

BABSON CAPITAL CORPORATE INVESTORS

Form N-30D

November 26, 2013

Babson Capital  
Corporate Investors

Report for the  
Nine Months Ended September 30, 2013

#### 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, MO 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

#### 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 fixed 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

#### 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>.

(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.

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.

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Babson Capital Corporate Investors

TO OUR SHAREHOLDERS

October 31, 2013

We are pleased to present the September 30, 2013 Quarterly Report of Babson Capital Corporate Investors (the "Trust").

The Board of Trustees declared a quarterly dividend of 30 cents per share, payable on November 8, 2013 to shareholders of record on October 28, 2013. The Trust paid a 30 cent per share dividend for the preceding quarter. The Trust earned 28 cents per share of net investment income for the third quarter of 2013, compared to 31 cents per share in the previous quarter.

During the third quarter, the net assets of the Trust increased to \$272,418,857 or \$14.07 per share compared to \$267,509,124 or \$13.85 per share on June 30, 2013. This translates into a 3.8% 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 15.6%, 14.4%, 12.3%, 13.1%, and 13.4% for the 1-, 3-, 5-, 10-, and 25-year time periods, respectively, based on the change in the Trust's net assets assuming the reinvestment of all dividends.

The Trust's share price decreased 3.3% during the quarter, from \$15.85 per share as of June 30, 2013 to \$15.32 per share as of September 30, 2013. The Trust's market price of \$15.32 per share equates to an 8.9% premium over the September 30, 2013 net asset value per share of \$14.07. The Trust's average quarter-end premium for the 3, 5 and 10-year periods was 20.7%, 13.4% and 12.5% respectively. U.S. equity markets, as approximated by the Russell 2000 Index, increased 10.2% for the quarter. U.S. fixed income markets, as approximated by the Barclays Capital U.S. Corporate High Yield Index, increased 2.3% for the quarter.

The Trust closed two new private placement investments during the third quarter. The two new investments were in EPM Holding Company and Tranzonic Holdings LLC. 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 \$4,708,000.

After a very sluggish first half of 2013, U.S. middle market buyout activity finally showed some signs of life during the third quarter. Our inflow of new investment opportunities increased significantly, particularly during the latter half of the quarter. We currently have a number of deals under review which we hope will turn into new investments for the Trust prior to year end. Competition for new investment opportunities continues to be intense though, as there is plenty of equity capital and senior and mezzanine debt looking to be invested. Attractive companies are being aggressively pursued by buyers and lenders alike, pushing both purchase price multiples and leverage levels to levels not seen since 2007 and 2008. Though we are actively closing new deals, we are doing so cautiously and with discipline, consistent with our longstanding investment philosophy of taking prudent levels of risk and getting paid appropriately for the risks taken. This approach has served us well for many years and through all kinds of market cycles.

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The quality of the Trust's existing portfolio remained solid through the third quarter. We had five companies sold from the portfolio during the quarter. Three of these investments, Qualis Automotive LLC, RM Holding Company and The Tranzonic Companies, generated attractive returns for the Trust. Two of these investments, International Offshore Services LLC and Monessen Holding Corporation, resulted in losses for the Trust, as both of these companies had been struggling financially for quite some time. Since the end of the third quarter, we have had three additional companies sold. We also continue to have a healthy backlog of companies in the process of being sold, several of which are expected to close prior to year end. Refinancing activity in the portfolio was high once again in the third quarter. These transactions, in which the debt instruments held by the Trust were fully or partially prepaid, are being driven by companies seeking to take advantage of low interest rates and plentiful credit. We had seven full or partial prepayments in the third quarter, bringing the total to 21 full or partial prepayments so far this year. As mentioned in prior reports, the continued loss of these income-producing investments, without being offset by new investments, has negatively impacted the earnings of the Trust and could adversely impact the Trust's ability to sustain its dividend level in the quarters ahead.

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, 2013  
(Unaudited)

## Assets:

## Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value (Cost - \$217,737,594)	\$216,053,007
Corporate restricted securities at market value (Cost - \$33,931,024)	34,539,632
Corporate public securities at market value (Cost - \$33,725,051)	35,104,499
Short-term securities at amortized cost	10,499,483
Total investments (Cost - \$295,893,152)	296,196,621
Cash	11,252,801
Interest receivable	2,913,168
Other assets	61,594
 Total assets	 310,424,184

## Liabilities:

Note payable	30,000,000
Payable for investments purchased	5,325,000
Deferred tax liability	1,296,930
Investment advisory fee payable	851,309
Interest payable	202,400
Tax payable	152,384
Accrued expenses	177,303
 Total liabilities	 38,005,326

Total net assets	\$272,418,858
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## Net Assets:

Common shares, par value \$1.00 per share	\$ 19,355,515
Additional paid-in capital	112,300,033
Retained net realized gain on investments, prior years	128,487,422
Undistributed net investment income	8,977,181
Accumulated net realized gain on investments	4,292,168
Net unrealized depreciation of investments	(993,461 )
 Total net assets	 \$272,418,858

Common shares issued and outstanding (28,054,782 authorized)	19,355,515
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Net asset value per share	\$14.07
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See Notes to Consolidated Financial Statements

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## CONSOLIDATED STATEMENT OF OPERATIONS

For the nine months ended September 30, 2013

(Unaudited)

Investment Income:	
Interest	\$21,042,984
Dividends	360,115
Other	191,813
Total investment income	21,594,912
Expenses:	
Investment advisory fees	2,527,145
Interest	1,188,000
Trustees' fees and expenses	360,000
Professional fees	196,597
Reports to shareholders	67,500
Custodian fees	25,200
Other	30,467
Total expenses	4,394,909
Investment income - net	17,200,003
Net realized and unrealized gain on investments:	
Net realized loss on investments before taxes	(1,511,625 )
Income tax expense	(19,658 )
Net realized loss on investments after taxes	(1,531,283 )
Net change in unrealized appreciation of investments before taxes	9,541,874
Net change in deferred income tax expense	(394,890 )
Net change in unrealized appreciation of investments after taxes	9,146,984
Net gain on investments	7,615,701
Net increase in net assets resulting from operations	\$24,815,704

See Notes to Consolidated Financial Statements



Babson Capital Corporate Investors  
CONSOLIDATED STATEMENT OF CASH FLOWS  
For the nine months ended September 30, 2013  
(Unaudited)

Net increase in cash:	
Cash flows from operating activities:	
Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$(2,484,430 )
Purchases of portfolio securities	(55,933,418)
Proceeds from disposition of portfolio securities	69,630,324
Interest, dividends and other income received	19,123,605
Interest expense paid	(1,188,000 )
Operating expenses paid	(3,165,081 )
Income taxes paid	(2,104,074 )
Net cash provided by operating activities	23,878,926
Cash flows from financing activities:	
Cash dividends paid from net investment income	(19,277,369)
Receipts for shares issued on reinvestment of dividends	1,806,262
Net cash used for financing activities	(17,471,107)
Net increase in cash	6,407,819
Cash - beginning of year	4,844,982
Cash - end of period	\$11,252,801
Reconciliation of net increase in net assets to net cash provided by operating activities:	
Net increase in net assets resulting from operations	\$24,815,704
Increase in investments	(3,904,560 )
Increase in interest receivable	(770,940 )
Decrease in receivable for investments sold	122,631
Increase in other assets	(61,211 )
Increase in payable for investments purchased	5,325,000
Increase in deferred tax liability	394,890
Increase in investment advisory fee payable	47,002
Decrease in tax payable	(2,084,416 )
Decrease in accrued expenses	(5,174 )
Total adjustments to net assets from operations	(936,778 )
Net cash provided by operating activities	\$23,878,926

See Notes to Consolidated Financial Statements



## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	For the nine months ended 09/30/2013 (Unaudited)	For the year ended 12/31/2012
Increase in net assets:		
Operations:		
Investment income - net	\$17,200,003	\$24,510,117
Net realized loss on investments after taxes	(1,531,283 )	5,288,921
Net change in unrealized appreciation of investments after taxes	9,146,984	7,904,425
Net increase in net assets resulting from operations	24,815,704	37,703,463
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2013 - 115,842; 2012 - 169,463)	1,806,262	2,676,531
Dividends to shareholders from:		
Net investment income (2013 - \$0.60 per share; 2012 - \$1.25 per share)	(11,581,500 )	(24,075,541 )
Net realized gains (2013 - \$0.00; 2012 - \$0.05 per share)	—	(869,595 )
Total increase in net assets	15,040,466	15,434,858
Net assets, beginning of year	257,378,392	241,943,534
Net assets, end of period/year (including undistributed net investment income of \$8,977,181 and \$3,358,678, respectively)	\$272,418,858	\$257,378,392

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 nine months ended					
	09/30/2013 (Unaudited)	For the years ended December 31,				
	2012	2011(a)	2010(a)	2009(a)	2008(a)	
Net asset value:						
Beginning of year	\$ 13.38	\$ 12.69	\$ 12.56	\$ 11.45	\$ 11.17	\$ 13.60
Net investment income (b)	0.89	1.28	1.29	1.13	1.03	1.16
Net realized and unrealized gain (loss) on investments	0.39	0.69	0.17	1.06	0.33	(2.51 )
Total from investment operations	1.28	1.97	1.46	2.19	1.36	(1.35 )
Dividends from net investment income to common shareholders	(0.60 )	(1.25 )	(1.34 )	(1.08 )	(1.08 )	(1.08 )
Dividends from realized gain on investments to common shareholders	—	(0.05 )	(0.01 )	—	—	—
Increase from dividends reinvested	0.01	0.02	0.02	0.00(c)	0.00(c)	0.00(c)
Total dividends	(0.59 )	(1.28 )	(1.33 )	(1.08 )	(1.08 )	(1.08 )
Net asset value: End of period/year	\$ 14.07	\$ 13.38	\$ 12.69	\$ 12.56	\$ 11.45	\$ 11.17
Per share market value:						
End of period/year	\$ 15.32	\$ 15.28	\$ 17.99	\$ 15.28	\$ 12.55	\$ 9.63
Total investment return						
Net asset value (d)	9.79%	17.07%	12.00%	19.81%	12.64%	(10.34%)
Market value (d)	4.21%	(7.11%)	27.92%	31.73%	39.89%	(30.44%)
Net assets (in millions):						
End of period/year	\$ 272.42	\$ 257.38	\$ 241.94	\$ 237.58	\$ 214.44	\$ 208.14
Ratio of operating expenses to average net assets	1.61%(f)	1.66%	1.62%	1.60%	1.58%	1.49%
Ratio of interest expense to average net assets	0.60%(f)	0.63%	0.64%	0.70%	0.75%	0.67%
Ratio of income tax expense to average net assets (e)	0.01%(f)	0.88%	0.16%	0.27%	0.00%	0.00%

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Ratio of total expenses to average net assets	2.22%(f)	3.17%	2.42%	2.57%	2.33%	2.16%
Ratio of net investment income to average net assets	8.65%(f)	9.78%	9.91%	9.46%	9.06%	9.01%
Portfolio turnover	22%	34%	21%	39%	23%	32%

(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	\$10,081	\$9,579	\$9,065	\$8,919	\$8,148	\$7,938

See Notes to Consolidated Financial Statements

## CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2013

(Unaudited)

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Corporate Restricted Securities - 91.99%: (A)				
Private Placement Investments - 79.31%				
1492 Acquisition LLC				
A leading producer of premium Italian cured meats and deli meats in the U.S.				
14% Senior Subordinated Note due 2019	\$2,779,614	10/17/12	\$2,729,744	\$2,785,229
Limited Liability Company Unit Class A Common (B)	27,273 uts.	10/17/12	27,273	94,861
Limited Liability Company Unit Class A Preferred (B)	245 uts.	10/17/12	245,450	259,679
			3,002,467	3,139,769
A E Company, Inc.				
A designer and manufacturer of machined parts and assembly structures for the commercial and military aerospace industries.				
	323,077			
Common Stock (B)	shs.	11/10/09	323,077	493,455
Warrant, exercisable until 2019, to purchase				
	161,538			
common stock at \$.01 per share (B)	shs.	11/10/09	119,991	246,727
			443,068	740,182
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	224,795	372,010
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.				
Limited Liability Company Unit Class A (B)	4,128 uts.	*	147,972	279,962
Limited Liability Company Unit Class B (B)	2,793 uts.	10/09/09	100,114	189,422
* 10/09/09 and 10/27/10.			248,086	469,384
A W X Holdings Corporation				
A provider of aerial equipment rental, sales and repair services to non-residential construction and maintenance contractors operating in the State of Indiana.				
10.5% Senior Secured Term Note due 2014 (D)	\$735,000	05/15/08	724,402	367,500
13% Senior Subordinated Note due 2015 (D)	\$735,000	05/15/08	673,096	—
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.				

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A manufacturer of mine and tunneling ventilation products in the U.S.

13% Senior Subordinated Note due 2019	\$ 1,200,000	08/01/12	1,087,040	1,188,423
Preferred Stock Series A (B)	300,000 shs.	08/01/12	300,000	300,000
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	53,794 shs.	08/01/12	101,870 1,488,910	53,794 1,542,217

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Babson Capital Corporate Investors  
CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
September 30, 2013  
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value	
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	\$ —	\$ —	
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	2,685,960	2,545,430	
Limited Liability Company Unit (B)	3,434 uts.	12/07/12	343,385	233,962	
			3,029,345	2,779,392	
Advanced Technologies Holdings A provider of factory maintenance services to industrial companies.					
Preferred Stock Series A (B)	796 shs.	12/27/07	393,754	1,712,104	
Convertible Preferred Stock Series B (B)	52 shs.	01/04/11	40,800	112,943	
			434,554	1,825,047	
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	265,873
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)		958 shs.	09/26/08	87,993	189,092
				222,676	454,965
American Hospice Management Holding LLC A for-profit hospice care provider in the United States.					
12% Senior Subordinated Note due 2013		\$2,337,496	*	2,329,989	2,337,496
Preferred Class A Unit (B)	3,223 uts.		**	322,300	510,756
Preferred Class B Unit (B)	1,526 uts.	06/09/08		152,626	349,454
Common Class B Unit (B)	30,420 uts.	01/22/04		1	—
Common Class D Unit (B)	6,980 uts.	09/12/06		1	—
				2,804,917	3,197,706
* 01/22/04 and 06/09/08. ** 01/22/04 and 09/12/06.					
AMS Holding LLC A leading multi-channel direct marketer of high-value collectible coins and proprietary-branded jewelry and watches.					
14.25% Senior Subordinated Note due 2019		\$2,788,463	10/04/12	2,738,733	2,807,476
Limited Liability Company Unit Class A Preferred (B)	273 uts.	10/04/12		272,727	272,730



3,011,460 3,080,206

## Apex Analytix Holding Corporation

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

12.5% Senior Subordinated Note due 2017	\$ 1,912,500	04/28/09	1,760,473	1,912,500
Preferred Stock Series B (B)	3,065 shs.	04/28/09	306,507	449,629
Common Stock (B)	1,366 shs.	04/28/09	1,366	197,445
			2,068,346	2,559,574

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2013

(Unaudited)

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Arch Global Precision LLC</b>				
A leading manufacturer of high tolerance precision components and consumable tools.				
14.75% Senior Subordinated Note due 2018	\$2,362,152	12/21/11	\$2,313,145	\$2,354,493
Limited Liability Company Unit Class B (B)	85 uts.	12/21/11	85,250	95,142
Limited Liability Company Unit Class C (B)	665 uts.	12/21/11	664,750	741,888
			3,063,145	3,191,523
<b>ARI Holding Corporation</b>				
A leading national supplier of products used primarily by specialty contractors.				
13.5% Senior Subordinated Note due 2020	\$2,620,461	05/21/13	2,569,991	2,593,349
Preferred Stock (B)	58 shs.	05/21/13	579,208	584,348
Common Stock (B)	58 shs.	05/21/13	64,356	104,324
			3,213,555	3,282,021
<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 (D)	\$1,473,588	05/18/05	1,364,577	1,473,588
Preferred Stock (B)	63 shs.	10/16/09	62,756	169,983
Common Stock (B)	497 shs.	05/18/05	497,340	10,246
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	130 shs.	05/18/05	112,128	2,686
			2,036,801	1,656,503
<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	2,778,864	2,883,167
Common Stock (B)	2,261 shs.	04/20/12	226,132	389,363
			3,004,996	3,272,530
<b>Blue Wave Products, Inc.</b>				
A distributor of pool supplies.				
10% Senior Secured Term Note due 2018	\$714,893	10/12/12	702,374	705,849
13% Senior Subordinated Note due 2019	\$721,869	10/12/12	673,569	709,110
Common Stock (B)	114,894 shs.	10/12/12	114,894	124,713
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	45,486 shs.	10/12/12	45,486	49,373
			1,536,323	1,589,045
<b>BP SCI LLC</b>				
A leading value-added distributor of branded pipes, valves, and fittings (PVF) to diversified end markets.				
14% Senior Subordinated Note due 2018	\$2,548,402	10/17/12	2,503,822	2,463,668
Limited Liability Company Unit Class A (B)	1,000 uts.	10/17/12	100,000	82,014
Limited Liability Company Unit Class B (B)	400 uts.	10/17/12	400,000	435,110

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Babson Capital Corporate Investors  
CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
September 30, 2013  
(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 2014	\$2,281,593	06/30/06	\$2,261,617	\$2,167,513
Preferred Stock Class A (B)	879 shs.	06/30/06	268,121	119,664
Common Stock (B)	1 sh.	06/30/06	286	—
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	309 shs.	06/30/06	92,102	42,056
			2,622,126	2,329,233
<b>C D N T, Inc.</b>				
A value-added converter and distributor of specialty pressure sensitive adhesives, foams, films, and foils.				
10.5% Senior Secured Term Note due 2014	\$140,788	08/07/08	140,287	140,788
12.5% Senior Subordinated Note due 2015	\$750,872	08/07/08	724,336	750,872
Common Stock (B)	73,256 shs.	08/07/08	73,256	137,058
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	57,600 shs.	08/07/08	57,689	107,766
			995,568	1,136,484
<b>Capital Specialty Plastics, Inc.</b>				
A producer of desiccant strips used for packaging pharmaceutical products.				
Common Stock (B)	109 shs.	*	503	1,230,142
*12/30/97 and 05/29/99.				
<b>CG Holdings Manufacturing Company</b>				
A coating provider in the fragmented North American market, serving the automotive, agricultural, heavy truck and other end markets.				
13% Senior Subordinated Note due 2019	\$2,727,273	05/09/13	2,572,468	2,743,442
Preferred Stock (B)	2,455 shs.	05/09/13	245,454	242,234
Preferred Stock-OID (B)	965 shs.	05/09/13	96,496	95,242
Common Stock (B)	253 shs.	05/09/13	27,273	16,882
Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B)	114 shs.	05/09/13	10,736	7,615
			2,952,427	3,105,415
<b>CHG Alternative Education Holding Company</b>				
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	\$2,226,881	01/19/11	2,133,210	2,271,418
14% Senior Subordinated Note due 2019	\$575,843	08/03/12	565,790	577,893
Common Stock (B)	1,125 shs.	01/19/11	112,500	141,748

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Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	884 shs.	01/19/11	87,750 2,899,250	111,422 3,102,481
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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Church Services Holding Company</b>				
A provider of diversified residential services to homeowners in the Houston, Dallas, and Austin markets.				
14.5% Senior Subordinated Note due 2018	\$1,236,726	03/26/12	\$1,202,900	\$1,229,501
Common Stock (B)	3,981 shs.	*	398,100	348,713
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	172 shs.	03/26/12	17,220	15,066
*03/26/12, 05/25/12 and 06/19/12.			1,618,220	1,593,280
<b>Clough, Harbour and Associates</b>				
An engineering service firm that is located in Albany, NY.				
Preferred Stock (B)	277 shs.	12/02/08	276,900	399,942
<b>Connecticut Electric, Inc.</b>				
A supplier and distributor of electrical products sold into the retail and wholesale markets.				
10% Senior Subordinated Note due 2014 (D)	\$1,456,429	01/12/07	1,358,675	1,433,979
	156,046			
Limited Liability Company Unit Class A (B)	uts.	01/12/07	156,046	95,396
	112,873			
Limited Liability Company Unit Class C (B)	uts.	01/12/07	112,873	73,946
	1,268,437			
Limited Liability Company Unit Class D (B)	uts.	05/03/10	—	1,365,306
Limited Liability Company Unit Class E (B)	2,081 uts.	05/03/10	—	—
			1,627,594	2,968,627
<b>Connor Sport Court International, Inc.</b>				
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	539,611
Preferred Stock Series C (B)	7,080 shs.	07/05/07	236,503	222,727
Common Stock (B)	718 shs.	07/05/07	7	—
Limited Partnership Interest (B)	12.64% int.	*	189,586	—
*08/12/04 and 01/14/05.			1,126,488	762,338
<b>CorePharma LLC</b>				
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	504,919
<b>Crane Rental Corporation</b>				

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A crane rental company since 1960, headquartered in Florida.

13% Senior Subordinated Note due 2015	\$ 1,950,750	08/21/08	1,872,920	1,950,750
	255,000			
Common Stock (B)	shs.	08/21/08	255,000	296,984
Warrant, exercisable until 2016, to purchase				
	136,070			
common stock at \$.01 per share (B)	shs.	08/21/08	194,826	158,472
			2,322,746	2,406,206

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Babson Capital Corporate Investors  
CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
September 30, 2013  
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<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.	10/27/09	\$295,550	\$391,597
Preferred Stock Series A (B)	216 shs.	10/27/09	197,152	286,116
Common Stock (B)	72 shs.	10/27/09	72,238	140,863
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	53 shs.	10/27/09	48,608	102,917
			613,548	921,493
<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	\$3,157,964	05/04/12	3,104,395	2,997,552
Preferred Stock (B)	61 shs.	05/04/12	605,841	638,116
Common Stock (B)	61 shs.	05/04/12	67,316	116,349
			3,777,552	3,752,017
<b>Duncan Systems, Inc.</b>				
A distributor of windshields and side glass for the recreational vehicle market.				
10% Senior Secured Term Note due 2013	\$135,000	11/01/06	134,968	134,781
13% Senior Subordinated Note due 2014	\$855,000	11/01/06	834,563	845,668
	180,000			
Common Stock (B)	shs.	11/01/06	180,000	42,105
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	56,514 shs.	11/01/06	78,160	13,220
			1,227,691	1,035,774
<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	474,193
<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	2,590,968	2,801,525
Common Stock (B)	150 shs.	02/01/10	150,000	178,105
Warrant, exercisable until 2018, to purchase				



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common stock at \$.01 per share (B)	358 shs.	02/01/10	321,300	424,661
			3,062,268	3,404,291
ELT Holding Company				
A provider of web-based ethics and compliance training solutions for companies in the United States.				
14% Senior Subordinated Note due 2019	\$ 2,816,026	03/01/12	2,769,803	2,803,376
Common Stock (B)	122 shs.	03/01/12	272,727	186,897
			3,042,530	2,990,273

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2013

(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				
	\$ 1,156,249	07/26/13	\$ 1,133,674	\$ 1,146,861
Common Stock				
	3,069 shs.	07/26/13	306,947	291,600
			1,440,621	1,438,461
<b>F F C Holding Corporation</b>				
A leading U.S. manufacturer of private label frozen novelty and ice cream products.				
16% Senior Subordinated Note due 2017				
	\$ 2,763,034	09/27/10	\$ 2,730,726	\$ 2,763,034
Limited Liability Company Unit Preferred (B)				
	512 uts.	09/27/10	175,035	575,305
Limited Liability Company Unit (B)				
	512 uts.	09/27/10	51,220	60,783
			2,956,981	3,399,122
<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.				
13.25% Senior Subordinated Note due 2018				
		\$2,618,849	05/02/13	2,594,371
14.25% Senior Subordinated Note due 2018				
		\$684,253	02/29/12	684,437
		394,737		684,936
Limited Liability Company Unit Class B-1 (B)				
		uts.	12/15/10	394,737
Limited Liability Company Unit Class B-2 (B)				
		49,488 uts.	12/15/10	49,488
Limited Liability Company Unit Class B-3 (B)				
		39,130 uts.	08/30/12	90,000
Limited Liability Company Unit Class C (B)				
		9,449 uts.	12/20/10	96,056
			3,909,089	4,651,612
<b>Flutes, Inc.</b>				
An independent manufacturer of micro fluted corrugated sheet material for the food and consumer products packaging industries.				
10% Senior Secured Term Note due 2014 (D)				
	\$ 1,146,937	04/13/06	908,339	1,146,937
14% Senior Subordinated Note due 2015 (D)				
	\$ 756,489	04/13/06	509,089	71,448
			1,417,428	1,218,385
<b>G C Holdings</b>				
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				

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common stock at \$.01 per share (B)	594 shs.	10/19/10	140,875	1,959,742
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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	5,276
Limited Liability Company Unit Preferred (B)	182 uts.	10/05/12	182,209	193,124
			184,049	198,400

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Babson Capital Corporate Investors  
CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
September 30, 2013  
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
gloProfessional Holdings, Inc. 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	\$ 2,744,223	03/27/13	\$ 2,692,943	\$ 2,683,766
Common Stock (B)	2,835 shs.	03/27/13	283,465	255,815
			2,976,408	2,939,581
Golden County Foods Holding, Inc. A manufacturer of frozen appetizers and snacks.				
14% Senior Subordinated Note due 2015 (D)	\$ 1,912,500	11/01/07	1,772,199	—
14% PIK Note due 2015 (D)	\$ 472,711	12/31/08	411,209	—
8% Series A Convertible Preferred Stock, convertible into common shares (B)	287,658 shs.	11/01/07	146,658	—
			2,330,066	—
H M Holding Company A designer, manufacturer, and importer of promotional and wood furniture.				
7.5% Senior Subordinated Note due 2014 (D)		\$685,100	10/15/09	512,231
Preferred Stock (B)		40 shs.	*	40,476
Preferred Stock Series B (B)		2,055 shs.	10/15/09	1,536,694
Common Stock (B)		340 shs.	02/10/06	340,000
Common Stock Class C (B)		560 shs.	10/15/09	—
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)		126 shs.	02/10/06	116,875
* 09/18/07 and 06/27/08.				2,546,276
Handi Quilter Holding Company A designer and manufacturer of long-arm quilting machines and related components for the consumer quilting market.				
12% Senior Subordinated Note due 2017		\$1,384,615	11/14/11	1,304,294
Common Stock (B)		115 shs.	11/14/11	115,385
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)		83 shs.	11/14/11	76,788
				1,496,467
				1,903,554
Healthcare Direct Holding Company A direct-to-consumer marketer of discount dental plans.				
14% Senior Subordinated Note due 2019		\$2,162,178	03/09/12	2,126,604
Common Stock (B)		1,552 shs.	03/09/12	155,172
				43,018

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<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	\$ 1,583,549	\$ 1,663,751
Limited Liability Company Unit (B)	563 uts.	04/15/13	562,500	540,480
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	89,224 shs.	04/15/13	77,625 2,223,674	64,215 2,268,446
<b>Home Décor Holding Company</b>				
A designer, manufacturer and marketer of framed art and wall décor products.				
Common Stock (B)	63 shs.	*	62,742	159,411
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)	200 shs.	*	199,501 262,243	506,893 666,304
* 06/30/04 and 08/19/04.				
<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	1,998,219	2,003,761

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Common Stock (B)	474 shs.	08/19/08	474,419	134,705
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	123 shs.	08/19/08	113,773 2,586,411	34,816 2,173,282
HVAC Holdings, Inc.				
A provider of integrated energy efficiency services and maintenance programs for HVAC systems.				
14% Senior Subordinated Note due 2019	\$ 2,782,844	09/27/12	2,733,256	2,750,718
Preferred Stock Series A (B)	2,705 shs.	09/27/12	270,542	296,165
Common Stock (B)	2,185 shs.	09/27/12	2,185 3,005,983	18,678 3,065,561
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	479,312

Babson Capital Corporate Investors  
CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
September 30, 2013  
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Insurance Claims Management, Inc.</b>				
A third party administrator providing auto and property claim administration services for insurance companies.				
Common Stock (B)	89 shs.	02/27/07	\$2,689	\$574,999
<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	670,204
Preferred Stock B (B)	0.17 shs.	12/20/10	—	226
Common Stock (B)	100 shs.	12/20/10	5,000	144,730
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	36 shs.	12/20/10	316,930	52,479
			816,930	867,639
<b>Jason Partners Holdings LLC</b>				
A diversified manufacturing company serving various industrial markets.				
Limited Liability Company Unit (B)	90 uts.	09/21/10	848,275	48,185
<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	\$2,524,413	12/05/12	2,478,395	2,457,881
	521,739			
Limited Liability Company Unit (B)	uts.	12/05/12	521,739	405,200
			3,000,134	2,863,081
<b>K &amp; N Parent, Inc.</b>				
A manufacturer and supplier of automotive aftermarket performance air filters and intake systems.				
14% Senior Subordinated Note due 2019	\$3,428,236	12/23/11	3,352,154	3,434,749
Preferred Stock Series A (B)	305 shs.	12/23/11	119,662	350,273
Preferred Stock Series B (B)	86 shs.	12/23/11	—	99,140
Common Stock (B)	391 shs.	12/23/11	19,565	148,046
			3,491,381	4,032,208
<b>K N B Holdings Corporation</b>				
A designer, manufacturer and marketer of products for the custom framing market.				
14% Senior Subordinated Note due 2017	\$4,616,657	*	4,337,464	4,616,657
Common Stock (B)		05/25/06	134,210	71,438



134,210  
shs.

Warrant, exercisable until 2016, to purchase  
common stock at \$.01 per share (B)  
\* 05/25/06 and 04/12/11.

82,357 shs.	05/25/06	71,534	43,837
		4,543,208	4,731,932

K P H I Holdings, Inc.

A manufacturer of highly engineered plastic and metal components for a diverse range of end-markets, including  
medical, consumer and industrial, automotive and defense.

698,478

Common Stock (B)

shs.	12/10/10	698,478	808,469
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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>K P I Holdings, Inc.</b>				
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	\$110,000
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	93,563
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	96 shs.	07/16/08	96,024	20,258
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	128 shs.	09/17/09	—	26,920
			619,413	324,151
<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	440,018
<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	30,066
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	66 shs.	09/12/08	65,571	32,473
			126,285	62,539
<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	474,165
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	3,375 shs.	05/04/07	43,031	66,378
* 05/04/07 and 01/02/08.			357,495	540,543
<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	1,151,081	1,259,914
15% Senior Subordinated Note due 2018	\$331,003	10/05/10	326,482	317,117
Common Stock (B)	106 shs.	10/05/10	106,200	250,711
Common Stock Class B (B)	353 shs.	01/15/10	352,941	833,201
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	312 shs.	01/15/10	283,738	737,378
			2,220,442	3,398,321

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Babson Capital Corporate Investors  
CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
September 30, 2013  
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Marshall Physicians Services LLC</b>				
A provider of emergency department and hospital medicine services to hospitals located in the state of Kentucky. The Company was founded in 1999 and is owned by seven practicing physicians.				
13% Senior Subordinated Note due 2016	\$1,347,005	09/20/11	\$1,326,104	\$1,373,945
Limited Liability Company Unit Class A (B)	8,700 uts.	09/20/11	180,000	391,987
Limited Liability Company Unit Class D (B)	874 uts.	09/20/11	—	23,563
			1,506,104	1,789,495
<b>MBWS Ultimate Holdco, Inc.</b>				
A provider of services throughout North Dakota that address the fluid management and related transportation needs of an oil well.				
12% Senior Subordinated Note due 2016	\$3,352,486	*	3,156,590	3,352,486
Preferred Stock Series A (B)	4,164 shs.	09/07/10	416,392	1,187,746
Common Stock (B)	487 shs.	03/01/11	48,677	138,913
Common Stock (B)	458 shs.	09/07/10	45,845	130,641
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	310 shs.	03/01/11	30,975	88,425
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	1,158 shs.	09/07/10	115,870	330,310
* 09/07/10 and 03/01/11.			3,814,349	5,228,521
<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	164,715
Common Unit Class A (B)	1,268 uts.	08/29/08	1,268	57,198
Common Unit Class B (B)	472 uts.	08/29/08	120,064	21,283
			246,851	243,196
<b>MEGTEC Holdings, Inc.</b>				
A supplier of industrial and environmental products and services to a broad array of industries.				
Preferred Stock (B)	107 shs.	09/24/08	103,255	166,284
Limited Partnership Interest (B)	1.40% int.	09/16/08	388,983	776,528
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	35 shs.	09/24/08	33,268	124,465
			525,506	1,067,277
<b>Merex Holding Corporation</b>				
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 2018	\$1,273,585	09/22/11	1,253,454	1,285,794

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Limited Liability Company Unit Series B (B)	467,833 uts.	09/22/11	467,833 1,721,287	515,379 1,801,173
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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fare Value
<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	\$426,288
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	426,288
<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	\$2,946,092	11/02/12	2,892,961	2,921,159
Common Stock (B)	107 shs.	11/02/12	107,143	88,370
			3,000,104	3,009,529
<b>Motion Controls Holdings</b>				
A manufacturer of high performance mechanical motion control and linkage products.				
14.25% Senior Subordinated Note due 2017	\$2,858,863	11/30/10	2,822,472	2,809,029
Limited Liability Company Unit Class B-1 (B)	281,250 uts.	11/30/10	—	250,276
Limited Liability Company Unit Class B-2 (B)	25,504 uts.	11/30/10	—	22,695
			2,822,472	3,082,000
<b>NABCO, Inc.</b>				
A producer of explosive containment vessels in the United States.				
Common Stock (B)	809 shs.	12/20/12	578,174	191,426
<b>NetShape Technologies, Inc.</b>				
A manufacturer of powder metal and metal injection molded precision components used in industrial, consumer, and other applications.				
14% Senior Subordinated Note due 2014	\$2,004,985	02/02/07	1,941,101	1,904,
Limited Partnership Interest of Saw Mill PCG Partners LLC (B)	2.73% int.	02/01/07	1,110,810	—
Limited Liability Company Unit Class D of Saw Mill PCG Partners LLC (B)	17 uts.	*	16,759	—
Limited Liability Company Unit Class D-1 of Saw Mill PCG Partners LLC (B)	229 uts.	09/30/09	228,858	430,367
Limited Liability Company Unit Class D-2 of				

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Saw Mill PCG Partners LLC (B)	128 uts.	04/29/11	65,256	442,726
* 12/18/08 and 09/30/09.			3,362,784	2,777,829

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Babson Capital Corporate Investors  
CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)  
September 30, 2013  
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Newark Group, Inc. A major producer of paper products from recycled materials.				
Common Stock (B)	134,520 shs.	09/02/10	\$796,862	\$411,497
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 Limited Liability Company Unit Series B (B)	\$1,469,573	11/05/10	1,378,600	1,484,269
Limited Liability Company Unit Series B (B)	51,724 uts. 104,792	11/05/10	51,724	64,003
Limited Liability Company Unit Series B (B)	uts. 156,516	11/05/10	104,792	129,669
Limited Liability Company Unit Series F (B)	uts.	11/05/10	— 1,535,116	686,666 2,364,607
Northwest Mailing Services, Inc. A producer of promotional materials for companies that use direct mail as part of their customer retention and loyalty programs.				
12% Senior Subordinated Note due 2016 Limited Partnership Interest (B)	\$2,818,421	*	2,516,835	2,776,423
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	3,287 uts.	*	328,679	163,221
* 07/09/09 and 08/09/10.	4,920 shs.	*	492,016 3,337,530	244,333 3,183,977
NT Holding Company A leading developer, manufacturer and provider of medical products used primarily in interventional pain management.				
12% Senior Subordinated Note due 2019 Common Stock (B)	\$2,649,351	02/02/11	2,485,674	2,675,845
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	377 shs.	*	377,399	432,229
*02/02/11 and 06/30/11.	176 shs.	02/02/11	158,961 3,022,034	201,867 3,309,941
O E C Holding Corporation A provider of elevator maintenance, repair and modernization services.				
13% Senior Subordinated Note due 2017 Preferred Stock Series A (B)	\$ 1,333,333	06/04/10	1,254,993	1,333,333
	1,661 shs.	06/04/10	166,062	