

BABSON CAPITAL CORPORATE INVESTORS  
Form DEF 14A  
March 14, 2012

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SCHEDULE 14A  
Information Required in Proxy Statement

Schedule 14A Information

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

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

Babson Capital Corporate Investors  
Babson Capital Participation Investors

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(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:
2. Aggregate number of securities to which transaction applies:

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

4. Proposed maximum aggregate value of transaction:

5. Total fee paid:

- Fee paid previously with preliminary materials.



BABSON CAPITAL CORPORATE INVESTORS  
BABSON CAPITAL PARTICIPATION INVESTORS

Notice of Joint Annual Meeting of  
Shareholders and Proxy Statement

TIME  
Friday, April 27, 2012  
At 1:00 p.m.

PLACE  
Oak Room  
Massachusetts Mutual Life Insurance Company  
1295 State Street  
Springfield, Massachusetts 01111

Please date, fill in, and sign the enclosed proxy card(s) and mail in the enclosed return envelope which requires no postage if mailed in the United States or vote on the internet by following the instructions in the notice and proxy card(s).

MMCIPI4858

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BABSON CAPITAL CORPORATE INVESTORS  
BABSON CAPITAL PARTICIPATION INVESTORS  
Springfield, Massachusetts

Dear Shareholder:

The 2012 Joint Annual Meeting of Shareholders (the "Meeting") of Babson Capital Corporate Investors and Babson Capital Participation Investors (the "Trusts") will be held in the Oak Room of Massachusetts Mutual Life Insurance Company, 1295 State Street, Springfield, Massachusetts 01111, at 1:00 p.m., Eastern Time, on Friday, April 27, 2012. A Notice and a Proxy Statement regarding the Meeting, proxy card(s) for your vote at the Meeting, and a postage prepaid envelope in which to return your proxy card(s) are enclosed.

By promptly returning the enclosed proxy card(s) or by voting on the internet you can help the Trusts avoid the expense of sending follow-up letters to obtain the attendance of a majority of the outstanding shares. You are earnestly requested to vote your proxy in order that the necessary quorum may be represented at the Meeting. If you later find that you can be present in person, you may, if you wish, revoke your proxy then and vote your shares in person.

At the Meeting, shareholders of each Trust will be asked to elect four Trustees. The Board of Trustees of each Trust recommend that shareholders elect the nominated Trustees.

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

Sincerely,

Clifford M. Noreen  
Chairman

BABSON CAPITAL CORPORATE INVESTORS  
BABSON CAPITAL PARTICIPATION INVESTORS  
1500 Main Street, P.O. Box 15189  
Springfield, MA 01115-5189

Notice of Joint Annual Meeting of Shareholders

To the Shareholders of  
Babson Capital Corporate Investors and Babson Capital Participation Investors:

The Annual Meeting of Shareholders of Babson Capital Corporate Investors and Babson Capital Participation Investors (each a "Trust", and together, the "Trusts") will be held in the Oak Room of Massachusetts Mutual Life Insurance Company, 1295 State Street, Springfield, Massachusetts 01111, on Friday, April 27, 2012, at 1:00 p.m., Eastern Time (the "Meeting"), for the following purposes:

- (1) to elect as Trustees William J. Barrett, Martin T. Hart and Clifford M. Noreen for three-year terms and to elect Edward P. Grace III for a one-year term, or until their respective successors are duly elected and qualified; and
- (2) to transact such other business as may properly come before the Meeting or any adjournment thereof.

Although the Trusts' annual meetings are held together for convenience in order to hear common presentations, each Trust's shareholders take action independently of the other. Holders of record of the shares of beneficial interest of each Trust at the close of business on February 27, 2012, are entitled to vote at the Meeting or any adjournment thereof.

If you attend the Meeting, you may vote your shares in person. Whether or not you intend to attend the Meeting in person, you may vote in any of the following ways:

1. Internet: Have your proxy card(s) available. Vote on the Internet by accessing the website address on your proxy card(s). Enter your control number from your proxy card(s). Follow the instructions found on the website; or
2. Mail: Vote, sign and return your proxy card(s) in the enclosed postage-paid envelope.

By order of the  
Boards of Trustees,

Christopher A. DeFrancis  
Vice President and Secretary

Springfield, Massachusetts  
March 7, 2012

Please either vote your proxy on the internet or complete, date, and sign the proxy card(s) for the shares held by you and return the proxy card(s) in the envelope provided so that your vote can be recorded. It is important that you vote your proxy promptly, regardless of the size of your holdings, so that a quorum may be assured.



BABSON CAPITAL CORPORATE INVESTORS  
BABSON CAPITAL PARTICIPATION INVESTORS

Joint Proxy Statement

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Trustees of Babson Capital Corporate Investors (“MCI”) and of Babson Capital Participation Investors (“MPV” and, together with MCI, each is referred to separately as the “Trust” and collectively as the “Trusts”) for use at the Annual Meeting of its Shareholders (the “Annual Meeting” or “Meeting”), to be held in the Oak Room of Massachusetts Mutual Life Insurance Company (“MassMutual”), 1295 State Street, Springfield, Massachusetts 01111, on Friday, April 27, 2012, at 1:00 p.m., Eastern Time. Unless otherwise indicated, all information in this Proxy Statement and each Proposal (“Proposal”) applies separately to each Trust.

This Proxy Statement and the accompanying letter to shareholders from the Chairman of the Board of Trustees, Notice of Annual Meeting of Shareholders, and proxy card(s) are being mailed on or about March 7, 2012, to shareholders of record on February 27, 2012, the record date. Each Trust’s principal business office is c/o Babson Capital Management LLC (“Babson Capital”), 1500 Main Street, P.O. Box 15189, Springfield, Massachusetts 01115-5189.

Holders of the shares of beneficial interest of each Trust (“shares”) of record at the close of business on February 27, 2012 will be entitled to one vote per share on all business of the Meeting and any adjournments. There were 19,125,136 shares of MCI outstanding and 10,135,476 shares of MPV outstanding on the record date. The Trusts, to the best of their knowledge, are not aware of any beneficial owner of more than 5% of the outstanding shares of each Trust. However, MassMutual, the ultimate parent company of Babson Capital, may be deemed a beneficial owner of more than 5% of the outstanding shares of MCI by reason of it owning a \$30,000,000 Senior Fixed Rate Convertible Note due November 15, 2017 (the “MCI Note”) issued by MCI. Similarly, MassMutual may be deemed a beneficial owner of more than 5% of the outstanding shares of MPV by reason of it owning a \$15,000,000 Senior Fixed Rate Convertible Note due December 13, 2023 issued by MPV (the “MPV Note” and, together with “MCI Note” each a “Note” and collectively the “Notes”). MassMutual, at its option, can convert the principal amount of each Note into shares. The dollar amount of principal would be converted into an equivalent dollar amount of shares based upon the average price of the shares for ten business days prior to the notice of conversion.

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

Pursuant to the By-Laws of each Trust, the presence at the Annual Meeting, in person or by proxy, of shareholders entitled to cast a majority of the votes shall be a quorum for the transaction of business. A plurality of votes cast is required to elect Trustees. Thus, for each Trust, the four nominees for election at the Annual Meeting who receive the greatest number of votes properly cast for the election of Trustees shall be elected Trustees.

Votes cast by proxy or in person at the Annual Meeting will be counted by persons appointed by each Trust to act as election inspectors for the Meeting. The election inspectors will count the total number of votes cast "for" approval of the Proposals for purposes of determining whether sufficient affirmative votes have been cast. The election inspectors will count shares represented by proxies that withhold authority to vote for a nominee for election as a Trustee or that reflect abstentions or "broker non-votes" (i.e., shares held by brokers or nominees as to which (i) instructions have not been received from the beneficial owners or the persons entitled to vote and (ii) the broker or nominee does not exercise the discretionary voting power on a particular matter) as shares that are present and entitled to vote on the matter for purposes of determining the presence of a quorum. With respect to the election of Trustees, abstentions and broker non-votes have no effect on the outcome of the Proposal so long as a quorum is present.

Important Notice regarding the availability of Proxy Materials for the Shareholder Meeting to be held on Friday, April 27, 2012. The Joint Proxy Statement and each Trust's most recent annual report are available on the internet at <http://www.babsoncapital.com/mci> and <http://www.babsoncapital.com/mpv>. A copy of the Joint Proxy Statement is also available on <https://www.proxyvote.com>. Each Trust will furnish, without charge, a copy of the Trust's annual report for its fiscal year ended December 31, 2011, and any more recent reports, to any Trust shareholder upon request. To request a copy, please write to the Trusts, c/o Babson Capital Management LLC, 1500 Main Street, P.O. Box 15189, Springfield, MA 01115-5189 or call the Trusts' transfer agent, DST Systems, Inc., at 1-800-647-7374.



## ELECTION OF TRUSTEES

The Board of Trustees (the “Board”), which oversees each Trust, provides broad supervision over the affairs of each Trust. Those Trustees who are not “interested persons” (as defined in the Investment Company Act of 1940, as amended (the “1940 Act”)) of each Trust or of Babson Capital are referred to as “Independent Trustees” throughout this Proxy Statement. Babson Capital is responsible for the investment management of each Trust’s assets and for providing a variety of other administrative services to each Trust. The officers of each Trust are responsible for its operations.

The Board of Trustees of each Trust is currently comprised of nine Trustees with terms expiring in 2012, 2013 and 2014. The terms of William J. Barrett, Martin T. Hart and Clifford M. Noreen expire this year. Each Trust’s Nominating Committee nominated Messrs. Barrett and Hart for re-election as Independent Trustees and Mr. Noreen as an Interested Trustee to the Board for three-year terms. Under the terms of each Trust’s retirement policy, Mr. Hart is expected to retire in December 2012. Each Trust’s Nominating Committee also nominated a new Trustee, Edward P. Grace III, for election as an Independent Trustee to the Board for a one-year term. All nominees, if elected, are to serve their respective terms, or until each of their successors is duly elected and qualified.

### Information Concerning Trustees, Nominees for Trustee and Officers of each Trust

Set forth below after the name of each nominee for Trustee and for each Trustee whose term will continue after this Meeting, is his or her present office with each Trust, age, term of office and length of such term served, principal occupation during the past five years, certain other of the Trustee’s directorships, and certain other information required to be disclosed in this Proxy Statement. Also, set forth below is a list of each Trust’s senior officers (“Officers”) along with his or her position with the Trust, term of office and length of such term served, and principal occupation or employment for the past five years.

For purposes of the following Trustee tables, the term “fund complex” includes the Trusts, MassMutual Premier Funds, MML Series Investment Fund, MML Series Investment Fund II and MassMutual Select Funds.

## INTERESTED TRUSTEES

Name (Age), Address	Position(s) With the Trust(s)	Office Term and Length of Time Served	Principal Occupations During Past 5 Years	Portfolios Overseen in Fund Complex	Other Directorships Held by Director
Clifford M. Noreen* (54)  1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Trustee, Chairman / Nominee	Term expires 2012; Trustee since 2009	President of Babson Capital (since 2008), Vice Chairman (2007-2008), Member of the Board of Managers (since 2006), Managing Director (since 2000), Babson Capital; President (2005-2009), Vice President (1993-2005) of the Trusts.	2	President (since 2009), Senior Vice President (1996-2009), HYP Management LLC (LLC Manager); Director (since 2005), MassMutual Corporate Value Limited (investment company); Director (since 2005), MassMutual Corporate Value Partners Limited (investment company); Senior Vice President (1996-2008), MMHC Investment LLC (passive investor); Managing Director (2006-2009), MassMutual Capital Partners LLC (investment company); Director (since 2008), Jefferies Finance LLC (a finance company); Chairman and Chief Executive Officer (since 2009), Manager (since 2007), MMC Equipment Finance LLC; Chairman (since 2009), Trustee (since 2005), President (2005-2009), CI Subsidiary Trust and PI Subsidiary Trust; and Member of Investment Committee (since 1999), Diocese of Springfield.

\*Mr. Noreen is classified as an “interested person” of each Trust and Babson Capital (as defined by the Investment Company Act of 1940, as amended) because of his position as an Officer of each Trust and President of Babson Capital.

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## INTERESTED TRUSTEES

Name (Age), Address	Position(s) With the Trust(s)	Office Term and Length of Time Served	Principal Occupations During Past 5 Years	Portfolios Overseen in Fund Complex	Other Directorships Held by Director
Robert E. Joyal* (67)  1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Trustee	Term expires 2013; Trustee since 2003	President (2001-2003), Babson Capital; and President (1993 - 2003) of the Trusts.	69	Director (since 2006), Jefferies Group, Inc. (financial services); Director (2003-2010), Alabama Aircraft Industries, Inc. (aircraft maintenance and overhaul); Director (2007-2011), Scottish Re Group Ltd. (global life reinsurance specialist); Director (2005-2006), York Enhanced Strategy Fund (closed-end fund); Trustee (since 2003), MassMutual Select Funds, (an open-end investment company advised by MassMutual); Trustee (since 2003), MML Series Investment Fund (an open-end investment company advised by MassMutual); and Trustee (1998-2003), President (2001-2003), Senior Vice President (1998-2001), CI Subsidiary Trust and PI Subsidiary Trust.

\*Mr. Joyal retired as President of Babson Capital in June 2003. In addition and as noted above, Mr. Joyal is a director of Jefferies Group, Inc., which has a wholly-owned broker-dealer subsidiary that may execute portfolio transactions and/or engage in principal transactions with the Trusts, other investment companies advised by Babson Capital or any other advisory accounts over which Babson Capital has brokerage placement discretion. Accordingly, the Trusts have determined to classify Mr. Joyal as an “interested person” of the Trusts and Babson Capital (as defined by the Investment Company Act of 1940, as amended).



## INDEPENDENT TRUSTEES

Name (Age), Address	Position(s) With the Trust(s)	Office Term and Length of Time Served	Principal Occupations During Past 5 Years	Portfolios Overseen in Fund Complex	Other Directorships Held by Director
William J. Barrett (72)  1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Trustee / Nominee	Term expires 2012; Trustee since 2006	President (since 2010), WJ Barrett Associates, Inc.; President (2002-2010), Barrett-Gardner Associates, Inc. (private merchant bank).	2	Director (since 1979), TGC Industries, Inc. (geophysical services); Director and Secretary (since 2001 and from 1996-1997), Chase Packaging Corporation (agricultural services); Chairman and Director (since 2000), Rumson-Fair Haven Bank and Trust Company (commercial bank and trust company); and Director (since 1983), Executive Vice President, Secretary and Assistant Treasurer (since 2004), Supreme Industries, Inc. (specialized truck and body manufacturer).
Donald E. Benson* (81)  1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Trustee	Term expires 2013; Trustee since 1986 for MCI and since 1988 for MPV	Executive Vice President and Director (since 1992), Marquette Financial Companies (financial services); and Partner (since 1996), Benson Family Limited Partnership No. 1 and Benson Family Limited Partnership No. 2 (investment partnerships).	2	Director (1997-2008), MAIR Holdings, Inc. (commuter airline holding company); and Director (since 1997), First California Financial Group, Inc. (bank holding company).

\*Mr. Benson has a beneficial ownership interest in the Benson Family Limited Partnership No. 2 and the Donald E. Benson Trust, which owns 0.86300% (\$0) of MassMutual High Yield Partners II LLC and 1.59110% (\$0) of MassMutual Corporate Value Partners Limited, each an investment fund that may be deemed to be controlled by MassMutual.

## INDEPENDENT TRUSTEES

Name (Age), Address	Position(s) With the Trust(s)	Office Term and Length of Time Served	Principal Occupations During Past 5 Years	Portfolios Overseen in Fund Complex	Other Directorships Held by Director
Michael H. Brown (55)  1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Trustee	Term expires 2014; Trustee since 2005	Private Investor; and Managing Director (1994-2005), Morgan Stanley.	2	Independent Director (since 2006), Invicta Holdings LLC and its subsidiaries (a derivative trading company owned indirectly by MassMutual).
Donald Glickman* (78)  1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Trustee	Term expires 2013; Trustee since 1992	Chairman (since 1992), Donald Glickman and Company, Inc. (private investments); and Partner (since 1992), J.F. Lehman & Co. (private investments).	2	Director (since 1984), Monro Muffler and Brake, Inc. (automobile repair service); and Lead Director (1998-2009), MSC Software Corp. (simulation software).

\*MassMutual and its affiliates are limited partners in three private investment funds in which affiliates of J.F. Lehman & Co. serve as the general partner and adviser and as such hold a carried interest. During the past two fiscal years, MassMutual and its affiliates have paid approximately \$181,427 in management fees to these J.F. Lehman affiliates attributable to the investments in the limited partnerships.



## INDEPENDENT TRUSTEES

Name (Age), Address	Position(s) With the Trust(s)	Office Term and Length of Time Served	Principal Occupations During Past 5 Years	Portfolios Overseen in Fund Complex	Other Directorships Held by Director
Edward P. Grace III (61)  1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Trustee / Nominee	Trustee since January 2012	President (since 1997), Phelps Grace International, Inc. (investment management); Managing Director (since 1998), Grace Ventures Partners LP (venture capital fund); Senior Advisor (since 2011), Angelo Gordon & Co. (investment adviser).	2	Director (since 2010), Larkburger, Inc. (restaurant chain); Director (since 2004), Not Your Average Joe's, Inc. (restaurant chain); Director (since 2011), Firebirds Wood Fired Holding Corporation (restaurant chain); Director (since 1998), Shawmut Design and Construction (construction management and general contracting firm); Director (2008-2010), Logan's Roadhouse, Inc. (restaurant); Director (2007-2009), Claim Jumper Restaurants (restaurant chain); Director (1996-2008), RARE Hospitality International, Inc. (restaurant chain); Director (2006-2008), Quintess/Dream Catchers Retreats; Director (2004-2009), The Gemesis Corporation (cultivator of cultured diamonds); Trustee (1999-2008), Bryant University; Trustee (1977-2010), Johnson & Wales University.
Martin T. Hart* (76)  1500 Main Street P.O. Box 15189	Trustee / Nominee	Term expires 2012; Trustee since 1991	Private Investor; and President and Director (since 1983), H Investment Company LLC (family partnership).	2	Director (2004), Texas Roadhouse, Inc. (operated restaurant chain); and Director (since 1999), ValueClick, Inc. (internet advertising company).

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MA  
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Maleyne M. Syracuse (55)	Trustee	Term expires 2014; Trustee since 2007	Private Investor; Managing Director (2000- 2007), JP Morgan Securities, Inc. (investments and banking); Managing Director (1981 - 2000), Deutsche Bank Securities.	2
1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189				

\*Mr. Hart owns 0.87800% (\$0) of MassMutual High Yield Partners II LLC and 0.79550% of MassMutual Corporate Value Partners Limited, each an investment fund that may be deemed to be controlled by MassMutual.

## OFFICERS OF THE TRUSTS

Name (Age), Address	Position(s) With the Trust(s)	Office Term* and Length of Time Served	Principal Occupations(s) During Past 5 Years
Michael L. Klofas (51)  1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	President	Since 2009	Vice President (1998-2009) of the Trusts; Managing Director (since 2000), Babson Capital; and President (since 2009), Vice President (2005-2009), CI Subsidiary Trust and PI Subsidiary Trust.
James M. Roy (49)  1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Vice President and Chief Financial Officer	Since 2005	Treasurer (2003-2005), Associate Treasurer (1999-2003) of the Trusts; Managing Director (since 2005), Director (2000-2005), Babson Capital; and Trustee (since 2005), Treasurer (since 2005), Controller (2003-2005), CI Subsidiary Trust and PI Subsidiary Trust.
Christopher A. DeFrancis (45)  1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Vice President and Secretary	Since 2010	Associate Secretary (2008-2010) of the Trusts; Chief Compliance Officer (since 2011), Co-General Counsel, Secretary, and Managing Director (since 2010), Senior Counsel, Assistant Secretary and Managing Director (2010), Assistant Secretary and Counsel (2008-2009), Babson Capital; Counsel (2001-2009), Massachusetts Mutual Life Insurance Company; Vice President and Secretary (since 2010), Assistant Secretary (2009-2010), CI Subsidiary Trust and PI Subsidiary Trust.

\*Officers hold their position with the Trusts until a successor has been duly elected and qualified. Officers are generally elected annually by the Board of Trustees of each Trust. The officers were last elected on July 21, 2011.

## OFFICERS OF THE TRUSTS

Name (Age), Address	Position(s) With the Trust(s)	Office Term* and Length of Time Served	Principal Occupations(s) During Past 5 Years
John T. Davitt, Jr. (44)  1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Comptroller	Since 2001	Director (since 2000), Babson Capital; and Controller (since 2005), CI Subsidiary Trust and PI Subsidiary Trust.
Melissa M. LaGrant (38)  1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Chief Compliance Officer	Since 2006	Managing Director (since 2005), Babson Capital; Vice President and Senior Compliance Trading Manager (2003-2005), Loomis, Sayles & Company, L.P.; and Assistant Vice President-Business Risk Management Group (2002-2003), Assistant Vice President-Investment Compliance (2001-2002), Zurich Scudder Investments/Deutsche Asset Management.
Daniel J. Florence (39)  1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Treasurer	Since 2008	Associate Treasurer (2006-2008) of the Trusts; and Associate Director (since 2008), Analyst (2000-2008), Babson Capital.

\*Officers hold their position with the Trusts until a successor has been duly elected and qualified. Officers are generally elected annually by the Board of Trustees of each Trust. The officers were last elected on July 21, 2011.

## OFFICERS OF THE TRUSTS

Name (Age), Address	Position(s) With the Trust(s)	Office Term* and Length of Time Served	Principal Occupations(s) During Past 5 Years
Sean Feeley (44)  1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Vice President	Since October 2011	Managing Director (since 2003), Babson Capital; and Vice President (since 2011), CI Subsidiary Trust and PI Subsidiary Trust.
Michael P. Hermesen (51)  1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Vice President	Since 1998	Managing Director (since 2000), Babson Capital; Vice President (since 2005), CI Subsidiary Trust and PI Subsidiary Trust; Director (since 2009), Babson Capital Asia Limited; and Director (since 2009), Babson Capital Australia Holding Company Pty. Ltd. and Babson Capital Australia Pty. Ltd.
Mary Wilson Kibbe (58)  1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Vice President	Since 1992	Head of Fixed Income Team (since 2000), Managing Director (since 2000), Babson Capital.

\*Officers hold their position with the Trusts until a successor has been duly elected and qualified. Officers are generally elected annually by the Board of Trustees of each Trust. The officers were last elected on July 21, 2011, except for Mr. Feeley who replaced Ms. Fields on October 21, 2011.

OFFICERS OF THE TRUSTS

Name (Age), Address	Position(s) With the Trust(s)	Office Term* and Length of Time Served	Principal Occupations(s) During Past 5 Years
Richard E. Spencer, II (49)  1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Vice President	Since 2002	Managing Director (since 2000), Babson Capital; and Vice President (since 2005), CI Subsidiary Trust and PI Subsidiary Trust.

\*Officers hold their position with the Trusts until a successor has been duly elected and qualified. Officers are generally elected annually by the Board of Trustees of each Trust. The officers were last elected on July 21, 2011.

The following provides an overview of the considerations that led each Board to conclude that each individual serving as a Trustee or nominee for Trustee of each Trust should so serve. The current members of each Board have joined the Board at different points in time since 1986. Generally, no one factor was decisive in the original selection of an individual to join each Board. Among the attributes common to all Trustees is their ability to review critically, evaluate, question and discuss information provided to them, to interact effectively with the Trusts' investment adviser, counsel and independent auditors, and to exercise effective business judgment in the performance of their duties as Trustees. In recommending the election or appointment of the current Board members as Trustees, the Nominating Committee generally considered (i) the educational, business and professional experience of each individual; (ii) the individual's record of service as a director or trustee of public or private organizations; and (iii) how the individual's skills, experience and attributes would contribute to an appropriate mix of relevant skills and experience on the Board. The Nominating Committee also considered that during their service as members of the Boards of Trustees of the Trusts, the Trustees have demonstrated a high level of diligence and commitment to the interests of each Trust's shareholders and the ability to work effectively and collegially with other members of the Board.

The following summarizes each Trustee's or nominee for Trustee's professional experience and additional considerations that contributed to each Board's conclusion that each individual should serve on the Board.

Mr. Barrett – Mr. Barrett brings over 30 years of investment banking experience to each Board. Mr. Barrett is the President of WJ Barrett Associates, Inc., former President of Barrett-Gardner Associates, Inc., a private merchant bank and was a Senior Vice President with Janney Montgomery Scott LLC, a financial services firm, for over 26 years. Mr. Barrett has substantial board experience, having served on the boards of over 20 publicly traded companies. He has served as a Director of TGC Industries, Inc. since 1979, and also currently serves on the boards of Chase Packaging Corporation, Rumson-Fair Haven Bank and Trust Company, and Supreme Industries, Inc.

Mr. Benson – Mr. Benson has extensive executive and board experience in the financial services industry. He has served as an Executive Vice President of Marquette Financial Companies since 1992 and a Partner of Benson Family Limited Partnership No. 1 and Benson Family Limited Partnership No. 2 (investment partnerships) since 1996. He served as Vice President of CRP Sports, Inc. (the managing general partner of the Minnesota Twins baseball club). Mr. Benson also serves as a Director for First California Financial Group, Inc. (f/k/a National Mercantile Bancorp) since 1997. He served as an Independent Director of MAIR Holdings Inc. He also served as a Partner of Benson, Pinckney and Oates Partnership (building partnership) from 1987 to 2004. Mr. Benson also has substantial investment company board experience, having served on the Board of each Trust for over 23 years.

Mr. Brown – Mr. Brown brings over 25 years of experience in investment banking and the financial advisory industry to each Board. Mr. Brown previously worked as an investment banker with Morgan Stanley. Additionally, Mr. Brown also serves as a Director of Invicta

Holdings LLC, Invicta Advisors LLC, Invicta Capital LLC and Invicta Credit LLC, a group of companies involved in writing and selling credit protection in the credit derivatives market on tranches of corporate, RMBS and CMBS exposure.

Mr. Glickman – Mr. Glickman has substantial experience in the private equity, corporate banking and investment industries, including experience with financial reporting obligations and oversight of investments. He is a Founding Partner of J.F. Lehman & Co. and the Chairman of Donald Glickman & Co, Inc., both private investment firms. Mr. Glickman served on the audit committee of MSC Software, Inc. and has substantial investment company board experience, having served on the Board of each Trust for over 19 years.

Mr. Grace – Mr. Grace brings substantial executive, operations, board, private investor and private equity experience to each Board. Mr. Grace is President of Phelps Grace International, Inc., Managing Director of Grace Venture Partners, LP, Managing Director of Grace Restaurant Partners, LP and Senior Advisor in the Private Equity Group of Angelo Gordon & Co. He currently serves as Director of Larkburger, Inc., Not Your Average Joe's, Inc., Firebirds Wood Fired Holding Corporation and Shawmut Design and Construction, Inc. Mr. Grace is Founder and former Chairman, President and Chief Executive Officer of The Capital Grille and Bugaboo Creek Steak House. He sold these chains and was formerly Director and Vice Chairman of the combined companies, RARE Hospitality International, Inc. He has served as Director of numerous other private and public companies, including Boston Restaurant Associates, Inc., Logan's Roadhouse, Inc., The Gemesis Corporation and Claim Jumper Restaurants. Mr. Grace has also served as Trustee and Chairman of the Executive and Investment Committees of Johnson & Wales University from 1977 to 2010 and Trustee and Chairman of the Investment Committee of Bryant University from 1999 to 2008. Mr. Grace holds a Professional Director Certification from the American College of Corporate Directors (a public company director education and credentialing organization).

Mr. Hart – Mr. Hart brings over 33 years of experience as a private investor to each Board. In his capacity as a private investor, Mr. Hart has served as an executive officer or board member of many of the companies in which he invested. Mr. Hart currently serves as a director of Texas Roadhouse, Inc. and ValueClick Inc.

Mr. Joyal – Mr. Joyal brings over 36 years of executive and board experience in the investment management business to each Board. Mr. Joyal previously served as the President of each Trust and the President of each Trust's investment adviser, Babson Capital. He also has substantial board experience, including his service on two other investment company boards (MassMutual Select Fund and MML Series Investment Fund). Mr. Joyal is a Chartered Financial Analyst.



Mr. Noreen – Mr. Noreen’s experiences as President, Vice Chairman, member of the Board of Managers and a Managing Director of Babson Capital provide the Boards with insight into investment company operational, financial and investment matters. The Boards benefit from Mr. Noreen’s 26 years of investment management and oversight experience related to public equities and corporate credit related investments, including private and public bonds, mezzanine and private equity investments and structured credit products. Mr. Noreen also has extensive experience in financial services operations resulting from his years at Babson Capital and from acting as a director of private investment companies and finance companies.

Ms. Syracuse – Ms. Syracuse brings over 25 years of experience in investment banking, corporate finance and the financial advisory industry to each Board. Ms. Syracuse’s previous positions include her work as an investment banker at JP Morgan Securities, Inc. and Deutsche Bank Securities (f/k/a Banker’s Trust Company.)

#### Share Ownership of Trustees and Officers

As of January 20, 2012, the Trustees and Officers of each Trust individually beneficially owned less than one percent (1%) of each of MCI’s and MPV’s outstanding shares and as a group beneficially owned 1.59% of MCI’s outstanding shares and 1.42% of MPV’s outstanding shares. This information is based on information furnished by each Trustee and Officer. Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) under the Securities and Exchange Act of 1934, as amended (the “Exchange Act”). Also, as of January 20, 2012, Babson Capital, the investment adviser to each Trust, beneficially owned 0.87% of the outstanding shares of MCI and 1.41% of the outstanding shares of MPV.

Members of each Board of Trustees historically have invested in one or both of the Trusts, as is consistent with their individual financial goals. In October 2010, this policy was formalized through adoption of a requirement that each Independent Trustee invest one year’s worth of fees received for serving as trustee of the Trusts (excluding committee fees) in shares of one or both of the Trusts. Investments in the name of family members or entities controlled by a Trustee constitute Trust holdings of such Trustee for purposes of this policy, and a three-year phase-in period applies to such investment requirements for Trustees and newly elected Trustees. In implementing such policy, a Board member’s Trust holdings existing on October 22, 2010, are valued as of such date with subsequent investments valued at cost.

The table below sets forth information regarding the beneficial ownership\* of each Trust's shares by each Trustee and the Officers beneficially owning shares based on the market value of such shares as of January 20, 2012.

Dollar Ranges of Shares Owned by Trustees and Officers

Name of Nominee/Trustee	Dollar Range of Shares in MCI	Dollar Range of Shares in MPV	Aggregate Dollar Range of Shares in the Family of Investment Companies
W. Barrett	Over \$100,000	Over \$100,000	Over \$100,000
D. Benson	\$50,001-\$100,000	Over \$100,000	Over \$100,000
M. Brown	Over \$100,000	\$10,001-\$50,000	Over \$100,000
D. Glickman	Over \$100,000	\$10,001-\$50,000	Over \$100,000
E. Grace†	None	None	None
M. Hart	Over \$100,000	Over \$100,000	Over \$100,000
R. Joyal	Over \$100,000	Over \$100,000	Over \$100,000
C. Noreen	Over \$100,000**	None	Over \$100,000**
C. Norgaard ***	\$10,001-\$50,000	\$10,001-\$50,000	\$10,001-\$50,000
M. Syracuse	\$50,001-\$100,000	\$10,001-\$50,000	\$50,001-\$100,000
M. Klofas	Over \$100,000**	None	Over \$100,000**
J. Fields	\$10,001-\$50,000**	None	\$10,001-\$50,000**
M. Hermsen	Over \$100,000	\$10,001-\$50,000	Over \$100,000
M. Kibbe	Over \$100,000**	None	Over \$100,000**
R. Spencer	\$10,001-\$50,000	None	\$10,001-\$50,000

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

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

\*\*\* Dr. Norgaard was a Trustee until she resigned from the Boards for health reasons on April 30, 2011.

† Mr. Grace joined the Boards on January 20, 2012.

Board Leadership Structure

The Board for each Trust consists of nine Trustees, seven of whom are Independent Trustees. As discussed below, three of the standing committees of the Board, to which the Board has delegated certain authority and oversight responsibilities, are comprised exclusively of Independent Trustees.

Mr. Noreen, an "interested person" of each Trust, as defined in Section 2(a)(19) of the 1940 Act, serves as Chairman of each Board of Trustees. Mr. Noreen presides at meetings of each Board and acts as a liaison with service providers, officers, and other Trustees generally between meetings, and performs such other functions as may be requested by each Board from time to time. The Independent Trustees have not designated a lead Independent Trustee, but the Chairman of the Audit Committee, Mr. Benson, generally acts as chairman of meetings or executive sessions of the Independent Trustees, and when appropriate, represents the views of the Independent Trustees to management. The Board of each Trust reviews its leadership structure periodically and believes that the leadership structure is appropriate to enable each Board to exercise its oversight of each Trust. Each Board also believes that its structure, including the active role of the Independent Trustees, facilitates an efficient flow of information concerning the

management of each Trust to the Independent Trustees.

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Each Board provides oversight of the services provided by Babson Capital, including risk management activities. In addition, each committee of each Board provides oversight of Babson Capital's risk activities with respect to the particular activities within the committee's purview. In the course of providing oversight, the Board and relevant committees for each Trust receive a wide range of reports on the Trusts' activities, including each Trust's investment portfolio, the compliance of the Trusts with applicable laws, and the Trusts' financial accounting and reporting. The Board and Audit Committee for each Trust meet periodically with the Trusts' Chief Compliance Officer regarding the compliance of the Trusts with federal securities laws and the Trusts' internal compliance policies and procedures. In addition, both the Audit Committee and the full Board of each Trust regularly review information and materials concerning risks specific to the Trusts and Babson Capital, including presentations by various officers of the Trusts, investment personnel for the Trusts, Babson Capital, Corporate Audit, the independent auditors for the Trusts (KPMG LLP) and Counsel to the Trusts.

#### Information Concerning Committees and Meetings of the Board of Trustees

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

The Audit Committee of each Trust is comprised exclusively of Trustees who are not "interested persons" of the Trust, as defined in Section 2(a)(19) of the 1940 Act, and operates pursuant to a written Audit Committee Charter, which is available on each Trust's website, [www.babsoncapital.com/mci](http://www.babsoncapital.com/mci) and [www.babsoncapital.com/mpv](http://www.babsoncapital.com/mpv). A print copy of the Audit Committee Charter may also be obtained by calling, toll-free, 1-866-399-1516. The present members of the Audit Committee of each Trust are Donald E. Benson (Chairman), Michael H. Brown and Maleyne M. Syracuse. Each member of the Audit Committee qualifies as an "Independent Trustee" under the current listing standards of the New York Stock Exchange (the "Listing Standards") and the rules of the U.S. Securities and Exchange Commission ("SEC"). In accordance with the SEC's rules implementing Section 407 of the Sarbanes-Oxley Act of 2002 and upon due consideration of the qualifications of each member of each Trust's Audit Committee, each Board designated Mr. Benson as the Trust's Audit Committee Financial Expert.

In accordance with the standards set forth in the Audit Committee Charter of each Trust, the Audit Committee is responsible for: oversight matters; financial statement and disclosure oversight matters; matters related to the hiring, retention, and oversight of the Trust's independent accountants; certain accounting and audit related oversight matters; and certain other matters as set forth in the Audit Committee Charter. During the twelve months ended December 31, 2011, the Audit Committee held eight meetings.

The Joint Transactions Committee of each Trust is comprised of all Trustees who are not "interested persons" of the Trust, as defined in Section 2(a)(19) of the 1940 Act. This Committee reviews certain joint investment transactions between each Trust and MassMutual pursuant to the conditions set forth in the Trust's SEC exemptive order under Section 17(d) of the 1940 Act and Rule 17d-1 thereunder. This Committee acts primarily by written consent (thirteen consents were executed by Committee members, approving sixteen investments and turning down two investments during the past fiscal year). The Committee also met five times during the year in conjunction with meetings of each Trust's Board of Trustees (approving four investments and turning down zero investments during the past fiscal year).

The Governance Committee of each Trust is currently comprised of Robert E. Joyal (Chairman), William J. Barrett, Michael H. Brown, Donald Glickman and Maleyne M. Syracuse. The Governance Committee considers, evaluates and makes recommendations to the Board of Trustees of each Trust with respect to the structure, membership and function of the Board of Trustees and the Committees thereof, including the compensation of the Trustees. During the twelve months ended December 31, 2011, the Governance Committee held two meetings.

The Nominating Committee of each Trust currently is comprised of all Independent Trustees and is chaired by William J. Barrett. A current copy of each Trust's Nominating Committee Charter can be found on each Trust's website, [www.babsoncapital.com/mci](http://www.babsoncapital.com/mci) and [www.babsoncapital.com/mpv](http://www.babsoncapital.com/mpv). This Committee met three times during fiscal year 2011.

The Nominating Committee is responsible for identifying and nominating individuals to serve as Trustees who are not "interested persons" of each Trust ("Independent Trustees"). The Nominating Committee Charter contemplates that all nominees for Independent Trustees have a college degree or, in the judgment of the Committee, equivalent business experience. In addition, the Committee may take into account a wide variety of factors in considering Trustee candidates, giving such weight to any individual factor(s) as it deems appropriate, including but not limited to: availability and commitment of a candidate to attend meetings and perform his or her responsibilities on each Board; relevant industry and related experience; educational background; depth and breadth of financial expertise; and an assessment of the candidate's ability, judgment, expertise, reputation, and integrity. In the case of a shareholder recommended candidate, the Committee may also consider any other facts and circumstances attendant to such shareholder submission as may be deemed appropriate by the Committee. Different factors may assume greater or lesser significance at particular times, in light of the Board's present composition and the Committee's (or the Board's) perceptions about future issues and needs.

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

During the past fiscal year, each Board of Trustees held five regular meetings (one of which was held by means of a telephone conference call) and held one special meeting by means of a telephone conference call. During the past fiscal year, each Trustee of each Trust attended all of the meetings of the Board of Trustees and all of the Committees of the Board on which s/he served.

## Transactions with and Remuneration of Officers and Trustees

Pursuant to the Investment Services Contract between MCI and Babson Capital and the Investment Advisory and Administrative Services Contract between MPV and Babson Capital (each a “Contract”), Babson Capital paid the compensation and expenses of the Trusts’ officers and of all Trustees of the Trusts who were officers or employees of Babson Capital.

Trustees who are not officers or employees of Babson Capital receive an annual retainer paid by MCI of \$30,000 and by MPV of \$20,000. Each Trust also pays an additional annual retainer fee to the Chairman of the Audit Committee in the amount of \$3,000. Trustees of MCI also receive a fee of \$3,000 and Trustees of MPV receive a fee of \$2,000 for each meeting of each Board which they attend (\$1,500 and \$1,000 respectively for each meeting conducted by telephone conference call). Members of the Audit Committee, Nominating Committee and Governance Committee of each Trust receive an additional fee of \$1,800 from MCI and \$1,200 from MPV per meeting attended, including meetings conducted by telephone conference call. During the fiscal year ended December 31, 2011, the aggregate direct remuneration to these Trustees and reimbursement of their out-of-pocket expenses paid was approximately \$363,637.55 for MCI and \$252,137.60 for MPV.

The following table discloses the compensation paid to each Trust’s Trustees (not including reimbursement for out-of-pocket expenses) for the fiscal year ended December 31, 2011. The Trusts, MassMutual Premier Funds, MML Series Investment Fund, MassMutual Select Funds, and MML Series Investment Fund II are collectively referred to in the table below as the “Fund Complex”. The Trustees do not receive pension or retirement benefits.

Name of Trustee	Aggregate Compensation from MCI		Aggregate Compensation from MPV		Total Compensation from Fund Complex	
William J. Barrett	\$48,900		\$33,600		\$82,500	
Donald E. Benson	63,000		43,500		106,500	
Michael H. Brown	63,300		43,200		106,500	
Donald Glickman	48,900		33,600		82,500	
Edward P. Grace III	None		None		None	
Martin T. Hart	45,600		30,900		76,500	
Robert E. Joyal	None	*	None	*	131,798	**
Clifford M. Noreen	None	*	None	*	None	
Corine T. Norgaard***	26,400		18,100		86,500	****
Maleyne M. Syracuse	57,900		39,600		97,500	
Total	\$354,000		\$242,500		\$770,348	

\* No compensation is paid by either Trust to Trustees who are “interested persons” of the Trust.

\*\*Mr. Joyal also serves as a Trustee of two open-end investment companies, MassMutual Select Funds and MML Series Investment Fund, both managed by MassMutual, the ultimate parent of Babson Capital. Mr. Joyal received \$131,798 in total compensation from the Fund Complex (including interest paid through the deferred compensation plans of MassMutual Select Funds and MML Series Investment Fund) for the fiscal year ended December 31, 2011.

\*\*\* Dr. Norgaard was a Trustee until her resignation.

\*\*\*\*Dr. Norgaard also served as a Trustee of two open-end investment companies, MassMutual Premier Funds and MML Series Investment Fund II, both managed by MassMutual, the ultimate parent of Babson Capital. Dr.

Norgaard received \$42,050 in total compensation for such service until her resignation, in addition to her compensation from the Trusts.

AUDIT COMMITTEE REPORT OF EACH TRUST

Each Trust's Audit Committee oversees the Trust's financial reporting process on behalf of each Trust's Board of Trustees and operates under a written Charter adopted by each Trust's Board of Trustees. The Audit Committee meets with each Trust's management ("Management") and independent registered public accountants and reports the results of its activities to each Trust's Board of Trustees. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. In connection with each Committee's and independent registered accountant's responsibilities, Management advised that each Trust's financial statements were prepared in conformity with generally accepted accounting principles.

Accordingly, each Trust's Audit Committee has:

Reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2011 with Management and KPMG LLP, each Trust's independent registered public accountants;

Discussed with KPMG LLP those matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standards); and

Received the written disclosure and the letter from KPMG LLP required by the Public Company Accounting Oversight Board Rule 3526 (Communications with Audit Committee Concerning Independence) and has discussed with KPMG LLP its independence.

Each Trust's Audit Committee has also reviewed the aggregate fees billed for professional services rendered by KPMG LLP for 2010 and 2011 for each Trust and for the non-audit services provided to Babson Capital, and Babson Capital's parent, MassMutual. As part of this review, the Audit Committee considered whether the provision of such non-audit services was compatible with maintaining the principal accountant's independence.

In reliance on the reviews and discussions referred to above, each Trust's Audit Committee presents this Report to each Trust's Board of Trustees and recommends that each Trust's Board of Trustees (1) include the December 31, 2011 audited financial statements in the Annual Report to Shareholders for the fiscal year ended December 31, 2011, and (2) file such Annual Report with the Securities and Exchange Commission and the New York Stock Exchange.

Each Trust's Audit Committee appointed the firm of KPMG LLP as the Trust's auditor for the fiscal year ending December 31, 2012, and, in connection therewith, KPMG LLP will prepare all of each Trust's tax returns for the fiscal year ending December 31, 2012.



## SUBMITTED BY THE AUDIT COMMITTEE OF EACH TRUST'S BOARD OF TRUSTEES

Donald E. Benson, Audit Committee Chair  
 Michael H. Brown, Audit Committee Member  
 Maleyne M. Syracuse, Audit Committee Member

February 23, 2012

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

## THE TRUSTS' INDEPENDENT AUDITORS

KPMG LLP ("KPMG") audited the financial statements of each Trust, Babson Capital, and MassMutual for the fiscal year ended December 31, 2011. KPMG's audit report for each Trust contained no qualifications or modifications. A KPMG representative is expected to be present at the upcoming Annual Meeting. This representative shall have the opportunity to make a statement if he or she desires to do so, and it is expected that such representative will be available to respond to appropriate questions from shareholders. As noted above, KPMG will audit each Trust's 2012 financial statements and prepare each Trust's 2012 Federal and state tax returns.

## FEES PAID TO INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

	Fees Billed to MCI	
	KPMG LLP Year Ended December 31, 2011	KPMG LLP Year Ended December 31, 2010
Audit Fees	\$ 61,500	\$ 52,500
Audit-Related Fees	0	0
Tax Fees	44,100	44,100
All Other Fees	0	0
Total Fees	\$ 105,600	\$ 96,600

	Fees Billed to MPV	
	KPMG LLP Year Ended December 31, 2011	KPMG LLP Year Ended December 31, 2010
Audit Fees	\$ 61,500	\$ 52,500
Audit-Related Fees	0	0
Tax Fees	44,100	44,100
All Other Fees	0	0
Total Fees	\$ 105,600	\$ 96,600

Non-Audit Fees Billed to  
Babson Capital and MassMutual

	KPMG LLP Year Ended December 31, 2011	KPMG LLP Year Ended December 31, 2010
Audit-Related Fees	\$ 928,575	\$ 1,040,600
Tax Fees	9,000	64,704
All Other Fees	0	0
Total Fees	\$ 937,575	\$ 1,105,304

The category “Audit-Related Fees” reflects fees billed by KPMG for various non-audit and non-tax services rendered to the Trusts, Babson Capital and MassMutual, such as SAS 70 review, IFRS consulting and agreed upon procedures reports. Preparation of Federal, state and local income tax returns and tax compliance work are representative of the fees reported in the “Tax Fees” category. The category “All Other Fees” represents fees billed by KPMG for consulting rendered to Babson Capital and MassMutual. The Sarbanes-Oxley Act of 2002 and its implementing regulations allows each Trust’s Audit Committee to establish a pre-approval policy for certain services rendered by the Trust’s independent accountants. During 2011, each Trust’s Audit Committee approved all of the services rendered to the Trust by KPMG and did not rely on such a pre-approval policy for any such services.

The 2010 fees billed represent final 2010 amounts, which may differ from the preliminary figures available as of the publication date of the Trusts’ 2011 Proxy Statement and includes, among other things, fees for services that may not have been billed as of the publication date of the Trusts’ 2011 Proxy Statement, but are now properly included in the 2010 fees billed to each Trust, Babson Capital and MassMutual.

#### OTHER BUSINESS

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

#### INVESTMENT ADVISER

Babson Capital provides investment management and certain administrative services to MCI pursuant to an Investment Services Contract and to MPV pursuant to an Investment Advisory and Administrative Services Contract.

Babson Capital (including its wholly-owned subsidiaries) currently has over \$138 billion in assets under management and provides investment management services to registered investment companies, unregistered investment companies and institutional investors (such as insurance companies, pension plans, endowments and foundations). MM Asset Management Holding LLC is the direct owner of 100% of the voting shares of Babson Capital. MassMutual Holding LLC owns all of the voting shares of MM Asset Management Holding LLC. MassMutual owns all of the voting shares of MassMutual Holding LLC. MassMutual, MassMutual Holding LLC and MM Asset Management Holding LLC are located at 1295 State Street, Springfield, Massachusetts 01111. Babson Capital has an office at 1500 Main Street, Springfield, Massachusetts 01115 and its principal office is located at Independence Wharf, 470 Atlantic Avenue, Boston, Massachusetts 02210.

## CERTAIN ADMINISTRATIVE SERVICES

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

## SECTION 16 (a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Each Trust's Trustees and certain officers, investment advisers, certain affiliated persons of the investment advisers, and persons who own more than 10% of any class of outstanding securities of each Trust are required to file forms reporting their affiliation with each Trust and reports of ownership and changes in ownership of each Trust's securities with the SEC and the New York Stock Exchange. These persons and entities are required by SEC regulation to furnish each Trust with copies of all such forms they file. Based solely on a review of these forms furnished to the Trusts as well as certain internal documents, each Trust believes that its Trustees and relevant officers, Babson Capital, and its relevant affiliated persons have all complied with applicable filing requirements during each Trust's fiscal year ended December 31, 2011 with the exception of Donald E. Benson who inadvertently filed a late Form 4 for MPV due to late receipt of trade confirmations in the quarterly Dividend Reinvestment and Cash Purchase Plan.

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

Any Shareholder intending to present a proposal at the Annual Meeting to be held in 2013 who wishes to have such proposal included in the Trust's proxy material for that meeting, should forward his/her written proposal to the Trust, Attention: Secretary. Proposals must be received on or before November 6, 2012, to be considered for inclusion in the Trust's proxy material for its 2013 Annual Meeting.

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

ADDITIONAL INFORMATION

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

Each Trust will arrange for at least one Trustee to attend its 2012 Annual Meeting of Shareholders; will encourage all of its Trustees to attend its Annual Meetings of Shareholders; and will endeavor to arrange Annual Meetings of Shareholders on the same date as a Board of Trustees meeting to facilitate Trustee attendance. Five of the Trusts' Trustees attended the April 15, 2011 Annual Meeting.

Only one copy of the Proxy Statement may be mailed to each household, even if more than one person in the household is a Trust Shareholder of record. If a Shareholder needs an additional copy of this Proxy Statement, please contact the Trust at 1-866-399-1516. Shareholders may also access a copy of the Proxy Statement online at [www.babsoncapital.com/mci](http://www.babsoncapital.com/mci) and [www.babsoncapital.com/mpv](http://www.babsoncapital.com/mpv). If any Shareholder does not want the mailing of his or her Proxy Statement to be combined with those for other members of the Shareholder's household, please contact:

DST Systems, Inc.  
P.O. Box 219086  
Kansas City, MO 64121-9086  
or by telephone at  
1-800-647-7374  
or contact your financial intermediary.

ANNUAL REPORT

The Annual Report of each Trust for its fiscal year ended December 31, 2011, including financial statements, a schedule of the Trusts' investments as of such date and other data, was mailed on or about March 1, 2012, to all shareholders of record. Any shareholder may request a copy of the Annual Report and the most recent semi-annual report, which will be furnished without charge, by calling (toll-free) the Trusts' transfer agent, DST Systems, Inc., at 1-800-647-7374.

By order of the  
Board of Trustees,

Christopher A. DeFrancis  
Vice President and Secretary

1500 Main Street  
Springfield, Massachusetts 01115  
March 7, 2012

MMCIPI5848

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one-year term, or until his  
respective successor is duly  
elected and qualified.

Nominee for election:  
04) Edward P. Grace III

2.	Other Business	For	Against	Abstain
	In their discretion, the proxy or proxies are authorized to vote upon such other business or matters as may properly come before the Annual Meeting or any adjournment or adjournments thereof.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please sign exactly as your name or names appear. When signing as joint tenant, all parties to the joint tenancy should sign. When signing as attorney, executor, administrator, trustee or guardian, please give your full title as such.

Signature [PLEASE SIGN WITHIN BOX]      Date

Signature [Joint Owners]      Date

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice and Joint Proxy Statement is available at <http://www.babsoncapital.com/mci> or at [www.proxyvote.com](http://www.proxyvote.com).

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BABSON CAPITAL CORPORATE INVESTORS

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF TRUSTEES

The undersigned hereby appoints Christopher A. DeFrancis and James M. Roy, and each of them, attorneys and proxies of the undersigned, with power of substitution to vote all shares of Babson Capital Corporate Investors (the "Trust") which the undersigned is entitled to vote at the Annual Meeting of Shareholders of the Trust to be held in the Oak Room of Massachusetts Mutual Life Insurance Company, 1295 State Street, Springfield, Massachusetts 01111, on Friday, April 27, 2012, at 1:00 p.m. Eastern Time, and at any adjournments thereof (the "Annual Meeting").

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

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

PLEASE SIGN AND DATE ON THE REVERSE SIDE.

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BABSON CAPITAL PARTICIPATION  
 INVESTORS  
 C/O PROXY SERVICES  
 P.O. BOX 9112  
 FARMINGDALE, NY 11735

To vote by Internet

- 1) Read the Joint Proxy Statement and have the proxy card below at hand.
- 2) Go to website [www.proxyvote.com](http://www.proxyvote.com)
- 3) Follow the instructions provided on the website.

To vote by Mail

- 1) Read the Joint Proxy Statement.
- 2) Check the appropriate boxes on the proxy card below.
- 3) Sign and date the proxy card.
- 4) Return the proxy card in the envelope provided.

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

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KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

BABSON CAPITAL PARTICIPATION  
 INVESTORS

		For All	Withhold All	For All Except	
Vote on Trustees					
1.	Election of Trustees - for three-year terms, or until their respective successors are duly elected and qualified.	o	o	o	To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the name(s) of the nominee(s) on the line below.

Nominees for election:  
 01) William J. Barrett  
 02) Martin T. Hart  
 03) Clifford M. Noreen

Election of Trustee - for one-year term, or until his respective successor is duly elected and qualified.

Nominee for election:  
04) Edward P. Grace III

2.	Other Business	For	Against	Abstain
	In their discretion, the proxy or proxies are authorized to vote upon such other business or matters as may properly come before the Annual Meeting or any adjournment or adjournments thereof.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please sign exactly as your name or names appear. When signing as joint tenant, all parties to the joint tenancy should sign. When signing as attorney, executor, administrator, trustee or guardian, please give your full title as such.

Signature [PLEASE SIGN WITHIN BOX]      Date

Signature [Joint Owners]      Date

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**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Notice and Joint Proxy Statement is available at <http://www.babsoncapital.com/mpv> or at [www.proxyvote.com](http://www.proxyvote.com).

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**BABSON CAPITAL PARTICIPATION INVESTORS**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF TRUSTEES**

The undersigned hereby appoints Christopher A. DeFrancis and James M. Roy, and each of them, attorneys and proxies of the undersigned, with power of substitution to vote all shares of Babson Capital Participation Investors (the "Trust") which the undersigned is entitled to vote at the Annual Meeting of Shareholders of the Trust to be held in the Oak Room of Massachusetts Mutual Life Insurance Company, 1295 State Street, Springfield, Massachusetts 01111, on Friday, April 27, 2012, at 1:00 p.m. Eastern Time, and at any adjournments thereof (the "Annual Meeting").

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

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

PLEASE SIGN AND DATE ON THE REVERSE SIDE.