

MASSMUTUAL PARTICIPATION INVESTORS

Form N-30D

May 31, 2011

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Boston, MA 02116

* Member of the MassMutual Financial Group

Investment Objective and Policy

Form N-Q

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 either the New York Stock Exchange listings or Closed-End Fund Listings.

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

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 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 common stock, 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. Below-investment grade or high yield securities have predominantly speculative characteristics with respect to the capacity of the issuer to pay interest and repay principal. In addition, the Trust may temporarily invest in high quality, readily marketable securities.

Proxy Voting Policies & Procedures; Proxy Voting Record

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

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

TO OUR SHAREHOLDERS

April 30, 2011

We are pleased to present the March 31, 2011 Quarterly Report of MassMutual Participation Investors (the “Trust”).

The Board of Trustees declared a quarterly dividend of 27 cents per share, payable on May 6, 2011 to shareholders of record on April 25, 2011. This represents an 8.0% increase over the 25 cent per share dividend that the Trust paid for the preceding quarter. The Trust earned 28 cents per share of taxable net investment income for the first quarter of 2011, compared to 29 cents per share in the previous quarter.

During the first quarter, the net assets of the Trust increased to \$123,978,396 or \$12.32 per share compared to \$119,540,235 or \$11.89 per share on December 31, 2010. This translates into a 3.6% total return for the quarter, based on the change in the Trust’s net assets assuming the reinvestment of all dividends. Longer term, the Trust returned 20.3%, 7.5%, 9.0%, and 12.8% for the 1-, 3-, 5-, and 10-year time periods, respectively, based on the change in the Trust’s net assets assuming the reinvestment of all dividends.

The Trust’s share price increased 6.6% during the quarter, from \$13.88 per share as of December 31, 2010 to \$14.80 per share as of March 31, 2011. The Trust’s market price of \$14.80 per share equates to a 20.1% premium over the March 31, 2011 net asset value per share of \$12.32. The Trust’s average quarter-end premium for the 3-, 5-, and 10-year periods was 4.0%, 7.1 % and 8.4%, respectively. U.S. equity markets, as approximated by the Russell 2000 Index, increased 7.9% for the quarter. U.S. fixed income markets, as approximated by the Barclays Capital U.S. Corporate High Yield Index, increased 3.9% for the quarter.

The Trust closed two new private placement investments and four “follow-on” investments in existing portfolio companies during the first quarter. The two new investments were in CHG Alternative Education Holding Company and NT Holding Company, while the four follow-on investments were in Advanced Technologies Holdings, KWPI Holdings Corporation, MBWS Ultimate Holdco, Inc., and TruStile Doors, Inc. A brief description of these investments can be found in the Consolidated Schedule of Investments. The total amount invested by the Trust in these six transactions was \$2,452,000.

After the hectic pace of deal activity at the end of 2010, the buyout market took a bit of a breather during the first quarter of 2011. Consequently, deal flow available to the Trust during the quarter was limited. We are, however, now seeing signs of a pickup in deal flow. Many market participants are also indicating that they expect strong deal flow for the rest of year, as there are plentiful amounts of debt and equity capital available to finance middle market buyouts. As a result, we are optimistic that the Trust’s deal flow will improve in the second half of the year. We are starting to see an uptick in leverage levels, though, as the scarcity of deal flow has led lenders to aggressively pursue available deals. We expect leverage multiples to continue to increase as the year progresses, though at a more modest pace as the higher level of deal flow begins to more fully satisfy market demand. While higher leverage multiples are generally not a welcome event, we will react as we always have – by maintaining the same discipline and investment philosophy that has served us well for so many years.

We are pleased with the continued improvement in the operating performance of most of our portfolio companies during the first quarter of 2011. Continuing a trend which began a few quarters ago, several more of our companies were able to resume paying cash interest on their debt obligations due to their improved financial results and liquidity positions. Realization activity for the Trust experienced a lull during the first quarter along with the market, as we only had one realization during the quarter with Navis Global being sold in February. We do have a healthy backlog of companies that are in various stages of a sale process, so we expect realization activity in 2011 to be strong again as it was in 2010.

(Continued)

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Finally, we are saddened to report that for personal reasons Dr. Corine T. Norgaard has resigned as a Trustee of the Trust effective May 2011. Corine has served the Trust and its shareholders well since 1998 and we thank her for her years of dedicated service. Corine's contributions will be missed. Maleyne M. Syracuse will now serve on the Audit Committee.

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

Sincerely,

Michael L. Klofas

President

Portfolio Composition as of 3/31/11 *

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

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

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

March 31, 2011

(Unaudited)

Assets:	
Investments	
(See Consolidated Schedule of Investments)	
Corporate restricted securities at fair value (Cost - \$118,058,040)	\$ 109,099,865
Corporate restricted securities at market value (Cost -\$3,001,840)	3,025,190
Corporate public securities at market value (Cost - \$13,872,647)	13,868,061
Short-term securities at amortized cost	5,999,679
Total investments (Cost -\$140,932,206)	131,992,795
Cash	3,465,785
Interest receivable	1,576,066
Receivable for investments sold	3,252,238
Other assets	368,641
Total assets	140,655,525
Liabilities:	
Note payable	12,000,000
Payable for investments purchased	3,593,257
Deferred tax liability	429,196
Investment advisory fee payable	278,951
Interest payable	262,933
Accrued expenses	112,792
Total liabilities	16,677,129
Total net assets	\$ 123,978,396
Net Assets:	
Common shares, par value \$.01 per share	\$ 100,654
Additional paid-in capital	94,036,739
Retained net realized gain on investments, prior years	33,323,976
Undistributed net investment income	4,810,093
Accumulated net realized gain on investments	1,075,541
Net unrealized depreciation of investments	(9,368,607)
Total net assets	\$ 123,978,396
Common shares issued and outstanding (14,785,750 authorized)	10,065,356
Net asset value per share	\$ 12.32

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF OPERATIONS

For the three months ended March 31, 2011

(Unaudited)

Investment Income:

Interest	\$3,662,725
Dividends	95,523
Other	27,433
Total investment income	3,785,681

Expenses:

Investment advisory fees	278,951
Interest	174,000
Trustees' fees and expenses	45,625
Professional fees	45,400
Reports to shareholders	27,000
Custodian fees	6,000
Other	6,880
Total expenses	583,856

Investment income - net	3,201,825
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Net realized and unrealized gain on investments:

Net realized gain on investments before taxes	103,232
Income tax expense	(22,539)
Net realized gain on investments after taxes	80,693
Net change in unrealized depreciation of investments before taxes	1,116,423
Net change in deferred tax expense	(164,731)
Net change in unrealized depreciation of investments after taxes	951,692

Net gain on investments	1,032,385
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Net increase in net assets resulting from operations	\$4,234,210
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See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended March 31, 2011

(Unaudited)

Net increase in cash:

Cash flows from operating activities:

Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$4,053,843
Purchases of portfolio securities	(7,240,893)
Proceeds from disposition of portfolio securities	4,519,276
Interest, dividends and other received	2,075,735
Operating expenses paid	(479,169)
Income taxes paid	(485,864)
Net cash provided by operating activities	2,442,928

Cash flows from financing activities:

Cash dividends paid from net investment income	(2,512,568)
Receipts for shares issued on reinvestment of dividends	203,951
Net cash used for financing activities	(2,308,617)

Net increase in cash	134,311
Cash - beginning of year	3,331,474
Cash - end of period	\$3,465,785

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

Net increase in net assets resulting from operations	\$4,234,210
Increase in investments	(1,323,517)
Increase in interest receivable	(246,236)
Increase in receivable for investments sold	(3,252,238)
Increase in other assets	(368,641)
Increase in payable for investments purchased	3,593,257
Increase in investment advisory fee payable	10,359
Increase in interest payable	174,000
Increase in deferred tax liability	164,731
Decrease in accrued expenses	(62,544)
Decrease in accrued taxes payable	(463,325)
Decrease in other payables	(17,128)
Total adjustments to net assets from operations	(1,791,282)
Net cash provided by operating activities	\$2,442,928

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	For the three months ended 03/31/11 (Unaudited)	For the year ended 12/31/10
Increase in net assets:		
Operations:		
Investment income - net	\$ 3,201,825	\$ 10,266,428
Net realized gain on investments after taxes	80,693	1,179,654
Net change in unrealized depreciation of investments after taxes	951,692	8,365,960
Net increase in net assets resulting from operations	4,234,210	19,812,042
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2011 - 15,085; 2010 - 67,032)	203,951	828,922
Dividends to shareholders from:		
Net investment income (2010 - \$1.00 per share)	-	(10,026,104)
Total increase in net assets	4,438,161	10,614,860
Net assets, beginning of year	119,540,235	108,925,375
Net assets, end of period/year (including undistributed net investment income of \$4,810,093 and \$1,608,268 respectively)	\$ 123,978,396	\$ 119,540,235

See Notes to Consolidated Financial Statements

CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

Selected data for each share of beneficial interest outstanding:

	For the three months ended 03/31/2011 (Unaudited)	For the years ended December 31,				
		2010	2009	2008	2007	2006
Net asset value:						
Beginning of year	\$ 11.89	\$ 10.91	\$ 11.10	\$ 12.84	\$ 12.90	\$ 12.21
Net investment income (a)	0.32	1.02	0.94	1.08	1.23	1.10
Net realized and unrealized						
gain (loss) on investments	0.10	0.95	(0.13)	(1.82)	(0.05)	0.77
Total from investment operations	0.42	1.97	0.81	(0.74)	1.18	1.87
Dividends from net investment income to common shareholders						
	-	(1.00)	(1.00)	(1.00)	(1.23)	(1.18)
Dividends from net realized gain on investments to common shareholders						
	-	-	-	-	(0.02)	(0.01)
Increase from dividends reinvested						
	0.01	0.01	0.00 (b)	0.00 (b)	0.01	0.01
Total dividends	0.01	(0.99)	(1.00)	(1.00)	(1.24)	(1.18)
Net asset value: End of period/year	\$ 12.32	\$ 11.89	\$ 10.91	\$ 11.10	\$ 12.84	\$ 12.90
Per share market value:						
End of period/year	\$ 14.80	\$ 13.88	\$ 12.20	\$ 9.05	\$ 13.18	\$ 14.70
Total investment return						
Net asset value (c)	3.62 %	18.71 %	7.60 %	(6.01 %)	9.95 %	18.64 %
Market value (c)	6.63 %	22.94 %	40.86 %	(25.36 %)	(1.30 %)	16.81 %
Net assets (in millions):						
End of period/year	\$ 123.98	\$ 119.54	\$ 108.93	\$ 110.18	\$ 126.63	\$ 126.52
Ratio of operating expenses to average net assets						
	1.37 % ^(e)	1.46 %	1.41 %	1.33 %	1.36 %	1.17 %
Ratio of interest expense to average net assets						
	0.58 % ^(e)	0.61 %	0.63 %	0.58 %	0.56 %	0.57 %
Ratio of income tax expense to average net assets (d)						
	0.29 % ^(e)	0.46 %	0.00 %	0.00 %	0.48 %	2.68 %
Ratio of total expenses before custodian fee reduction to average net assets (d)						
	2.24 % ^(e)	2.53 %	2.04 %	1.91 %	2.40 %	4.46 %

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Ratio of net expenses after
custodian fee

reduction to average net assets (d)	2.24	%(e)	2.53	%	2.04	%	1.91	%	2.40	%	4.42	%
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Ratio of net investment
income

to average net assets	10.70	%(e)	8.96	%	8.55	%	8.74	%	9.32	%	8.43	%
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Portfolio turnover	6	%	27	%	23	%	32	%	33	%	34	%
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(a) Calculated using average shares.

(b) Rounds to less than \$0.01 per share.

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

(d) As additional information, this ratio is included to reflect the taxes paid on retained long-term gains. These taxes paid are netted against realized capital gains in the Statement of Operations. The taxes paid are treated as deemed distributions and a credit for the taxes paid is passed on to shareholders.

(e) Annualized

Senior borrowings:

Total principal amount (in millions)	\$12	\$12	\$12	\$12	\$12	\$12
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Asset coverage per \$1,000 of indebtedness	\$11,332	\$10,962	\$10,077	\$10,181	\$11,552	\$11,543
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See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2011

(Unaudited)

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Corporate Restricted Securities - 90.44%: (A)				
Private Placement Investments - 88.00%				

A E Company, Inc.

A designer and manufacturer of machined parts and assembly structures for the commercial and military aerospace industries.

11% Senior Secured Note due 2015	\$761,538	*	\$748,973	\$773,132
13% Senior Subordinated Note due 2016	\$807,693	11/10/09	733,509	809,485
Common Stock (B)	184,615 shs.	11/10/09	184,615	140,545
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	92,308 shs.	11/10/09	68,566	70,273
* 11/10/09 and 11/18/09.			1,735,663	1,793,435

A H C Holding Company, Inc.

A designer and manufacturer of boilers and water heaters for the commercial sector.

15% Senior Subordinated Note due 2015	\$1,362,888	11/21/07	1,343,347	1,362,888
Limited Partnership Interest (B)	12.26% int.	11/21/07	119,009	176,980
			1,462,356	1,539,868

A S A P Industries LLC

A designer and manufacturer of components used on oil and natural gas wells.

12.5% Senior Subordinated Note due 2015	\$450,500	12/31/08	403,982	455,005
Limited Liability Company Unit Class A-2 (B)	676 uts.	12/31/08	74,333	215,960
Limited Liability Company Unit Class A-3 (B)	608 uts.	12/31/08	66,899	194,366
			545,214	865,331

A S C Group, Inc.

A designer and manufacturer of high reliability encryption equipment, communications products, computing systems and electronic components primarily for the military and aerospace sectors.

12.75% Senior Subordinated Note due 2016	\$1,227,273	10/09/09	1,074,684	1,251,818
Limited Liability Company Unit Class A (B)	2,186 uts.	*	214,793	136,585
Limited Liability Company Unit Class B (B)	1,473 uts.	10/09/09	144,716	92,036
* 10/09/09 and 10/27/10.			1,434,193	1,480,439

A W X Holdings Corporation

A provider of aerial equipment rental, sales and repair services to non-residential construction and maintenance contractors operating in the State of Indiana.

10.5% Senior Secured Term Note due 2014 (D)	\$420,000	05/15/08	413,944	315,000
13% Senior Subordinated Note due 2015 (D)	\$420,000	05/15/08	384,627	-
Common Stock (B)	60,000 shs.	05/15/08	60,000	-

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Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	21,099 shs.	05/15/08	35,654	-
			894,225	315,000

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2011

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Advanced Technologies Holdings				
A provider of factory maintenance services to industrial companies.				
15% Senior Subordinated Note due 2013	\$ 1,190,565	12/27/07	\$ 1,177,832	\$ 1,190,565
Preferred Stock (B)	546 shs.	12/27/07	270,000	401,588
Preferred Stock Series B (B)	28 shs.	01/04/11	21,600	20,454
			1,469,432	1,612,607
Aero Holdings, Inc.				
A provider of geospatial services to corporate and government clients.				
10.5% Senior Secured Term Note due 2014	\$ 697,500	03/09/07	692,154	704,688
14% Senior Subordinated Note due 2015	\$ 720,000	03/09/07	669,349	720,000
Common Stock (B)	150,000 shs.	03/09/07	150,000	237,829
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	37,780 shs.	03/09/07	63,730	59,901
			1,575,233	1,722,418
All Current Holding Company				
A specialty re-seller of essential electrical parts and components primarily serving wholesale distributors.				
12% Senior Subordinated Note due 2015	\$ 603,697	09/26/08	562,229	609,734
Common Stock (B)	713 shs.	09/26/08	71,303	71,121
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	507 shs.	09/26/08	46,584	50,573
			680,116	731,428
American Hospice Management Holding LLC				
A for-profit hospice care provider in the United States.				
12% Senior Subordinated Note due 2013	\$ 1,687,503	*	1,642,733	1,687,503
Preferred Class A Unit (B)	1,706 uts.	**	170,600	297,987
Preferred Class B Unit (B)	808 uts.	06/09/08	80,789	126,055
Common Class B Unit (B)	16,100 uts.	01/22/04	1	89,802
Common Class D Unit (B)	3,690 uts.	09/12/06	-	20,582

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* 01/22/04 and 06/09/08. **

01/22/04 and 09/12/06. 1,894,123 2,221,929

Apex Analytix Holding Corporation

A provider of audit recovery and fraud detection services and software to commercial and retail businesses in the U.S. and Europe.

12.5% Senior Subordinated Note

due 2014	\$ 1,012,500	04/28/09	880,453	1,032,750
Preferred Stock Series B (B)	1,623 shs.	04/28/09	162,269	220,676
Common Stock (B)	723 shs.	04/28/09	723	98,352
			1,043,445	1,351,778

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2011

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Arrow Tru-Line Holdings, Inc.				
A manufacturer of hardware for residential and commercial overhead garage doors in North America.				
12% Senior Subordinated Note due 2012 (D)	\$ 984,209	05/18/05	\$ 914,763	\$ 590,525
Preferred Stock (B)	33 shs.	10/16/09	33,224	-
Common Stock (B)	263 shs.	05/18/05	263,298	-
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	69 shs.	05/18/05	59,362	-
			1,270,647	590,525
Associated Diversified Services				
A provider of routine maintenance and repair services primarily to electric utility companies predominantly on electric power distribution lines.				
10% Senior Secured Term Note due 2016 (C)	\$ 332,000	09/30/10	324,216	326,940
13% Senior Subordinated Note due 2017	\$ 332,000	09/30/10	297,682	322,798
Limited Liability Company Unit Class B (B)	36,000 uts.	09/30/10	36,000	34,200
Limited Liability Company Unit Class B OID (B)	27,520 uts.	09/30/10	27,520	275
			685,418	684,213
Barcodes Group, Inc.				
A distributor and reseller of automatic identification and data capture equipment, including mobile computers, scanners, point-of-sale systems, labels, and accessories.				
13.5% Senior Subordinated Note due 2016	\$ 641,884	07/27/10	612,121	658,792
Preferred Stock (B)	13 shs.	07/27/10	131,496	124,925
Common Stock Class A (B)	44 shs.	07/27/10	437	415
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	8 shs.	07/27/10	76	-
			744,130	784,132
Bravo Sports Holding Corporation				
A designer and marketer of niche branded consumer products including canopies, trampolines, in-line skates, skateboards, and urethane wheels.				
12.5% Senior Subordinated Note due 2014	\$ 1,207,902	06/30/06	1,168,716	1,207,902

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Preferred Stock Class A (B)	465 shs.	06/30/06	141,946	105,680
Common Stock (B)	1 sh.	06/30/06	152	-
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	164 shs.	06/30/06	48,760	37,140
			1,359,574	1,350,722

C D N T, Inc.

A value-added converter and distributor of specialty pressure sensitive adhesives, foams, films, and foils.

10.5% Senior Secured Term Note due 2014	\$ 348,619	08/07/08	344,200	344,416
12.5% Senior Subordinated Note due 2015	\$ 429,070	08/07/08	398,667	418,107
Common Stock (B)	41,860 shs.	08/07/08	41,860	23,697
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	32,914 shs.	08/07/08	32,965	18,633
			817,692	804,853

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2011

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Capital Specialty Plastics, Inc.				