

BABSON CAPITAL CORPORATE INVESTORS

Form N-30D

November 25, 2014

Babson Capital  
Corporate Investors

Report for the  
Nine Months Ended September 30, 2014

**Adviser**

Babson Capital Management LLC  
1500 Main Street, P.O. Box 15189  
Springfield, Massachusetts 01115-5189

**Transfer Agent & Registrar**

DST Systems, Inc.  
P.O. Box 219086  
Kansas City, Missouri 64121-9086  
1-800-647-7374

**Independent Registered Public Accounting Firm**

**KPMG LLP**  
Boston, Massachusetts 02110

**Internet Website**

[www.babsoncapital.com/mci](http://www.babsoncapital.com/mci)

**Counsel to the Trust**

Ropes & Gray LLP  
Boston, Massachusetts 02110

Babson Capital Corporate Investors  
c/o Babson Capital Management LLC  
1500 Main Street, Suite 2200  
Springfield, Massachusetts 01115  
(413) 226-1516

**Custodian**

State Street Bank and Trust Company  
Boston, Massachusetts 02116

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**Investment Objective and Policy**

Babson Capital Corporate Investors (the “Trust”) is a closed-end management investment company, first offered to the public in 1971, whose shares are traded on the New York Stock Exchange under the trading symbol “MCI”. The Trust’s share price can be found in the financial section of most newspapers under either the New York Stock Exchange listings or Closed-End Fund Listings.

The Trust’s investment objective is to maintain a portfolio of securities providing a current yield and at the same time offering an opportunity for capital gains. The Trust’s principal investments are privately placed, below-investment grade, long-term debt obligations with equity features such as common stock, warrants, conversion rights, or other equity features and, occasionally, preferred stocks. The Trust typically purchases these investments, which are not publicly tradable, directly from their issuers in private placement transactions. These investments are typically mezzanine debt instruments with accompanying private equity securities made to small or middle market companies. In addition, the Trust may invest, subject to certain limitations, in marketable investment grade debt securities, other marketable debt securities (including high yield securities) and marketable common stocks. 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.

**Form N-Q**

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.

**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/mci>; 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/mci>; 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. The Trust pays dividends to its shareholders in cash, unless the shareholder elects to participate in the Dividend Reinvestment and Share Purchase Plan.

Babson Capital Corporate Investors

TO OUR SHAREHOLDERS

October 31, 2014

We are pleased to present the September 30, 2014 Quarterly Report of Babson Capital Corporate Investors (the “Trust”).

The Board of Trustees declared a quarterly dividend of \$0.30 per share, payable on November 14, 2014 to shareholders of record on November 3, 2014. The Trust paid a \$0.30 per share dividend for the preceding quarter. The Trust earned \$0.36 per share of net investment income, including \$0.11 per share of non-recurring income, for the third quarter of 2014, compared to \$0.28 per share, including \$0.03 per share of non-recurring income, in the previous quarter.

During the third quarter, the net assets of the Trust increased to \$288,722,584 or \$14.81 per share compared to \$287,553,809 or \$14.77 per share on June 30, 2014. This translates into a 2.3% 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 14.5%, 14.4%, 15.1%, 12.7%, and 13.5% for the 1, 3, 5, 10, and 25-year periods, respectively, based on the change in the Trust’s net assets assuming the reinvestment of all dividends.

The Trust’s share price increased 0.5% during the quarter, from \$15.27 per share as of June 30, 2014 to \$15.35 per share as of September 30, 2014. The Trust’s market price of \$15.35 per share equates to a 3.6% premium over the September 30, 2014 net asset value per share of \$14.81. The Trust’s average quarter-end premium for the 3, 5 and 10-year periods was 17.0%, 16.2% and 12.6%, respectively. U.S. equity markets, as approximated by the Russell 2000 Index, decreased 7.4% for the quarter. U.S. fixed income markets, as approximated by the Barclays Capital U.S. Corporate High Yield Index, decreased 1.9% for the quarter.

The Trust closed three new private placement investments, as well as two “add-on” investments in existing portfolio companies, during the third quarter. The three new investments were in Avantech Testing Services LLC, MES Partners, Inc. and Polytex Holdings LLC, while the two add-on investments were in ARI Holding Corporation and Church Services Holding Company. A brief description of these investments can be found in the Consolidated Schedule of Investments. The total amount invested by the Trust in these transactions was \$7,630,000.

We are pleased with the level of new investment activity in the third quarter. Middle market merger and acquisition activity has remained robust so far in the fourth quarter, and we are optimistic about the level of new investment closings for the Trust through year end. The dark cloud on the horizon though, continues to be the high purchase prices and leverage levels that are common in the market today. Purchase price multiples and leverage levels are at or above the peak levels we last saw in 2007. Though we are making new investments in this market, we are doing so cautiously and with discipline, consistent with our longstanding investment philosophy of seeking to take prudent levels of risk and getting paid appropriately for the risk taken. We are not willing to provide financial leverage at levels that we believe are imprudent. This approach has served us well over the long term and through all kinds of market cycles.

The condition of the Trust’s existing portfolio remained solid through the third quarter. Sales and earnings for the Trust’s portfolio of companies as a whole continued their upward momentum. We had significantly more credit upgrades than downgrades during the quarter. The number of companies on our watch list and in default continues to be at or near the lowest level we have seen over the last five years. We successfully exited eight investments and benefited from dividends associated with the recapitalization of three companies during the third quarter. We realized significant gains from these transactions. We continue to have a large backlog of portfolio companies that are in the

process of being sold, with a number of these expected to close this year. We only had two portfolio companies prepay their debt instruments held by the Trust during the quarter. This low level of prepayment activity is welcome after the unprecedented levels of prepayments we experienced in 2013, when 32 of the Trust's portfolio companies fully or partially prepaid their debt obligations to the Trust.

(Continued)

The Trust was able to maintain its \$0.30 per share quarterly dividend for the third quarter even though net investment income per share, excluding non-recurring income, was once again below the dividend rate. Net investment income per share from recurring sources has been below the dividend rate for every quarter since the third quarter of 2013. As we have discussed in prior reports, net investment income is down due principally to the considerable reduction in the number of private debt securities in the portfolio resulting from the high level of prepayment and exit activity that has occurred in recent quarters. We have been able to maintain the \$0.30 per share quarterly dividend with current income, non-recurring income and earnings carried forward from prior quarters. Over time, however, the Trust's dividend-paying ability tends to be correlated with its recurring earnings capacity. Absent non-recurring income and earnings carried forward from prior quarters, earnings available for the quarterly dividend would have been approximately \$0.25 per share for the third quarter. This quarter, the Trust earned an unusually high \$0.11 per share of non-recurring income, mostly due to dividend distributions from the recapitalization of a few portfolio companies. This income has replenished the Trust's earnings carry-forwards and should be available to supplement recurring income for the next few quarters. Unless market conditions change dramatically though, it is still unlikely that we will be able to rebuild the portfolio back to its former size in the near term. As a result, we and the Board of Trustees will continue to evaluate the current and future earnings capacity of the Trust and formulate a dividend strategy that is consistent with that earnings level.

Thank you for your continued interest in and support of Babson Capital Corporate Investors.

Sincerely,

Michael L. Klofas  
President

\* 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.

## Babson Capital Corporate Investors

## CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

September 30, 2014

(Unaudited)

## Assets:

## Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value

(Cost - \$190,152,858)

\$ 191,847,957

Corporate restricted securities at market value

(Cost - \$51,148,074)

51,414,508

Corporate public securities at market value

(Cost - \$57,657,175)

58,992,017

Short-term securities at amortized cost

4,399,745

Total investments (Cost - \$303,357,852)

306,654,227

Cash

12,346,749

Interest receivable

3,165,751

Other assets

63,451

Total assets

322,230,178

## Liabilities:

Note payable

30,000,000

Payable for investments purchased

970,000

Investment advisory fee payable

902,258

Tax payable

554,372

Deferred tax liability

553,014

Interest payable

202,400

Accrued expenses

325,550

Total liabilities

33,507,594

Total net assets

\$288,722,584

## Net Assets:

Common shares, par value \$1.00 per share

\$ 19,499,581

Additional paid-in capital

115,077,879

Retained net realized gain on investments, prior years

133,207,098

Undistributed net investment income

9,034,362

Accumulated net realized gain on investments

9,160,303

Net unrealized depreciation of investments

2,743,361

Total net assets

\$288,722,584

Common shares issued and outstanding (28,054,782 authorized)

19,499,581

Net asset value per share

\$ 14.81

See Notes to Consolidated Financial Statements





## CONSOLIDATED STATEMENT OF OPERATIONS

For the nine months ended September 30, 2014

(Unaudited)

Investment Income:	
Interest	\$ 20,149,861
Dividends	2,537,969
Other	345,388
Total investment income	23,033,218
Expenses:	
Investment advisory fees	2,643,752
Interest	1,188,000
Trustees' fees and expenses	283,000
Professional fees	244,564
Reports to shareholders	117,500
Custodian fees	25,200
Other	189,719
Total expenses	4,691,735
Investment income - net	18,341,483
Net realized and unrealized gain on investments:	
Net realized gain on investments before taxes	9,411,503
Income tax expense	(241,136)
Net realized gain on investments after taxes	9,170,367
Net change in unrealized appreciation of investments before taxes	1,860,410
Net change in deferred income tax expense	775,214
Net change in unrealized appreciation of investments after taxes	2,635,624
Net gain on investments	11,805,991
Net increase in net assets resulting from operations	\$ 30,147,474

See Notes to Consolidated Financial Statements

## Babson Capital Corporate Investors

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended September 30, 2014

(Unaudited)

Net increase in cash:

Cash flows from operating activities:

Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$(137,957 )
Purchases of portfolio securities	(72,721,534)
Proceeds from disposition of portfolio securities	62,399,200
Interest, dividends and other income received	19,921,754
Interest expense paid	(1,188,000 )
Operating expenses paid	(3,373,401 )
Income taxes paid	(412,245 )
Net cash provided by operating activities	4,487,817

Cash flows from financing activities:

Cash dividends paid from net investment income	(17,486,478)
Receipts for shares issued on reinvestment of dividends	1,555,977
Net cash used for financing activities	(15,930,501)

Net decrease in cash

(11,442,684)

Cash - beginning of year

23,789,433

Cash - end of period

\$12,346,749

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

Net increase in net assets resulting from operations	\$30,147,474
Increase in investments	(24,538,748)
Increase in interest receivable	(730,482 )
Increase in other assets	(24,330 )
Decrease in payable for investments purchased	449,892
Increase in investment advisory fee payable	62,610
Decrease in tax payable	(171,109 )
Increase in deferred tax liability	(775,214 )
Increase in accrued expenses	67,724
Total adjustments to net assets from operations	(25,659,657)
Net cash provided by operating activities	\$4,487,817

See Notes to Consolidated Financial Statements

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## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	For the nine months ended 09/30/2014 (Unaudited)	For the year ended 12/31/2013
Increase in net assets:		
Operations:		
Investment income - net	\$18,341,483	\$22,870,299
Net realized gain on investments after taxes	9,170,367	(942,568 )
Net change in unrealized appreciation of investments after taxes	2,635,624	10,248,182
Net increase in net assets resulting from operations	30,147,474	32,175,913
Increase from common shares issued on reinvestment of dividends Common shares issued (2014 - 105,926; 2013 - 153,982 )	1,555,977	2,339,460
Dividends to shareholders from:		
Net investment income (2014 - \$0.60 per share; 2013 - \$1.20 per share)	(11,668,381 )	(23,206,251 )
Total increase in net assets	20,035,070	11,309,122
Net assets, beginning of year	268,687,514	257,378,392
Net assets, end of period/year (including undistributed net investment income of \$9,034,362 and \$2,361,260, respectively)	\$288,722,584	\$268,687,514

See Notes to Consolidated Financial Statements

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## Babson Capital Corporate Investors

## CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

Selected data for each share of beneficial interest outstanding:

	For the	For the years ended December 31,				
	nine months ended 09/30/2014 (Unaudited)	2013	2012	2011(a)	2010(a)	2009(a)
Net asset value:						
Beginning of year	\$ 13.85	\$ 13.38	\$ 12.69	\$ 12.56	\$ 11.45	\$ 11.17
Net investment income (b)	0.94	1.18	1.28	1.29	1.13	1.03
Net realized and unrealized gain (loss) on investments	0.61	0.48	0.69	0.17	1.06	0.33
Total from investment operations	1.55	1.66	1.97	1.46	2.19	1.36
Dividends from net investment income to common shareholders	(0.60 )	(1.20 )	(1.25 )	(1.34 )	(1.08 )	(1.08 )
Dividends from realized gain on investments to common shareholders	-	-	(0.05 )	(0.01 )	-	-
Increase from dividends reinvested	0.01	0.01	0.02	0.02	0.00 (c)	0.00 (c)
Total dividends	(0.59 )	(1.19 )	(1.28 )	(1.33 )	(1.08 )	(1.08 )
Net asset value:						
End of period/year	\$ 14.81	\$ 13.85	\$ 13.38	\$ 12.69	\$ 12.56	\$ 11.45
Per share market value:						
End of period/year	\$ 15.35	\$ 14.93	\$ 15.28	\$ 17.99	\$ 15.28	\$ 12.55
Total investment return						
Net asset value (d)	11.45 %	12.76 %	17.07 %	12.00 %	19.81 %	12.64 %
Market value (d)	7.03 %	5.93 %	(7.11 %)	27.92 %	31.73 %	39.89 %
Net assets (in millions):						
End of period/year	\$ 288.72	\$ 268.69	\$ 257.38	\$ 241.94	\$ 237.58	\$ 214.44
Ratio of total expenses to	2.37 % (f)	2.42 %	3.17 %	2.42 %	2.57 %	2.33 %

average net assets												
Ratio of operating expenses to average net assets	1.68	% (f)	1.64	%	1.66	%	1.62	%	1.60	%	1.58	%
Ratio of interest expense to average net assets	0.57	% (f)	0.59	%	0.63	%	0.64	%	0.70	%	0.75	%
Ratio of income tax expense to average net assets (e)	0.12	% (f)	0.19	%	0.88	%	0.16	%	0.27	%	0.00	%
Ratio of net investment income to average net assets	8.79	% (f)	8.50	%	9.78	%	9.91	%	9.46	%	9.06	%
Portfolio turnover	21	%	34	%	34	%	21	%	39	%	23	%

(a) Per share amounts were adjusted to reflect a 2:1 stock split effective February 18, 2011.

(b) Calculated using average shares.

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

(d) 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.

(e) 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 the shareholders.

(f) Annualized

Senior borrowings:

Total principal amount (in millions)	\$30	\$30	\$30	\$30	\$30	\$30
Asset coverage per \$1,000 of indebtedness	\$10,624	\$9,956	\$9,579	\$9,065	\$8,919	\$8,148

See Notes to Consolidated Financial Statements

## CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2014

(Unaudited)

Corporate Restricted Securities - 84.26%: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Private Placement Investments - 66.45%				
1492 Acquisition LLC				
A leading producer of premium Italian cured meats and deli meats in the U.S.				
14% Senior Subordinated Note due 2019	\$ 1,617,885	10/17/12	\$ 1,591,890	\$ 1,574,664
Limited Liability Company Unit Class A Common (B)	27,273 uts.	10/17/12	27,273	56,043
Limited Liability Company Unit Class A Preferred (B)	245 uts.	10/17/12	245,450	275,526
			1,855,695	1,978,516
A H C Holding Company, Inc.				
A designer and manufacturer of boilers and water heaters for the commercial sector.				
Limited Partnership Interest (B)	23.16% int.	11/21/07	181,387	506,376
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.				
14% Senior Subordinated Note due 2020	\$ 1,962,265	12/20/13	1,926,290	2,001,510
Limited Liability Company Unit Class A (B)	5,843 uts.	*	290,317	476,631
Limited Liability Company Unit Class B (B)	2,793 uts.	10/09/09	100,114	227,833
			2,316,721	2,705,974
* 10/09/09 and 12/20/13.				
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 2015 (D)	\$ 735,000	05/15/08	724,402	367,500
13% Senior Subordinated Note due 2015 (D)	\$ 735,000	05/15/08	673,096	-

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Common Stock (B)	105,000 shs.	05/15/08	105,000	-
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	36,923 shs.	05/15/08	62,395 1,564,893	- 367,500
ABC Industries, Inc.				
A manufacturer of mine and tunneling ventilation products in the U.S.				
13% Senior Subordinated				
Note due 2019	\$ 1,200,000	08/01/12	1,100,057	1,212,000
Preferred Stock Series A (B)	300,000 shs.	08/01/12	300,000	493,442
Warrant, exercisable until 2022, to purchase common stock at \$.02 per share (B)	53,794 shs.	08/01/12	101,870 1,498,485	83,384 1,729,357
ACP Cascade Holdings LLC				
A manufacturer and distributor of vinyl windows and patio doors throughout the northwestern United States.				
Limited Liability Company				
Unit Class B (B)	64 uts.	11/09/12	-	-

## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Advanced Manufacturing Enterprises LLC				
A designer and manufacturer of large, custom gearing products for a number of critical customer applications.				
14% Senior Subordinated Note due 2018	\$ 2,723,077	12/07/12	\$ 2,691,171	\$ 2,707,809
Limited Liability Company Unit (B)	3,434 uts.	*	343,385	325,529
* 12/07/12 and 07/11/13.			3,034,556	3,033,338
Advanced Technologies Holdings				
A provider of factory maintenance services to industrial companies.				
Preferred Stock Series A (B)	626 shs.	12/27/07	309,806	1,074,813
Convertible Preferred Stock Series B (B)	52 shs.	01/04/11	40,800	90,115
			350,606	1,164,928
All Current Holding Company				
A specialty re-seller of essential electrical parts and components primarily serving wholesale distributors.				
Common Stock (B)	1,347 shs.	09/26/08	134,683	270,853
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	958 shs.	09/26/08	87,993	192,633
			222,676	463,486
American Hospice Management Holding LLC				
A for-profit hospice care provider in the United States.				
12% Senior Subordinated Note due 2014	\$ 2,337,496	*	2,336,731	2,220,621
Preferred Class A Unit (B)	3,223 uts.	**	322,300	-
Preferred Class B Unit (B)	1,526 uts.	06/09/08	152,626	187,682
Common Class B Unit (B)	30,420 uts.	01/22/04	1	-
Common Class D Unit (B)	6,980 uts.	09/12/06	1	-
* 01/22/04 and 06/09/08.			2,811,659	2,408,303
** 01/22/04 and 09/16/06.				



AMS Holding LLC

A leading multi-channel direct marketer of high-value collectible coins and proprietary-branded jewelry and watches.

Limited Liability Company

Unit Class A Preferred (B)	273 uts.	10/04/12	272,727	622,137
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Arch Global Precision LLC

A leading manufacturer of high tolerance precision components and consumable tools.

14.75% Senior Subordinated

Note due 2018	\$ 2,427,784	12/21/11	2,385,443	2,476,340
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Limited Liability Company

Unit Class B (B)	79 uts.	12/21/11	85,250	248,306
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Limited Liability Company

Unit Class C (B)	671 uts.	12/21/11	664,750 3,135,443	1,999,813 4,724,459
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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>ARI Holding Corporation</b>				
A leading national supplier of products used primarily by specialty contractors.				
11.5% Senior Subordinated Note due 2020				
	\$ 3,387,919	*	\$ 3,335,429	\$ 3,379,907
Limited Partnership Interest				
	1,048 uts.	08/01/14	1,047,900	747,738
* 05/21/13 and 08/01/14.				
			4,383,329	4,127,645
<b>Arrow Tru-Line Holdings, Inc.</b>				
A manufacturer of hardware for residential and commercial overhead garage doors in North America.				
12% Senior Subordinated Note due 2016				
	\$ 298,056	10/16/09	265,723	298,056
Preferred Stock (B)				
	63 shs.	10/16/09	62,756	223,519
Common Stock (B)				
	497 shs.	05/18/05	497,340	37,677
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)				
	130 shs.	05/18/05	112,128	9,877
			937,947	569,129
<b>Avantech Testing Services LLC</b>				
A manufacturer of custom Non-Destructive Testing ("NDT") systems and provider of NDT and inspections services primarily to the oil country tubular goods market.				
15% Senior Subordinated Note due 2020				
	\$ 1,006,250	07/31/14	986,652	1,004,550
Limited Liability Company Unit				
	75,000 uts.	07/31/14	750,000	712,500
			1,736,652	1,717,050
<b>Baby Jogger Holdings LLC</b>				
A designer and marketer of premium baby strollers and stroller accessories.				
14% Senior Subordinated Note due 2019				
	\$ 2,826,634	04/20/12	2,784,937	2,854,901
Common Stock (B)				
	2,261 shs.	04/20/12	226,132	398,423
			3,011,069	3,253,324
<b>Blue Wave Products, Inc.</b>				
A distributor of pool supplies.				
10% Senior Secured Term Note due 2018				
	\$ 714,893	10/12/12	704,400	714,893

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13% Senior Subordinated				
Note due 2019	\$ 729,115	10/12/12	686,276	734,788
Common Stock (B)	114,894 shs.	10/12/12	114,894	193,459
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)				
	45,486 shs.	10/12/12	45,486	76,589
			1,551,056	1,719,729
BP SCI LLC				
A leading value-added distributor of branded pipes, valves, and fittings (PVF) to diversified end markets.				
14% Senior Subordinated				
Note due 2018	\$ 2,599,754	10/17/12	2,561,670	2,625,752
Limited Liability Company				
Unit Class A (B)	1,000 uts.	10/17/12	100,000	324,325
Limited Liability Company				
Unit Class B (B)	400 uts.	10/17/12	400,000	490,513
			3,061,670	3,440,590

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## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Bravo Sports Holding Corporation</b>				
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 2015	\$ 2,281,593	06/30/06	\$ 2,278,514	\$ 2,231,805
Preferred Stock Class A (B)	879 shs.	06/30/06	268,121	209,503
Common Stock (B)	1 sh.	06/30/06	286	-
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	309 shs.	06/30/06	92,102	73,629
			2,639,023	2,514,937
<b>C D N T, Inc.</b>				
A value-added converter and distributor of specialty pressure sensitive adhesives, foams, films, and foils.				
12.5% Senior Subordinated Note due 2015	\$ 750,872	08/07/08	738,018	750,872
Common Stock (B)	73,256 shs.	08/07/08	73,256	172,875
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	57,600 shs.	08/07/08	57,689	135,929
			868,963	1,059,676
<b>Capital Specialty Plastics, Inc.</b>				
A producer of desiccant strips used for packaging pharmaceutical products.				
Common Stock (B)	109 shs.	*	503	1,575,000
*12/30/97, 05/29/99 and 02/28/01				
<b>CG Holdings Manufacturing Company</b>				
A coating provider serving the automotive, agricultural, heavy truck and other end markets.				
13% Senior Subordinated Note due 2019	\$ 3,390,252	*	3,220,349	3,464,863
Preferred Stock (B)	3,241 shs.	*	324,054	337,259

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Preferred Stock (B)	1,174 shs.	*	116,929	122,192
Common Stock (B)	337 shs.	*	35,673	-
Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B)	137 shs.	05/09/13	13,033	-
*05/09/13 and 11/01/13			3,710,038	3,924,314
CHG Alternative Education Holding Company				
A leading provider of publicly-funded, for profit pre-K-12 education services targeting special needs children at therapeutic day schools and "at risk" youth through alternative education programs.				
13.5% Senior Subordinated Note due 2018	\$ 2,260,942	01/19/11	2,184,271	2,283,551
14% Senior Subordinated Note due 2019	\$ 587,609	08/03/12	578,748	593,485
Common Stock (B)	1,125 shs.	01/19/11	112,500	171,320
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	884 shs.	01/19/11	87,750	134,668
			2,963,269	3,183,024

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Church Services Holding Company A provider of diversified residential services to homeowners in the Houston, Dallas, and Austin markets.				
14.5% Senior Subordinated Note due 2018	\$ 1,261,647	03/26/12	\$ 1,233,515	\$ 1,261,988
10% Senior Subordinated Note due 2015	\$ 19,079	09/15/14	19,079	19,084
Common Stock (B)	3,981 shs.	*	398,100	200,586
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	172 shs.	03/26/12	17,220	8,666
*03/26/12, 05/25/12 and 06/19/12.			1,667,914	1,490,324
Clough, Harbour and Associates An engineering service firm that is located in Albany, NY.				
Preferred Stock (B)	277 shs.	12/02/08	276,900	400,114
Connecticut Electric, Inc. A supplier and distributor of electrical products sold into the retail and wholesale markets.				
Limited Liability Company Unit Class A (B)	156,046 uts.	01/12/07	156,046	113,303
Limited Liability Company Unit Class C (B)	112,873 uts.	01/12/07	112,873	87,827
Limited Liability Company Unit Class D (B)	1,268,437 uts.	05/03/10	-	1,415,965
Limited Liability Company Unit Class E (B)	2,081 uts.	05/03/10	-	-
			268,919	1,617,095
Connor Sport Court International, Inc. A designer and manufacturer of outdoor and indoor synthetic sports flooring and other temporary flooring products.				
Preferred Stock Series B-2 (B)	17,152 shs.	07/05/07	700,392	571,749
Preferred Stock Series C (B)	7,080 shs.	07/05/07	236,503	1,851,562
Common Stock (B)	718 shs.	07/05/07	7	329
Limited Partnership Interest (B)	12.64% int.	*	189,586	-

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\*08/12/04 and 01/14/05. 1,126,488 2,423,640

CorePharma LLC

A manufacturer of oral dose generic pharmaceuticals targeted at niche applications.

Warrant, exercisable until 2015,

to purchase

common stock at \$.001 per

share (B)

20 shs.

08/04/05

137,166

438,918

Crane Rental Corporation

A crane rental company since 1960, headquartered in Florida.

13% Senior Subordinated Note

due 2015

\$ 1,950,750

08/21/08

1,906,601

1,950,750

Common Stock (B)

255,000 shs.

08/21/08

255,000

132,718

Warrant, exercisable until 2016,

to purchase

common stock at \$.01 per share

(B)

136,070 shs.

08/21/08

194,826

70,819

2,356,427

2,154,287

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## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>CTM Holding, Inc.</b>				
A leading owner and operator of coin-operated children's rides, penny presses and candy kiosks in the U.S.				
15% Senior Subordinated Note due 2019	\$ 2,425,074	11/22/13	\$ 2,382,240	\$ 2,485,273
Common Stock (B)	62,088 shs.	11/22/13	886,364	745,017
			3,268,604	3,230,290
<b>Custom Engineered Wheels, Inc.</b>				
A manufacturer of custom engineered, non-pneumatic plastic wheels and plastic tread cap tires used primarily for lawn and garden products and wheelchairs.				
Preferred Stock PIK (B)	296 shs.	10/26/09	295,550	432,250
Preferred Stock Series A (B)	216 shs.	10/27/09	197,152	315,818
Common Stock (B)	72 shs.	10/26/09	72,238	47,454
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	53 shs.	10/27/09	48,608	34,671
			613,548	830,193
<b>DPL Holding Corporation</b>				
A distributor and manufacturer of aftermarket undercarriage parts for medium and heavy duty trucks and trailers.				
14% Senior Subordinated Note due 2019	\$ 3,221,599	05/04/12	3,174,771	3,202,264
Preferred Stock (B)	61 shs.	05/04/12	605,841	691,470
Common Stock (B)	61 shs.	05/04/12	67,316	170,953
			3,847,928	4,064,687
<b>E S P Holdco, Inc.</b>				
A manufacturer of power protection technology for commercial office equipment, primarily supplying the office equipment dealer network.				
Common Stock (B)	660 shs.	01/08/08	329,990	468,866
<b>Eatem Holding Company</b>				
A developer and manufacturer of savory flavor systems for soups, sauces, gravies, and other products produced by food manufacturers for retail and foodservice end products.				
12.5% Senior Subordinated Note due 2018	\$ 2,850,000	02/01/10	2,636,750	2,878,500
Common Stock (B)	150 shs.	02/01/10	150,000	222,094
	358 shs.	02/01/10	321,300	529,546



Warrant, exercisable until 2018,  
to purchase  
common stock at \$.01 per share  
(B)

3,108,050 3,630,140

ELT Holding Company

A provider of web-based ethics and compliance training solutions for companies in the United States.

Common Stock (B) 122 shs. 03/01/12 272,727 649,688

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>EPM Holding Company</b>				
A provider of non-discretionary regulatory driven engineering services that support mission critical safety and operational aspects of nuclear power plants.				
14.5% Senior Subordinated				
Note due 2019	\$ 1,185,427	07/26/13	\$ 1,165,497	\$ 1,209,136
Common Stock	3,069 shs.	07/26/13	306,947	199,508
			1,472,444	1,408,644
<b>ERG Holding Company LLC</b>				
A provider of inpatient and outpatient clinical trial services to pharmaceutical companies and contract research organizations.				
13.5% Senior Subordinated				
Note due 2019	\$ 1,901,636	04/04/14	1,866,213	1,914,697
Common Stock (B)	63 shs.	04/04/14	157,314	157,325
			2,023,527	2,072,022
<b>F F C Holding Corporation</b>				
A leading U.S. manufacturer of private label frozen novelty and ice cream products.				
Limited Liability Company				
Unit Preferred (B)	512 uts.	09/27/10	175,035	622,899
Limited Liability Company				
Unit (B)	512 uts.	09/27/10	51,220	87,926
			226,255	710,825
<b>F G I Equity LLC</b>				
A manufacturer of a broad range of filters and related products that are used in commercial, light industrial, healthcare, gas turbine, nuclear, laboratory, clean room, hotel, educational system, and food processing settings.				
Limited Liability Company				
Unit (B)	483,355 uts.	04/15/14	-	483,355
Limited Liability Company				
Unit Class B-1 (B)	394,737 uts.	12/15/10	394,737	655,286
Limited Liability Company				
Unit Class B-2 (B)	49,488 uts.	12/15/10	49,488	82,153
Limited Liability Company				
Unit Class B-3 (B)	39,130 uts.	08/30/12	90,000	74,626
Limited Liability Company				
Unit Class C (B)	9,449 uts.	12/20/10	96,056	139,325
			630,281	1,434,745
<b>G C Holdings</b>				

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A leading manufacturer of gaming tickets, industrial recording charts, security-enabled point-of sale receipts, and medical charts and supplies.

Warrant, exercisable until 2018,

to purchase

common stock at \$.01 per share

(B)	594 shs.	10/19/10	140,875	332,329
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GD Dental Services LLC

A provider of convenient "onestop" general, specialty, and cosmetic dental services with 21 offices located throughout South and Central Florida.

Limited Liability Company

Unit Common (B)	1,840 uts.	10/05/12	1,840	92,925
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Limited Liability Company

Unit Preferred (B)	182 uts.	10/05/12	182,209	202,394
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			184,049	295,319
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GenNx Novel Holding, Inc.

A manufacturer and distributor of nutraceutical ingredients.

13% Senior Subordinated Note

due 2020	\$ 3,193,916	03/27/14	3,134,041	3,211,336
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Common Stock (B)	315 shs.	03/27/14	315,000	282,112
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			3,449,041	3,493,448
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## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>gloProfessional Holdings, Inc.</b>				
A marketer and distributor of premium mineral-based cosmetics, cosmeceuticals and professional hair care products to the professional spa and physician's office channels.				
14% Senior Subordinated Note due 2019	\$ 2,799,521	03/27/13	\$ 2,754,865	\$ 2,808,759
Common Stock (B)	2,835 shs.	03/27/13	283,465	362,853
			3,038,330	3,171,612
<b>Golden County Foods Holding, Inc.</b>				
A manufacturer of frozen appetizers and snacks.				
14% Senior Subordinated Note due 2019 (D)	\$ 73,550	11/13/13	436,682	-
Preferred Stock (B)	287,658 shs.	11/13/13	146,658	-
Preferred Stock Series F (B)	147,100 shs.	11/13/13	1,746,726	-
			2,330,066	-
<b>GTI Holding Company</b>				
A designer, developer, and marketer of precision specialty hand tools and handheld test instruments.				
12% Senior Subordinated Note due 2020	\$ 1,455,729	02/05/14	1,360,527	1,462,570
Common Stock (B)	1,693 shs.	02/05/14	169,271	146,430
Warrant, exercisable until 2024, to purchase common stock at \$.01 per share (B)	795 shs.	02/05/14	73,633	68,761
			1,603,431	1,677,761
<b>Handi Quilter Holding Company</b>				
A designer and manufacturer of long-arm quilting machines and related components for the consumer quilting market.				
Common Stock (B)	115 shs.	11/14/11	115,385	393,731
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	83 shs.	11/14/11	76,788	281,880
			192,173	675,611
<b>Hartland Controls Holding Corporation</b>				
A manufacturer and distributor of electronic and electromechanical components.				
14% Senior Subordinated Note due 2019	\$ 2,211,488	02/14/14	2,170,722	2,277,530

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Preferred Stock Series A (B)	5,169 shs.	02/14/14	516,852	536,269
Common Stock (B)	1,666 shs.	02/14/14	1,667	129,010
			2,689,241	2,942,809
Healthcare Direct Holding Company				
A direct-to-consumer marketer of discount dental plans.				
14% Senior Subordinated Note due 2019 (D)	\$ 2,206,356	03/09/12	2,169,715	2,169,980
16% Senior Subordinated PIK Note due 2019	\$ 139,110	03/31/14	139,110	136,693
Common Stock (B)	1,552 shs.	03/09/12	155,172	176,706
			2,463,997	2,483,379

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>HHI Group, LLC</b>				
A developer, marketer, and distributor of hobby-grade radio control products.				
14% Senior Subordinated Note due 2020	\$ 3,090,072	01/17/14	\$ 3,033,891	\$ 3,104,968
Limited Liability Company Unit (B)	203 uts.	01/17/14	203,125	167,249
			3,237,016	3,272,217
<b>Hi-Rel Group LLC</b>				
A manufacturer and distributor of precision metal piece parts for the microelectronic packaging industry, serving the aerospace/ defense, telecommunications, and medical end markets.				
12% Senior Subordinated Note due 2018	\$ 1,687,500	04/15/13	1,601,286	1,677,156
Limited Liability Company Unit (B)	563 uts.	04/15/13	562,500	231,181
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	89,224 shs.	04/15/13	77,625	34,921
			2,241,411	1,943,258
<b>HOP Entertainment LLC</b>				
A provider of post production equipment and services to producers of television shows and motion pictures.				
Limited Liability Company Unit Class F (B)	89 uts.	10/14/11	-	-
Limited Liability Company Unit Class G (B)	215 uts.	10/14/11	-	-
Limited Liability Company Unit Class H (B)	89 uts.	10/14/11	-	-
Limited Liability Company Unit Class I (B)	89 uts.	10/14/11	-	-
			-	-
<b>Hospitality Mints Holding Company</b>				
A manufacturer of individually-wrapped imprinted promotional mints.				
12% Senior Subordinated Note due 2016	\$ 2,075,581	08/19/08	2,020,551	2,064,553
Common Stock (B)	474 shs.	08/19/08	474,419	161,949
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	123 shs.	08/19/08	113,773	41,858
			2,608,743	2,268,360
<b>HVAC Holdings, Inc.</b>				

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A provider of integrated energy efficiency services and maintenance programs for HVAC systems.

14% Senior Subordinated Note due

2019	\$ 2,838,920	09/27/12	2,794,981	2,854,085
Preferred Stock Series A (B)	2,705 shs.	09/27/12	270,542	334,241
Common Stock (B)	2,185 shs.	09/27/12	2,185	5,155
			3,067,708	3,193,481

Ideal Tridon Holdings, Inc.

A designer and manufacturer of clamps and couplings used in automotive and industrial end markets.

Common Stock (B)	279 shs.	10/27/11	278,561	593,924
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Insurance Claims Management, Inc.

A third party administrator providing auto and property claim administration services for insurance companies.

Common Stock (B)	89 shs.	02/27/07	2,689	615,666
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## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>J A C Holding Enterprises, Inc.</b>				
A supplier of luggage racks and accessories to the original equipment manufacturers.				
Preferred Stock A (B)	495 shs.	12/20/10	\$ 495,000	\$ -
Preferred Stock B (B)	0.17 shs.	12/20/10	-	-
Common Stock (B)	100 shs.	12/20/10	5,000	-
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	36 shs.	12/20/10	316,930	-
			816,930	-
<b>Janus Group Holdings LLC</b>				
A manufacturer of roll-up doors and hallway systems that are primarily used in self-storage facilities.				
13.5% Senior Subordinated Note due 2019	\$ 2,684,783	12/11/13	2,636,631	2,765,326
Limited Liability Company Unit Class A (B)	565 uts.	12/11/13	465,673	1,134,459
			3,102,304	3,899,785
<b>JMH Investors LLC</b>				
A developer and manufacturer of custom formulations for a wide variety of foods.				
14.25% Senior Subordinated Note due 2019	\$ 2,581,693	12/05/12	2,540,633	2,427,172
Limited Liability Company Unit (B)	521,739 uts.	12/05/12	521,739	235,761
			3,062,372	2,662,933
<b>K &amp; N Parent, Inc.</b>				
A manufacturer and supplier of automotive aftermarket performance air filters and intake systems.				
Preferred Stock Series A (B)	305 shs.	12/23/11	-	-
Preferred Stock Series B (B)	86 shs.	12/23/11	-	-
Common Stock (B)	489 shs.	*	19,565	397,858
* 12/23/11 and 06/30/14.			19,565	397,858
<b>K N B Holdings Corporation</b>				
A designer, manufacturer and marketer of products for the custom framing market.				
Common Stock (B)	134,210 shs.	05/24/06	134,210	128,722
	82,357 shs.	05/25/06	71,534	78,989



Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)			205,744	207,711
K P I Holdings, Inc.				
The largest player in the U.S. non-automotive, non-ferrous die casting segment.				
Convertible Preferred Stock Series C (B)	55 shs.	06/30/09	55,435	167,933
Convertible Preferred Stock Series D (B)	24 shs.	09/17/09	24,476	73,410
Common Stock (B)	443 shs.	07/15/08	443,478	318,397
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	96 shs.	07/16/08	96,024	68,938
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	128 shs.	09/17/09	-	91,611
			619,413	720,289

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>LPC Holding Company</b>				
A designer and manufacturer of precision-molded silicone rubber components that are utilized in the medical and automotive end markets.				
Common Stock (B)	315 shs.	08/15/11	\$ 315,057	\$ 442,876
<b>M V I Holding, Inc.</b>				
A manufacturer of large precision machined metal components used in equipment which services a variety of industries, including the oil and gas, mining, and defense markets.				
Common Stock (B)	61 shs.	09/12/08	60,714	
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	66 shs.	09/12/08	65,571 126,285	- -
<b>Mail Communications Group, Inc.</b>				
A provider of mail processing and handling services, lettershop services, and commercial printing services.				
Limited Liability Company Unit (B)	24,109 uts.	*	314,464	334,387
Warrant, exercisable until 2017, to purchase common stock at \$.01 per share (B)	3,375 shs.	05/04/07	43,031 357,495	46,811 381,198
* 05/04/07 and 01/02/08.				
<b>Manhattan Beachwear Holding Company</b>				
A designer and distributor of women's swimwear.				
12.5% Senior Subordinated Note due 2018	\$ 1,259,914	01/15/10	1,170,579	1,259,914
15% Senior Subordinated Note due 2018	\$ 339,356	10/05/10	335,655	337,709
Common Stock (B)	106 shs.	10/05/10	106,200	248,995
Common Stock (B)	353 shs.	01/15/10	352,941	827,498
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	312 shs.	10/05/10	283,738 2,249,113	732,332 3,406,448
<b>MedSystems Holdings LLC</b>				
A manufacturer of enteral feeding products, such as feeding tubes and other products related to assisted feeding.				
Preferred Unit (B)	126 uts.	08/29/08	125,519	158,333

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Common Unit Class A (B)	1,268 uts.	08/29/08	1,268	182,188
Common Unit Class B (B)	497 uts.	08/29/08	120,064	71,471
			246,851	411,992

Merex Holding Corporation

A provider of after-market spare parts and components, as well as Maintenance, Repair and Overhaul services for "out of production" or "legacy" aerospace and defense systems that are no longer effectively supported by the original equipment manufacturers.

14% Senior Subordinated Note due

2019 \$ 1,362,886 09/22/11 1,344,525 1,362,886

Limited Liability Company Unit

Series A 684 uts. 05/07/14 44,281 34,025

Limited Liability Company Unit

Series B (B) 467,833 uts. 09/22/11 467,833 449,616  
1,856,639 1,846,527

## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>MES Partners, Inc.</b>				
An industrial service business offering an array of cleaning and environmental services to the Gulf Coast region of the U.S.				
12% Senior Subordinated Note due 2021	\$ 2,195,455	09/30/14	\$ 2,151,557	\$ 2,190,313
Common Stock Class B (B)	445,455 shs.	09/30/14	445,455	423,182
			2,597,012	2,613,495
<b>MicroGroup, Inc.</b>				
A manufacturer of precision parts and assemblies, and a value-added supplier of metal tubing and bars.				
7% Senior Subordinated Note due 2014 (D)	\$ 1,705,152	*	1,635,166	-
Preferred Stock Series A (B)	980 shs.	10/10/12	942,054	-
Common Stock (B)	450 shs.	*	450,000	-
Common Stock Series B (B)	1,128 shs.	10/10/12	11	-
Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)	164 shs.	*	162,974	-
* 08/12/05 and 09/11/06.			3,190,205	-
<b>MNX Holding Company</b>				
An international third party logistics company providing customized logistics services to customers across the globe.				
14% Senior Subordinated Note due 2019	\$ 3,005,457	11/02/12	2,958,260	2,772,378
Common Stock (B)	107 shs.	11/02/12	107,143	-
			3,065,403	2,772,378
<b>Motion Controls Holdings</b>				
A manufacturer of high performance mechanical motion control and linkage products.				
14.25% Senior Subordinated Note due 2020	\$ 2,909,927	11/30/10	2,879,383	2,909,927
Limited Liability Company Unit Class B-1 (B)	225,000 uts.	11/30/10	-	239,753
Limited Liability Company Unit Class B-2 (B)	20,403 uts.	11/30/10	-	21,741
			2,879,383	3,171,421
<b>NABCO, Inc.</b>				

A producer of explosive  
containment vessels in the United  
States.

Common Stock (B)	809 shs.	12/20/12	578,174	-
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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
NetShape Technologies, Inc.				
A manufacturer of powder metal and metal injection molded precision components used in industrial, consumer, and other applications.				
14% Senior Subordinated Note due 2015	\$ 2,004,985	02/02/07	\$ 1,996,505	\$ 1,913,960
Limited Partnership Interest of Saw Mill PCG Partners LLC (B) Limited Liability Company Unit Class D of	2.73% int.	02/01/07	1,110,810	-
Saw Mill PCG Partners LLC (B) Limited Liability Company Unit Class D-1 of	17 uts.	*	16,759	-
Saw Mill PCG Partners LLC (B) Limited Liability Company Unit Class D-2 of	229 uts.	09/30/09	228,858	27,266
Saw Mill PCG Partners LLC (B) * 12/18/08 and 09/30/09.	128 uts.	04/29/11	65,256 3,418,188	264,516 2,205,742
Newark Group, Inc.				
A major producer of paper products from recycled materials.				
Common Stock (B)	134,520 shs.	09/02/10	796,862	904,782
Nicoat Acquisitions LLC				
A manufacturer of water-based and ultraviolet coatings for high-performance graphic arts, packaging and other specialty coating applications.				
14% Senior Subordinated Note due 2018	\$ 1,460,374	11/05/10	1,384,352	1,460,374
Limited Liability Company Unit Series B (B)	51,724 uts.	11/05/10	51,724	104,224
Limited Liability Company Unit Series B (B)	104,792 uts.	11/05/10	104,792	211,156
Limited Liability Company Unit Series F (B)	104,792 uts.	11/05/10	- 1,540,868	26,093 1,801,847
Northwest Mailing Services, Inc.				
A producer of promotional materials for companies that use direct mail as part of their customer retention and loyalty programs.				
Limited Partnership Interest (B)	3,287 uts.	*	328,679	271,890

Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	4,920 shs.	*	492,016	407,006
* 07/09/09 and 08/09/10.			820,695	678,896

O E C Holding Corporation

A provider of elevator maintenance, repair and modernization services.

13% Senior Subordinated Note

due 2018	\$ 1,333,333	06/04/10	1,267,890	1,333,333
Preferred Stock Series A (B)	1,661 shs.	06/04/10	166,062	74,411
Preferred Stock Series B (B)	934 shs.	06/04/10	93,376	-
Common Stock (B)	1,032 shs.	06/04/10	1,032	-
			1,528,360	1,407,744

## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2014

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>P K C Holding Corporation</b>				
A manufacturer of plastic film and badges for the general industrial, medical, and food industries.				
Preferred Stock Class A (B)	54 shs.	12/21/10	\$ 340,718	\$ 664,337
Common Stock (B)	54 shs.	12/21/10	25,500	342,549
			366,218	1,006,886
<b>P P T Holdings LLC</b>				
A high-end packaging solutions provider that targets customers who have multiple packaging needs, require a high number of low volume SKUs, short lead times, technical expertise, and overall supply chain management.				
15% Senior Subordinated Note due 2017	\$ 3,003,451	12/20/10	2,972,104	3,003,451
Limited Liability Company Unit Class A (B)	99 uts.	12/20/10	318,215	417,723
Limited Liability Company Unit Class B (B)	99 uts.	12/20/10	3,214	122,638
			3,293,533	3,543,812
<b>Pearlman Enterprises, Inc.</b>				
A developer and distributor of tools, equipment, and supplies to the natural and engineered stone industry.				
Preferred Stock Series A (B)	2,334 shs.	05/22/09	111,508	863,226
Preferred Stock Series B (B)	13,334 shs.	05/22/09	547,872	-
Common Stock (B)	40,540 shs.	05/22/09	1,877,208	-
			2,536,588	863,226
<b>Petroplex Inv Holdings LLC</b>				
A leading provider of acidizing services to E&P customers in the Permian Basin.				
16% Senior Subordinated Note due 2018	\$ 2,827,161	11/29/12	2,777,361	2,947,628
Limited Liability Company Unit (B)	375,000 uts.	11/29/12	375,000	550,808
			3,152,361	3,498,436
<b>Polytex Holdings LLC</b>				
A manufacturer of water based inks and related products serving primarily the wall covering market.				
13% Senior Subordinated Note due 2020	\$ 2,106,900	07/31/14	2,065,728	2,101,299
Limited Liability Company Unit	300,485 uts.	07/31/14	300,485	285,461
			2,366,213	2,386,760
<b>Precision Wire Holding Company</b>				
A manufacturer of specialty medical wires that are used in non-elective minimally invasive surgical procedures.				



Warrant, exercisable until 2019,  
to purchase