 2006	\$ 68,418	05/06/04
Limited Partnership Interest of CM Equity Partners (B)	1.21% int.	02/11/98
Common Stock (B)	45,000 shs.	05/06/04
HIGHGATE CAPITAL LLC		
An acquirer of controlling or substantial interests in manufacturing and marketing entities.		
Series A Preferred Units (B)	0.30% int.	07/21/94
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.	*
HUSSEY SEATING CORPORATION		
A manufacturer of spectator seating products.		
Senior Secured Floating Rate Revolving Note due 2006	\$ 1,054,767	06/12/96
Senior Secured Floating Rate Note due 2006	\$ 216,563	**
12% Senior Subordinated Note due 2006	\$ 675,000	03/31/03
Common Stock (B)	2,860 shs.	03/12/04

\*06/30/04 and 08/19/04.  
\*\*06/12/96 and 08/03/01.

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

March 31, 2005  
(Unaudited)

	Shares, Units, Warrants, Ownership or Principal Amount	Acquisition Date
CORPORATE RESTRICTED SECURITIES (A) (CONTINUED)	-----	-----
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	\$ 922,049	03/01/04
Common Stock (B)	130 shs.	06/01/00
JASON, INC.		
A diversified manufacturing company serving various industrial markets.		
13% Senior Subordinated Note due 2008	\$ 510,187	08/04/00
14% Cumulative Redeemable Preferred Stock Series A (B)	153 shs.	08/04/00
Limited Partnership Interest of Saw Mill Capital		

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Fund II, L.P. (B)	1.30% int.	08/03/00
Warrants, exercisable until 2008 and 2009, to purchase common stock at \$.01 per share (B)	26,931 shs.	08/04/00
JUSTRITE MANUFACTURING ACQUISITION CO.		
A manufacturer of safety products such as storage cabinets and containers.		
12% Senior Subordinated Note due 2011	\$ 843,750	12/15/04
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	593 shs.	12/15/04
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	06/16/00
Senior Secured Floating Rate Tranche A Note due 2007	\$ 348,581	06/16/00
12% Senior Secured Tranche B Note due 2008	\$ 314,509	06/16/00
Limited Partnership Interest of Riverside XVI Holding Company, L.P. (B)	3.02% int.	06/12/00
Warrant, exercisable until 2008, to purchase common stock at \$.01 per share (B)	633 shs.	06/12/00
KELE AND ASSOCIATES, INC.		
A distributor of building automation control products.		
12% Senior Subordinated Note due 2012	\$ 969,643	02/27/04
Common Stock (B)	18 shs.	02/27/04
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	6 shs.	02/27/04
KENAN-ADVANTAGE TRANSPORT COMPANY		
A transporter of light petroleum, petrochemicals, lubricants and residual fuels.		
12.5% Senior Subordinated Note due 2009	\$ 962,170	04/30/01
Preferred Stock (B)	163 shs.	04/30/01
Warrant, exercisable until 2009, to purchase common stock at \$.01 per share (B)	142 shs.	04/30/01

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2005  
(Unaudited)

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



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### KEYSTONE NORTH AMERICA, INC.

An operator of funeral homes in North America.

Common Stock (B)	28,577 shs.	02/08/05
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### LANCASTER LABORATORIES, INC.

A laboratory testing operation in the United States.

Common Stock (B)	455,739 shs.	09/25/00
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### 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 Revolving Note due 2009	\$ 13,433	02/17/05
Senior Secured Floating Rate Tranche A Note due 2010	\$ 447,762	09/03/04
12% Senior Secured Tranche B Note due 2011	\$ 179,104	09/03/04
Limited Partnership Interest (B)	4.48% int.	09/03/04
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	243 shs.	09/03/04

### MAXON CORPORATION

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

12% Senior Subordinated Note due 2012	\$ 549,837	09/30/04
8.75% Senior Subordinated Note due 2012	\$ 732,065	09/30/04
Common Stock (B)	218,099 shs.	09/30/04
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	87,755 shs.	09/30/04

### 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	05/01/03
8% Preferred Stock (B)	44 shs.	10/28/04
Common Stock (B)	13,863 shs.	10/28/04
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	44,054 shs.	05/01/03

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

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March 31, 2005  
(Unaudited)

CORPORATE RESTRICTED SECURITIES (A) (CONTINUED)	Shares, Units, Warrants, Ownership or Principal Amount -----	Acquisition Date -----
MOSS, INC.		
A manufacturer and distributor of large display and exhibit structures.		
Senior Secured Floating Rate Revolving Note due 2007	\$ 57,660	03/24/05
Senior Secured Floating Rate Tranche A Note due 2007	\$ 486,355	09/21/00
12% Senior Secured Tranche B Note due 2008	\$ 192,200	09/21/00
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.	09/21/00
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.	12/11/02
NEFF MOTIVATION, INC.		
A manufacturer and distributor of customized awards and sportswear to schools.		
12.5% Senior Subordinated Note due 2011	\$ 562,500	01/31/03
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	112 shs.	01/31/03
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	03/29/04
10% Preferred Stock (B)	135 shs.	03/29/04
Common Stock (B)	3,418 shs.	03/29/04
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	4,565 shs.	03/29/04
NPC, INC.		
A manufacturer of flexible connectors and equipment used in the installation of sewers and storm drain pipelines.		
Senior Secured Floating Rate Revolving Note due 2006	\$ 186,513	06/25/99
Senior Secured Floating Rate Note due 2006	\$ 1,075,424	06/25/99
12% Senior Secured Tranche B Note due 2007	\$ 559,322	06/25/99
Limited Partnership Interest of Riverside XIII Holding Company L.P. (B)	1.93% int.	06/11/99
Warrant, exercisable until 2007, to purchase common stock at \$.01 per share (B)	115 shs.	06/25/99

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

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2005  
(Unaudited)

CORPORATE RESTRICTED SECURITIES (A) (CONTINUED)	Shares, Units, Warrants, Ownership or Principal Amount	Acquisition Date
<b>NYLONCRAFT, INC.</b>		
A supplier of engineered plastic components for the automotive industry.		
9% Senior Secured Note due 2009	\$ 464,286	01/28/02
11.5% Senior Subordinated Note due 2012	\$ 857,143	01/28/02
Common Stock (B)	178,571 shs.	01/28/02
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	138,928 shs.	01/28/02
<b>OLYMPIC SALES, INC.</b>		
A boat retailer in Washington state, Oregon and California and British Columbia.		
12% Senior Subordinated Note due 2006	\$ 1,387,000	08/07/98
12% Senior Subordinated Note due 2008	\$ 244,154	02/09/00
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.	**
<b>PARADIGM PACKAGING, INC.</b>		
A manufacturer of plastic bottles and closures for the nutritional, pharmaceutical, personal care and food packaging markets.		
12% Senior Subordinated Note due 2008	\$ 1,125,000	12/19/00
Membership Interests of MM/Lincap PPI Investments, Inc., LLC (B)	1.28% int.	12/21/00
<b>P H I HOLDING COMPANY</b>		
A retailer of mid-priced gift items, home and garden decor, accessories and other similar consumer products.		
12.5% Senior Subordinated Note due 2010	\$ 1,125,000	10/25/02
Warrant, exercisable until 2010, to purchase common stock at \$.02 per share (B)	186 shs.	10/25/02
<b>PRECISION DYNAMICS, INC.</b>		
A manufacturer of custom-designed solenoid valves and controls.		
Senior Secured Floating Rate Revolving Credit		

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Facility due 2005	\$ 366,750	07/22/96
Senior Secured Floating Rate Term Note due 2005	\$ 142,625	07/22/96
12% Senior Secured Term Note due 2005	\$ 163,000	07/22/96
8% Preferred Stock	228 shs.	07/22/96
Common Stock (B)	299 shs.	07/22/96
Warrant, exercisable until 2005, to purchase common stock at \$.01 per share (B)	162 shs.	07/22/96

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

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

March 31, 2005  
(Unaudited)

	Shares, Units, Warrants, Ownership or Principal Amount	Acquisition Date
CORPORATE RESTRICTED SECURITIES (A) (CONTINUED)	-----	-----
PROCESS CHEMICALS LLC		
A specialty chemical company that manufactures processed chemicals for the fertilizer, asphalt and concrete industries.		
Common Membership Interests	1 uts.	*
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.	08/12/94
Common Stock (B)	867 shs.	**
PW EAGLE, INC. - O.T.C.		
An extruder of small and medium diameter plastic pipe and tubing in the United States.		
Warrant, exercisable until 2007, to purchase common stock at \$.01 per share (B)	101,236 shs.	09/16/99
QUALIS AUTOMOTIVE LLC		
A distributor of aftermarket automotive brake and chassis products.		
12% Senior Subordinated Note due 2012	\$ 937,500	05/28/04
Common Stock (B)	187,500 shs.	05/28/04
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	199,969 shs.	05/28/04
QUALSERV CORPORATION		
A provider of foodservice equipment and supplies, to major restaurant chains and their franchisees.		
14% Senior Subordinated Note due 2012	\$ 997,487	07/09/04

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Limited Partnership Interest (B)	4.90% int.	07/09/04
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	280 shs.	07/09/04

### RIVER RANCH FRESH FOODS LLC

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

13% Senior Subordinated Note due 2011	\$ 975,000	09/29/04
Limited Partnership Interest (B)	21,499 uts.	09/29/04
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	12,481 shs.	09/29/04

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

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

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

March 31, 2005  
(Unaudited)

	Shares, Units, Warrants, Ownership or Principal Amount	Acquisition Date
CORPORATE RESTRICTED SECURITIES (A) (CONTINUED)	-----	-----
 <b>ROYAL BATHS MANUFACTURING COMPANY</b>		
A manufacturer and distributor of acrylic and cultured marble bathroom products.		
12.5% Senior Subordinated Note due 2011	\$ 562,500	11/14/03
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	74 shs.	11/14/03
 <b>SAFETY SPEED CUT MANUFACTURING COMPANY, INC.</b>		
A manufacturer of vertical panel saws and routers for the wood working industry.		
Senior Secured Floating Rate Tranche A Note due 2007	\$ 659,549	06/02/99
12% Senior Secured Tranche B Note due 2007	\$ 646,089	06/02/99
Class B Common Stock (B)	846 shs.	06/02/99
 <b>SAVAGE SPORTS HOLDING, INC.</b>		
A manufacturer of sporting firearms.		
12% Senior Subordinated Note due 2012	\$ 814,655	09/10/04
Common Stock (B)	310 shs.	09/10/04
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	71 shs.	09/10/04

### SELIG ACQUISITION CORPORATION

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A manufacturer of container sealing materials for bottles used in consumer products.

12% Senior Subordinated Note due 2009	\$ 1,125,000	06/13/02
Warrant, exercisable until 2009, to purchase common stock at \$.01 per share (B)	1,064 shs.	06/13/02

### SHELTER ACQUISITION, INC.

A distributor of roofing supplies and products throughout the Midwest.

12.5% Senior Subordinated Note due 2008	\$ 803,571	08/01/02
Common Stock (B)	477,411 shs.	*
Warrant, exercisable until 2009, to purchase common stock at \$.01 per share (B)	139,470 shs.	08/01/02

### SNYDER INDUSTRIES, INC.

A manufacturer of proprietary rotationally molded polyethylene containers.

12.25% Senior Subordinated Note due 2008	\$ 2,250,000	12/06/99
Warrant, exercisable until 2007, to purchase common stock at \$.01 per share (B)	369 shs.	12/06/99

### SPECIALTY FOODS GROUP, INC.

A manufacturer and distributor of branded meat products.

Limited Partnership Interest of MHD Holdings LLC (B)	0.76% int.	08/29/00
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\*08/01/02, 01/17/03 and 12/31/04.

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

March 31, 2005  
(Unaudited)

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

### 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.	01/14/00
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### SYNVENTIVE EQUITY LLC

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

12% Senior Subordinated Note due 2007	\$ 975,000	08/21/03
Limited Partnership Interest (B)	1.05% int.	08/20/03
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	45,942 shs.	08/21/03

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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	\$ 179,688	03/01/05
Senior Secured Floating Rate Term B Note due 2012	\$ 210,937	03/01/05
12% Senior Subordinated Note due 2013	\$ 585,937	03/01/05
Limited Partnership Interest of Saw Mill Capital Fund V, L.P. (B)	236 uts.	03/01/05
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	37 shs.	03/01/05

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	02/05/98
Common Stock (B)	315 shs.	02/04/98
Warrant, exercisable until 2006, to purchase common stock at \$.01 per share (B)	222 shs.	02/05/98

TIDEWATER HOLDINGS, INC.

An operator of a barge transportation line on the Columbia/Snake River system.

17% Preferred Stock (B)	280 shs.	12/23/02
Convertible Preferred Stock, convertible into common stock at \$1,000 per share (B)	560 shs.	07/25/96
Warrant, exercisable until 2008, to purchase common stock at \$.01 per share (B)	237 shs.	07/25/96

TOMAH HOLDINGS, INC.

A manufacturer of specialty chemicals.

16% Senior Subordinated Note due 2011	\$ 773,875	12/08/03
16% Preferred Stock Series A (B)	20 shs.	12/08/03
Common Stock (B)	2,789 shs.	12/08/03

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

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

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### 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	01/20/00
12% Senior Subordinated Note due 2010	\$ 758,100	01/20/00
Common Stock (B)	129,960 shs.	01/20/00
Warrant, exercisable until 2010, to purchase common stock at \$1 per share (B)	148,912 shs.	01/20/00

### TRUSTILE DOORS, INC.

A manufacturer and distributor of interior doors.

12.5% Senior Subordinated Note due 2010	\$ 562,500	04/11/03
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)	3,060 shs.	04/11/03

### TUBULAR TEXTILE MACHINERY

A designer, manufacturer, seller and servicer of finishing machinery for the knit and woven segments of the global textile industry.

12% Senior Subordinated Note due 2014	\$ 705,457	05/28/04
8.75% Senior Secured Note due 2011	\$ 409,310	05/28/04
Common Stock (B)	385,233 shs.	05/28/04
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	116,521 shs.	05/28/04

### TVI, INC.

A retailer of used clothing in the United States, Canada and Australia.

Common Stock (B)	187,500 shs.	05/02/00
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### 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	\$ 947,368	08/06/03
Preferred Stock (B)	1,771 shs.	08/06/03
Common Stock (B)	546 shs.	08/06/03
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	502 shs.	08/06/03

### 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	04/30/04
10% Junior Subordinated Note due 2012	\$ 33,705	04/30/04
Common Stock (B)	96 shs.	04/30/04
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	122 shs.	04/30/04



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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2005  
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CORPORATE RESTRICTED SECURITIES (A) (CONTINUED)	Shares, Units, Warrants, Ownership or Principal Amount	Acquisition Date
	-----	-----
VICTORY VENTURES LLC		
An acquirer of controlling or substantial interests in other entities.		
Series A Preferred Units (B)	0.03% int.	12/02/96
VITALITY FOODSERVICE, INC.		
A non-carbonated beverage dispensing company focused on the foodservice industry.		
13% Senior Subordinated Note due 2011	\$ 999,153	09/24/04
Common Stock (B)	12,585 shs.	09/24/04
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	12,593 shs.	09/24/04
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	07/19/04
Limited Partnership Interest Class A (B)	219,375 uts.	07/19/04
Limited Partnership Interest Class B (B)	96,848 uts.	07/19/04
WALLS INDUSTRIES, INC.		
A provider of branded workwear and sporting goods apparel.		
10% Senior Subordinated Lien Note due 2009	\$ 532,895	07/12/04
14% Senior Subordinated Note due 2012	\$ 552,631	07/12/04
Limited Partnership Interest (B)	0.20% int.	07/12/04
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	2,133 shs.	07/12/04
WASHINGTON INVENTORY SERVICES, INC.		
A provider of physical inventory taking and other related services to retailers.		
12.5% Senior Subordinated Note due 2011	\$ 569,524	11/03/00
Senior Preferred Stock (B)	2,484 shs.	11/01/00
Class B Common Stock (B)	4,743 shs.	11/01/00
Warrant, exercisable until 2011, to purchase common stock at \$.01 per share (B)	2,107 shs.	11/03/00
WEASLER HOLDINGS LLC		
A manufacturer of mechanical power transmission components for the agricultural, lawn and turf industries.		

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Limited Partnership Interest (B)	0.82% int.	02/03/03
Warrant, exercisable until 2010, to purchase common stock at \$.01 per share (B)	136 shs.	02/04/03

TOTAL PRIVATE PLACEMENT INVESTMENTS

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)    MASSMUTUAL PARTICIPATION INVESTORS  
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CORPORATE RESTRICTED SECURITIES (A) (CONTINUED)	Interest Rate ----	Due Date ----	Shares or Principal Amount -----	Cost ----
RULE 144A SECURITIES - 7.03%:				
BONDS - 6.65%				
A E P Industries, Inc.	7.875%	03/15/13	\$ 75,000	\$ 75,000
A E S Corporation	8.750	05/15/13	425,000	477,220
A E S Corporation	9.000	05/15/15	175,000	175,000
Activant Solutions, Inc.	9.010	04/01/10	400,000	400,000
BCP Caylux Holding Lux SCA	9.625	06/15/14	355,000	355,000
Blockbuster, Inc.	9.000	09/01/12	275,000	277,140
Bombardier Capital, Inc.	6.125	06/29/06	500,000	509,380
Bombardier, Inc.	6.300	05/01/14	500,000	440,310
Cablevision Systems Corporation	6.669	04/01/09	450,000	450,000
Charter Communications Op LLC	8.000	04/30/12	500,000	498,750
Douglas Dynamics LLC	7.750	01/15/12	325,000	327,020
GulfMark Offshore, Inc.	7.750	07/15/14	300,000	298,720
Intelsat Bermuda, Ltd.	7.805	01/15/12	225,000	225,000
Intelsat Bermuda, Ltd.	8.250	01/15/13	250,000	250,000
Interactive Health LLC	7.250	04/01/11	500,000	412,040
Jostens I H Corporation	7.625	10/01/12	325,000	325,000
Magnachip Semiconductor	8.000	12/15/14	50,000	50,000
Markwest Energy	6.875	11/01/14	250,000	250,000
Metaldyne Corporation	10.000	11/01/13	340,000	342,130
PQ Corporation	7.500	02/15/13	175,000	175,000
Siebe PLC	6.500	01/15/10	350,000	308,000
T C W Lev Income Trust LP	8.410	09/30/04	942,858	942,850
Texas Genco LLC	6.875	12/15/14	350,000	350,000
Universal City Florida	7.493	05/01/10	100,000	100,000
Universal City Florida	8.375	05/01/10	100,000	100,000
<b>TOTAL BONDS</b>			<b>\$ 8,237,858</b>	<b>8,113,590</b>
CONVERTIBLE BONDS - 0.38%				
Cymer, Inc.	3.500%	02/15/09	\$ 450,000	\$ 450,000
<b>TOTAL CONVERTIBLE BONDS</b>			<b>\$ 450,000</b>	<b>450,000</b>
WARRANTS - 0.00%				
Winsloew Furniture, Inc. (B)			700	\$

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TOTAL WARRANTS	7
TOTAL RULE 144A SECURITIES	8,563,60
TOTAL CORPORATE RESTRICTED SECURITIES	\$ 93,491,20

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.)      MASSMUTUAL PARTICIPATION INVESTORS  
March 31, 2005  
(Unaudited)

CORPORATE PUBLIC SECURITIES - 25.10%:(A)	Interest Rate	Due Date	Principal Amount	Cost
-----				
BONDS - 22.24%				
Abitibi-Consolidated, Inc.	7.750%	06/15/11	\$ 500,000	\$ 517,76
Activant Solutions, Inc.	10.500	06/15/11	325,000	326,02
Aearo Co.	8.250	04/15/12	225,000	225,00
Allied Waste NA	7.875	04/15/13	500,000	513,75
American Media Operation, Inc.	8.875	01/15/11	475,000	475,69
Appleton Papers, Inc.	8.125	06/15/11	250,000	250,00
Argo Tech Corporation	9.250	06/01/11	425,000	425,00
Arrow Electronics, Inc.	7.000	01/15/07	500,000	523,17
C S C Holdings, Inc.	7.625	04/01/11	250,000	251,05
Cadmus Communications Corporation	8.375	06/15/14	350,000	350,00
Chemed Corporation	8.750	02/24/11	600,000	600,00
Chesapeake Energy Corporation	7.000	08/15/14	150,000	150,00
Cincinnati Bell, Inc.	8.375	01/15/14	550,000	503,75
Collins & Aikman Products Co.	10.750	12/31/11	450,000	462,12
Del Monte Corporation	8.625	12/15/12	200,000	200,00
Dollar Financial Group	9.750	11/15/11	325,000	325,00
Dominos, Inc.	8.250	07/01/11	109,000	108,21
Electronic Data Systems Corporation	7.125	10/15/09	500,000	506,00
Esterline Technologies	7.750	06/15/13	175,000	175,00
Ford Motor Credit Co.	5.800	01/12/09	500,000	499,07
G F S I, Inc.	9.625	03/01/07	375,000	337,54
Gencorp, Inc.	9.500	08/15/13	130,000	130,00
General Motors Accept Corporation	5.850	01/14/09	500,000	503,53
General Nutrition Center	8.500	12/01/10	425,000	425,00
Goodyear Tire & Rubber Co.	7.857	08/15/11	350,000	327,25
Houghton Mifflin Co.	9.875	02/01/13	500,000	528,07
Huntsman LLC	11.625	10/15/10	163,000	161,06
Intrawest Corporation	7.500	10/15/13	250,000	250,00
K 2, Inc.	7.375	07/01/14	150,000	150,61
Koppers Inc.	9.875	10/15/13	250,000	250,00
Leucadia National Corporation	7.000	08/15/13	350,000	357,12
Liberty Media Corporation	5.700	05/15/13	500,000	475,80
Lodgenet Entertainment Corporation	9.500	06/15/13	375,000	375,00
Lyondell Chemical Co.	9.500	12/15/08	450,000	459,53
M G M Mirage, Inc.	6.000	10/01/09	225,000	228,08
M S X International, Inc.	11.000	10/15/07	175,000	173,50
Majestic Star Casino LLC	9.500	10/15/10	250,000	250,00
Manitowoc Company, Inc.	7.125	11/01/13	100,000	100,00
Mediacom LLC	9.500	01/15/13	750,000	746,10
Moog, Inc.	6.250	01/15/15	60,000	60,00
Nalco Co.	7.750	11/15/11	250,000	250,00

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Neff Corporation	10.250	06/01/08	90,000	89,000
Nextel Communications Corporation	7.375	08/01/15	400,000	410,340
North American Energy Partners	8.750	12/01/11	200,000	200,000
Northwest Airlines Corporation	8.970	01/02/15	643,112	643,112
Numatics, Inc.	9.625	04/01/08	375,000	376,820
O E D Corp/Diamond Jo Company Guarantee	8.750	04/15/12	500,000	492,980

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
March 31, 2005  
(Unaudited)

CORPORATE PUBLIC SECURITIES - (A) (Continued)	Interest Rate	Due Date	Principal Amount	Cost
	-----	-----	-----	-----
Offshore Logistics, Inc.	6.125%	06/15/13	\$ 350,000	\$ 350,000
Pacific Energy Partners	7.125	06/15/14	250,000	252,170
Pinnacle Foods Group	8.250	12/01/13	225,000	225,000
Pliant Corporation	0.000	06/15/09	675,000	587,340
Primedia, Inc.	8.000	05/15/13	500,000	513,750
Quintiles Transnational Corporation	10.000	10/01/13	250,000	250,000
Rayovac Corporation	8.500	10/01/13	175,000	175,000
Rent-A-Center, Inc.	7.500	05/01/10	250,000	250,000
Rent-Way, Inc.	11.875	06/15/10	450,000	471,530
Rhodia SA	10.250	06/01/10	250,000	252,660
Rhodia SA	8.875	06/01/11	250,000	249,830
Rogers Wireless, Inc.	7.250	12/15/12	90,000	90,000
Rogers Wireless, Inc.	8.000	12/15/12	90,000	90,000
Rogers Wireless, Inc.	7.500	03/15/15	60,000	60,000
Service Corporation International	6.000	12/15/05	21,000	21,070
Sheridan Acquisition Corporation	10.250	08/15/11	225,000	222,000
Sports Club Co.	11.375	03/15/06	100,000	97,000
Tekni-Plex, Inc.	12.750	06/15/10	500,000	483,500
Telex Communications, Inc.	11.500	10/15/08	250,000	250,000
Tenet Healthcare Corporation	6.375	12/01/11	250,000	241,250
Tenet Healthcare Corporation	9.875	07/01/14	350,000	341,850
Triton P C S, Inc.	8.500	06/01/13	500,000	500,000
Tyco International Group SA	6.375	10/15/11	150,000	148,500
United Rentals, Inc.	7.750	11/15/13	325,000	325,000
Utilicorp United, Inc.	9.950	02/01/11	500,000	551,880
Vicorp Restaurants Inc	10.500	04/15/11	300,000	296,370
Vought Aircraft Industries	8.000	07/15/11	650,000	649,320
Warner Music Group	7.375	04/15/14	125,000	125,000
Williams Scotsman, Inc.	9.875	06/01/07	250,000	246,250
Wornick Co.	10.875	07/15/11	350,000	350,000
			-----	-----
TOTAL BONDS			\$ 24,856,112	24,803,400
			=====	-----

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS  
March 31, 2005  
(Unaudited)

Shares or

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CORPORATE PUBLIC SECURITIES (A) (CONTINUED)	Interest Rate	Due Date	Principal Amount	Cost
	-----	-----	-----	-----
COMMON STOCK - 2.41%				
Distributed Energy Systems			14,000	\$ 177,07
Dolby Laboratories, Inc. (B)			100	1,80
H C I Direct, Inc. (B)			500	--
Rent-Way, Inc. (B)			46,432	458,12
Transmontaigne, Inc. (B)			277,771	909,17
Shamir Optical Industry Ltd (B)			1,700	23,80
			-----	-----
TOTAL COMMON STOCK				1,569,98
			-----	-----
CONVERTIBLE BONDS - 0.45%				
Leucadia National Corporation	3.750%	04/15/14	\$ 500,000	\$ 500,00
			-----	-----
TOTAL CONVERTIBLE BONDS			\$ 500,000	500,00
			=====	-----
TOTAL CORPORATE PUBLIC SECURITIES				\$ 26,873,38
				-----
SHORT-TERM SECURITIES:				
	Interest Rate/Yield	Due Date	Shares or Principal Amount	Cost
	-----	-----	-----	-----
COMMERCIAL PAPER - 8.15%				
Alcoa, Inc.	2.801%	04/06/05	\$ 1,131,000	\$ 1,130,56
Campbell Soup Company	2.781	04/07/05	1,887,000	1,886,12
Countrywide Home Loans, Inc.	2.852	04/05/05	2,090,000	2,089,33
Detroit Edison Company	2.802	04/04/05	2,225,000	2,224,48
Whirlpool Corporation	2.772	04/01/05	1,723,000	1,723,00
			-----	-----
TOTAL SHORT-TERM SECURITIES			\$ 9,056,000	\$ 9,053,50
			=====	-----
TOTAL INVESTMENTS	117.08%			\$129,418,09
				=====
Other Assets	4.04			
Liabilities	(21.12)			
	-----			
TOTAL NET ASSETS	100.00%			
	=====			

(A) In each of the convertible note, warrant, convertible preferred and common stock investments, agreed to provide certain registration rights.

(B) Non-income producing security.

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2005  
(Unaudited)

Fair Value/

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INDUSTRY CLASSIFICATION: (Cont.)	Market Value -----	INDUSTRY CLASSIFICATION: (
AEROSPACE - 1.52%		BUILDINGS & REAL ESTATE -
Argo Tech Corporation	\$ 456,875	A W C Holding Company
Bombardier, Inc.	420,000	Adorn, Inc.
Esterline Technologies	182,000	Eagle Window & Door Holdin
Vought Aircraft Industries	640,250	Shelter Acquisition, Inc.
	-----	TruStile Doors, Inc.
	1,699,125	
	-----	
AIRLINES - 0.37%		CARGO TRANSPORT - 2.48%
Northwest Airlines Corporation	407,026	Kenan-Advantage Transport
	-----	Tidewater Holdings, Inc.
AUTOMOBILE - 8.60%		
America's Body Company, Inc./LCP Holding Co.	1,750,000	CHEMICAL, PLASTICS
Collins & Aikman Products Co.	370,125	& RUBBER - 2.70%
Gencorp, Inc.	144,950	Capital Specialty Plastics
Goodyear Tire & Rubber Co.	337,750	Huntsman LLC
Jason, Inc.	1,031,221	Koppers, Inc.
LIH Investors, L.P.	2,681,166	Lyondell Chemical Co.
Metaldyne Corporation	309,400	PQ Corporation
Nyloncraft, Inc.	1,790,518	Process Chemicals LLC
Qualis Automotive LLC	1,137,268	Rhodia SA
	-----	Tomah Holdings, Inc.
	9,552,398	
	-----	
BEVERAGE, DRUG & FOOD - 4.93%		CONSUMER PRODUCTS - 8.36%
Beta Brands Ltd	--	Appleton Papers, Inc.
Cains Foods, L.P.	250,288	Augusta Sportswear Holding
Del Monte Corporation	216,500	Colibri Holdings Corporati
Dominos, Inc.	113,905	Euro-Pro Corporation
Eagle Pack Pet Foods, Inc.	561,294	G F S I, Inc.
Nonni's Food Company	1,168,600	H C I Direct, Inc.
Pinnacle Foods Group	192,375	K 2, Inc.
River Ranch Fresh Foods LLC	1,096,447	Maverick Acquisition Compa
Specialty Foods Group, Inc.	67,845	Neff Motivation, Inc.
Vicorp Restaurants, Inc.	306,000	Rayovac Corporation
Vitality Foodservice, Inc.	1,134,840	Royal Baths Manufacturing
Wornick Co.	365,750	Savage Sports Holding, Inc
	-----	The Tranzonic Companies
	5,473,844	Walls Industries, Inc.
	-----	Winsloew Furniture, Inc.
BROADCASTING - 2.58%		
C S C Holdings, Inc.	260,000	CONTAINERS, PACKAGING
Cablevision Systems Corporation	477,000	& GLASS - 6.81%
Charter Communications Op LLC	497,500	A E P Industries, Inc.
Liberty Media Corporation	471,265	Paradigm Packaging, Inc.
Lodgenet Entertainment Corporation	408,750	Pliant Corporation
Mediacom LLC	748,125	Selig Acquisition Corporat
	-----	Snyder Industries, Inc.
	2,862,640	Tekni-Plex, Inc.
	-----	Vitex Packaging, Inc.

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2005  
(Unaudited)

INDUSTRY CLASSIFICATION: (Cont.)	Fair Value/ Market Value	INDUSTRY CLASSIFICATION: (Cont.)
	-----	
DISTRIBUTION - 4.64%		FINANCIAL SERVICES - 3.09%
Brampton Fastener Co. Ltd	\$ 898,850	BCP Caylux Holding Lux SCA
Corvest Group, Inc.	1,965,370	Bombardier Capital, Inc.
Kele and Associates, Inc.	1,229,813	Dollar Financial Group
QualServ Corporation	1,065,296	East River Ventures I, L.P.
Strategic Equipment & Supply Corporation, Inc.	--	Ford Motor Credit Co.
	-----	General Motors Acceptance
	5,159,329	Highgate Capital LLC
	-----	Leucadia National Corporat
DIVERSIFIED/CONGLOMERATE,		T C W Leveraged Income Tru
MANUFACTURING - 3.44%		Victory Ventures LLC
Activant Solutions, Inc.	754,125	Williams Scotsman, Inc.
Coining of America LLC	1,101,237	
Dexter Magnetics Technologies, Inc.	580,514	HEALTHCARE, EDUCATION &
Douglas Dynamics LLC	318,500	CHILDCARE - 4.60%
Evans Consoles, Inc.	68,418	A T I Acquisition Company
Justrite Manufacturing Acquisition Co.	837,513	American Hospice Managemen
Tyco International Group SA	160,132	Interactive Health LLC
	-----	MedAssist, Inc.
	3,820,439	Quintiles Transnational Co
	-----	Shamir Optical Industry Lt
DIVERSIFIED/CONGLOMERATE,		Tenet Healthcare Corporati
SERVICE - 8.18%		
Abitibi-Consolidated, Inc.	490,000	HOME & OFFICE FURNISHINGS,
Allied Waste NA	498,750	HOUSEWARES, AND DURABLE
CapeSuccess LLC	2,512	CONSUMER PRODUCTS - 3.63%
Chemed Corporation	1,455,540	Connor Sport Court Interna
Diversco, Inc./DHI Holdings, Inc.	1,044,048	Home Decor Holding Company
Dwyer Group, Inc.	1,339,471	Hussey Seating Corporation
Keystone North America, Inc.	173,177	U-Line Corporation
Lancaster Laboratories, Inc.	810,076	
Moss, Inc.	969,788	LEISURE, AMUSEMENT,
M S X International, Inc.	175,000	ENTERTAINMENT - 1.99%
Service Corporation International	21,000	Intrawest Corporation
U S M Holdings Corporation	1,146,404	Keepsake Quilting, Inc.
Universal City Florida	205,500	M G M Mirage, Inc.
Washington Inventory Services, Inc.	754,330	Majestic Star Casino LLC
	-----	O E D Corp/Diamond Jo Comp
	9,085,596	Warner Music Group
	-----	
ELECTRONICS - 3.93%		
A E S Corporation	655,750	
Arrow Electronics, Inc.	518,707	
Directed Electronics, Inc.	1,134,748	
Distributed Energy Systems	47,600	
Electronic Data Systems Corporation	537,419	
Precision Dynamics, Inc.	802,810	
Siebe PLC	320,250	

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Texas Genco LLC	350,875
	-----
	4,368,159
	-----
FARMING & AGRICULTURE - 0.00%	
Protein Genetics, Inc.	--
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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONT.) MASSMUTUAL PARTICIPATION INVESTORS

March 31, 2005  
(Unaudited)

INDUSTRY CLASSIFICATION: (Cont.)	Fair Value/ Market Value	INDUSTRY CLASSIFICATION: (
	-----	
MACHINERY - 11.96%		RETAIL STORES - 5.82%
Aearo Co.	\$ 237,375	Blockbuster, Inc.
C & M Conveyor, Inc.	1,208,603	General Nutrition Center
Integration Technology Systems, Inc.	907,967	Neff Corporation
Manitowoc Company, Inc.	103,000	Olympic Sales, Inc.
Maxon Corporation	1,473,276	P H I Holding Company
NPC, Inc.	1,929,694	Rent-A-Center, Inc.
Numatics, Inc.	341,250	Rent-Way, Inc.
PW Eagle, Inc.	413,144	Sports Club Co.
Safety Speed Cut Manufacturing Company, Inc.	1,596,093	TVI, Inc.
Synventive Equity LLC	1,864,482	United Rentals, Inc.
Tronair, Inc.	1,583,498	
Tubular Textile Machinery	1,368,660	
Weasler Holdings LLC	264,936	
	-----	TECHNOLOGY - 0.63%
	13,291,978	Convera Corporation
	-----	Cymer, Inc.
MEDICAL DEVICES/BIOTECH - 2.74%		Delstar Holding Corporation
Beacon Medical Products, Inc.	1,179,253	Dolby Laboratories, Inc.
Coeur, Inc.	674,085	Magnachip Semiconductor
E X C Acquisition Corporation	1,187,761	
	-----	
	3,041,099	TELECOMMUNICATIONS - 2.18%
	-----	Cincinnati Bell, Inc.
MINING, STEEL, IRON		Intelsat Bermuda, Ltd.
& NON PRECIOUS METALS - 0.05%		Nextel Communications Corp
Better Minerals & Aggregates	54,525	Rogers Wireless, Inc.
	-----	Telex Communications, Inc.
OIL AND GAS - 3.52%		Triton P C S, Inc.
Chesapeake Energy Corporation	154,500	
GulfMark Offshore, Inc.	309,000	UTILITIES - 1.01%
Mustang Ventures Company	451,727	Bill Barrett Corporation
North American Energy Partners	180,000	Markwest Energy
Offshore Logistics, Inc.	332,500	Moog, Inc.
Pacific Energy Partners	258,750	Nalco Co.
Transmontaigne, Inc.	2,222,168	Utilicorp United, Inc.
	-----	
	3,908,645	
	-----	
PHARMACEUTICALS - 0.46%		
Enzymatic Therapy, Inc.	509,066	



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PUBLISHING/PRINTING - 2.20% American Media Operation, Inc. 489,250 Cadmus Communications Corporation 365,750 Houghton Mifflin Co. 515,000 Jostens I H Corporation 321,750 Primedia, Inc. 510,000 Sheridan Acquisition Corporation 239,063 <hr style="width: 100%;"/> <p style="text-align: right;">2,440,813</p> <hr style="width: 100%;"/>	WASTE MANAGEMENT/ POLLUTION - 1.06% Terra Renewal Services, In  TOTAL CORPORATE RESTRICTED AND PUBLIC SECURITIES - 1
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SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS      MASSMUTUAL PARTICIPATION INVESTORS  
 (Unaudited)

1. HISTORY

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

The Trust is a diversified closed-end management investment company. Babson Capital Management LLC, 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.

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

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"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 who

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS      MASSMUTUAL PARTICIPATION INVESTORS  
(CONTINUED)

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.

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The consolidated financial statements include private placement restricted securities valued at \$85,334,802 (76.80% of net assets) as of March 31, 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 March 31, 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 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

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business income to be allocable to the Trust. The MMPI Subsidiary Trust (described in Footnote 1, above) was formed in order to allow investment in such securities without adversely affecting the Trust's status as a regulated investment company.

The MMPI Subsidiary Trust is not taxed as a regulated investment company. Accordingly, prior to the Trust's receiving any distributions from the MMPI Subsidiary Trust, all of the MMPI Subsidiary Trust's taxable income and realized gains, including non-qualified income and realized gains, is subject to taxation at prevailing corporate tax rates. For the three months ended March 31, 2005 the MMPI Subsidiary Trust has accrued tax expense on net realized and unrealized gains of \$81,426 and \$241,386, 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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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS      MASSMUTUAL PARTICIPATION INVESTORS  
(CONTINUED)

### 3. INVESTMENT ADVISORY AND ADMINISTRATIVE SERVICES FEE

Under an Investment Advisory and Administrative Services Contract (the "Contract") with the Trust, Babson Capital has agreed to use its best efforts to present to the Trust a continuing and suitable investment program consistent with the investment objectives and policies of the Trust. 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 bookkeeping services, and necessary executive, clerical and secretarial personnel for the performance of the foregoing services.

For its services under the Contract, Babson Capital is paid a quarterly 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.

### 4. SENIOR SECURED INDEBTEDNESS:

#### A. NOTE PAYABLE

MassMutual holds the Trust's \$12,000,000 Senior Fixed Rate Convertible Note

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(the "Note") issued by the Trust in 1995. The Note, as amended, is due December 13, 2011 and accrues interest at 5.80% per annum. MassMutual, at its option, can convert the principal amount of the Note into common shares. The dollar amount of principal would be converted into an equivalent dollar amount of common shares based upon the average price of the common shares for ten business days prior to the notice of conversion. For the three months ended March 31, 2005, the Trust incurred total interest expense on the Note of \$174,000.

The Trust may redeem the Note, in whole or in part, at the principal amount proposed to be redeemed together with the accrued and unpaid interest thereon through the redemption date plus a Make Whole Premium. The Make Whole Premium equals the excess of (i) the present value of the scheduled payments of principal and interest which the Trust would have paid but for the proposed redemption, discounted at the rate of interest of U.S. Treasury obligations whose maturity approximates that of the Note plus 0.50% over (ii) the principal of the 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 31, 2007, and its terms amended and restated pursuant to the First Amended and Restated Revolving Credit Agreement (the "Revolver") dated May 27, 2004, between the Trust and the Agent Bank.

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

As of March 31, 2005, there was \$10,500,000 in outstanding loans against the Revolver and the average blended rate of interest attributable to the Revolver was 2.93%. For the three months ended March 31, 2005, the Trust incurred total interest expense on the Revolver of \$77,011, plus \$2,774 related to the undrawn portion.

### 5. PURCHASES AND SALES OF INVESTMENTS

	For the three months ended 3/31/2005	
	Cost of Investments Acquired	Proceeds from Sales or Maturities
	-----	-----
Corporate restricted securities	\$ 7,454,659	\$ 9,829,745
Corporate public securities	1,322,144	2,553,902
Short-term securities	104,800,104	101,374,000

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The aggregate cost of investments was substantially the same for financial reporting and federal income tax purposes as of March 31, 2005. The net unrealized appreciation of investments for federal tax purposes as of March 31, 2005 is \$427,130 and consists of \$13,124,800 appreciation and \$12,697,670 depreciation.

### 6. CONTINGENCIES

The Trust, together with other investors including MassMutual, is a plaintiff in litigation related to private placement investments made by the Trust in Sharp International Corporation ("Sharp"). Three managing shareholders of Sharp, which is currently being liquidated in a Chapter 11 proceeding, have pleaded guilty to criminal fraud charges. A civil lawsuit was brought by the Trust and the other investors in New York state court to recover damages for lost investment funds from Sharp's auditors. A settlement of the lawsuit against Sharp's auditors has been agreed to by the parties to this lawsuit, including the Trust, subject to state court approval. Under the terms of the settlement agreement, the Trust will recover 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 has also been settled, subject to approval by the U.S. Bankruptcy Court. If this settlement is approved by the Bankruptcy Court, as expected, the Trust will receive its pro rata share of the settlement proceeds distributed by the Bankruptcy Trustee to Sharp's unsecured creditors. 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, subject to Bankruptcy Court approval and final adjustments related to litigation costs.

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#### TRUSTEES

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DONALD E. BENSON\*  
DONALD GLICKMAN  
MARTIN T. HART\*  
ROBERT E. JOYAL  
JACK A. LAUGHERY [LOGO]  
CORINE T. NORGAARD\*  
STUART H. REESE

#### OFFICERS

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STUART H. REESE CHAIRMAN  
ROGER W. CRANDALL PRESIDENT  
CHARLES C. MCCOBB, JR. VICE PRESIDENT &  
CHIEF FINANCIAL  
OFFICER  
STEPHEN L. KUHN VICE PRESIDENT &  
SECRETARY  
MICHAEL P. HERMSEN VICE PRESIDENT  
MARY WILSON KIBBE VICE PRESIDENT  
MICHAEL L. KLOFAS VICE PRESIDENT  
CLIFFORD M. NOREEN VICE PRESIDENT  
RICHARD E. SPENCER, II VICE PRESIDENT  
JAMES M. ROY TREASURER

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JOHN T. DAVITT, JR.  
MARY ELLEN WESNESKI

COMPTROLLER  
CHIEF COMPLIANCE  
OFFICER

\* 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.

