

BABSON CAPITAL CORPORATE INVESTORS
Form N-CSRS
September 05, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

Investment Company Act file number 811-2183

Babson Capital Corporate Investors

(Exact name of registrant as specified in charter)

1500 Main Street, P.O. Box 15189, Springfield, MA 01115-5189

(Address of principal executive offices) (Zip code)

Christopher A. DeFrancis, Vice President, Secretary and Chief Legal Officer
1500 Main Street, Suite 2800, P.O. Box 15189, Springfield, MA 01115-5189

(Name and address of agent for service)

Registrant's telephone number, including area code: 413-226-1000

Date of fiscal year end: 12/31

Date of reporting period: 06/30/14

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the

burden to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORT TO STOCKHOLDERS.

Attached hereto is the semi-annual shareholder report transmitted to shareholders pursuant to Rule 30e-1 of the Investment Company Act of 1940, as amended.

Babson Capital
Corporate Investors

Report for the
Six Months Ended June 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

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 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

July 31, 2014

We are pleased to present the June 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 August 15, 2014 to shareholders of record on August 1, 2014. The Trust paid a \$0.30 per share dividend for the preceding quarter. The Trust earned \$0.28 per share of net investment income, including \$0.03 per share of non-recurring income, for the second quarter of 2014, compared to \$0.31 per share in the previous quarter. The previous quarter’s earnings included \$0.06 per share of non-recurring income.

During the second quarter, the net assets of the Trust increased to \$287,553,809 or \$14.77 per share compared to \$277,298,835 or \$14.27 per share on March 31, 2014. This translates into a 5.7% 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 16.1%, 14.3%, 15.7%, 13.0%, 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 increased 0.7% during the quarter, from \$15.17 per share as of March 31, 2014 to \$15.27 per share as of June 30, 2014. The Trust’s market price of \$15.27 per share equates to a 3.4% premium over the June 30, 2014 net asset value per share of \$14.77. The Trust’s average quarter-end premium for the 3, 5 and 10-year periods was 18.5%, 14.6% and 12.8%, respectively. U.S. equity markets, as approximated by the Russell 2000 Index, increased 2.1% for the quarter. U.S. fixed income markets, as approximated by the Barclays Capital U.S. Corporate High Yield Index, increased 2.4% for the quarter.

Although middle market merger and acquisition activity picked up during the second quarter of 2014, purchase price and leverage multiples continued to increase. The Trust closed one new private placement investment during the second quarter. This investment was in ERG Holding Company LLC. A brief description of the investment can be found in the Consolidated Schedule of Investments. The total amount invested by the Trust in this transaction was \$2.0 million. On a year-to-date basis, we have invested \$15.7 million of capital, down 13% from the \$18.0 million of capital we invested in the first half of 2013. The principal reason for the decline in our investment activity is simple – we are not willing to provide financial leverage at levels that we believe are imprudent. Depending upon the data source, market leverage levels are at or above the peak levels we last saw in 2007. Similarly, purchase price multiples are at or above 2007 levels, leading many private equity sponsor groups to be unwilling to pay such high prices for companies. We are troubled by current market conditions and are approaching new investment opportunities 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. While our investment volume has typically suffered during very aggressive market conditions such as we have today, 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 second quarter. Sales and earnings for the Trust’s portfolio as a whole continued their upward momentum. We only had a few credit 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 six investments during the second quarter and 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 closings expected this year. We only had one portfolio company prepay its debt instruments held by the Trust during the second 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.

The Trust was able to maintain its \$0.30 per share quarterly dividend for the second quarter. However, net investment income, excluding non-recurring income, has been below the dividend rate since the third quarter of 2013. As we have discussed in prior reports, 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 since the beginning of 2012. We have not been

(Continued)

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able to offset this with new investments due to the aggressive and highly competitive market conditions and the slower merger and acquisition market that have existed for most of the past few years. 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, dividends tend to be correlated with earnings capacity. Absent non-recurring income and earnings carried forward from prior quarters, earnings available for the quarterly dividend would have been approximately \$0.28 per share for the second quarter. We have nearly depleted the earnings carry-forward and will not have that source available to supplement current income much longer. Unless market conditions change dramatically, it is also unlikely that we will be able to rebuild the portfolio back to its former size in the near term. As a result, it is likely that within the next few quarters we will have to reduce the dividend from the current \$0.30 per share quarterly rate. 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

June 30, 2014

(Unaudited)

Assets:

Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value (Cost - \$193,024,309)	\$ 197,542,737
Corporate restricted securities at market value (Cost - \$41,271,501)	43,734,537
Corporate public securities at market value (Cost - \$49,306,499)	52,055,047
Short-term securities at amortized cost	13,999,289
Total investments (Cost - \$297,601,598)	307,331,610
Cash	10,862,331
Interest receivable	2,955,890
Other assets	92,559
Total assets	321,242,390

Liabilities:

Note payable	30,000,000
Tax payable	1,187,597
Investment advisory fee payable	898,606
Deferred tax liability	652,030
Payable for investments purchased	500,000
Interest payable	202,400
Accrued expenses	247,948
Total liabilities	33,688,581
Total net assets	\$287,553,809

Net assets:

Common shares, par value \$1.00 per share	\$ 19,465,026
Additional paid-in capital	114,603,437
Retained net realized gain on investments, prior years	133,207,098
Undistributed net investment income	7,899,999
Accumulated net realized gain on investments	3,300,267
Net unrealized depreciation of investments	9,077,982
Total net assets	\$287,553,809
Common shares issued and outstanding (28,054,782 authorized)	19,465,026
Net asset value per share	\$14.77

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF OPERATIONS

For the three months ended June 30, 2014

(Unaudited)

Investment Income:	
Interest	\$13,549,162
Dividends	677,950
Other	297,196
Total investment income	14,524,308
Expenses:	
Investment advisory fees	1,741,494
Interest	792,000
Trustees' fees and expenses	240,000
Professional fees	172,058
Reports to shareholders	45,000
Custodian fees	16,800
Other	149,344
Total expenses	3,156,696
Investment income - net	11,367,612
Net realized and unrealized gain on investments:	
Net realized gain on investments before taxes	3,852,999
Income tax expense	(542,668)
Net realized loss on investments after taxes	3,310,331
Net change in unrealized appreciation of investments before taxes	8,294,047
Net change in deferred income tax expense	676,198
Net change in unrealized appreciation of investments after taxes	8,970,245
Net gain on investments	12,280,576
Net increase in net assets resulting from operations	\$23,648,188

See Notes to Consolidated Financial Statements

Babson Capital Corporate Investors

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended June 30, 2014

(Unaudited)

Net increase in cash:

Cash flows from operating activities:

Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$(9,744,174)
Purchases of portfolio securities	(42,561,656)
Proceeds from disposition of portfolio securities	40,872,184
Interest, dividends and other income received	12,294,702
Interest expense paid	(792,000)
Operating expenses paid	(2,315,616)
Income taxes paid	(80,552)

Net cash provided by operating activities	(2,327,112)
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Cash flows from financing activities:

Cash dividends paid from net investment income	(11,646,970)
Receipts for shares issued on reinvestment of dividends	1,046,980
Net cash used for financing activities	(10,599,990)

Net decrease in cash	(12,927,102)
Cash - beginning of year	23,789,433
Cash - end of period	\$10,862,331

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

Net increase in net assets resulting from operations	\$23,648,188
Increase in investments	(25,216,131)
Increase in interest receivable	(520,621)
Increase in other assets	(53,438)
Increase in deferred tax liability	462,116
Increase in investment advisory fee payable	58,958
Decrease in tax payable	(676,198)
Decrease in payable for investments purchased	(20,108)
Decrease in accrued expenses	(9,878)
Total adjustments to net assets from operations	(25,975,300)
Net cash provided by operating activities	\$(2,327,112)

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	For the six months ended 06/30/2014 (Unaudited)	For the year ended 12/31/2013
Increase in net assets:		
Operations:		
Investment income - net	\$11,367,612	\$22,870,299
Net realized gain on investments after taxes	3,310,331	(942,568)
Net change in unrealized appreciation of investments after taxes	8,970,245	10,248,182
Net increase in net assets resulting from operations	23,648,188	32,175,913
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2014 - 71,371; 2013 - 153,982)	1,046,980	2,339,460
Dividends to shareholders from:		
Net investment income (2014 - \$0.30 per share; 2013 - \$1.20 per share)	(5,828,873)	(23,206,251)
Total increase in net assets	18,866,295	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 \$7,899,999 and \$2,361,260, respectively)	\$287,553,809	\$268,687,514

See Notes to Consolidated Financial Statements

Babson Capital Corporate Investors

CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

Selected data for each share of beneficial interest outstanding:

	For the six months ended 06/30/2014 (Unaudited)	For the years ended December 31,				
		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)	0.58	1.18	1.28	1.29	1.13	1.03
Net realized and unrealized gain (loss) on investments	0.63	0.48	0.69	0.17	1.06	0.33
Total from investment operations	1.21	1.66	1.97	1.46	2.19	1.36
Dividends from net investment income to common shareholders	(0.30)	(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(c)	0(c)
Total dividends	(0.29)	(1.19)	(1.28)	(1.33)	(1.08)	(1.08)
Net asset value:						
End of period/year	\$ 14.77	\$ 13.85	\$ 13.38	\$ 12.69	\$ 12.56	\$ 11.45
Per share market value:						
End of period/year	\$ 15.27	\$ 14.93	\$ 15.28	\$ 17.99	\$ 15.28	\$ 12.55
Total investment return						
Net asset value (d)	8.91%	12.76%	17.07%	12%	19.81%	12.64%
Market value (d)	4.35%	5.93%	(7.11%)	27.92%	31.73%	39.89%
Net assets (in millions):						
End of period/year	\$ 287.55	\$ 268.69	\$ 257.38	\$ 241.94	\$ 237.58	\$ 214.44
Ratio of total expenses	2.71%(f)	2.42%	3.17%	2.42%	2.57%	2.33%

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to average net assets						
Ratio of operating expenses to average net assets	1.73%(f)	1.64%	1.66%	1.62%	1.6%	1.58%
Ratio of interest expense to average net assets	0.58%(f)	0.59%	0.63%	0.64%	0.7%	0.75%
Ratio of income tax expense to average net assets (e)	0.4%(f)	0.19%	0.88%	0.16%	0.27%	0%
Ratio of net investment income to average net assets	8.31%(f)	8.5%	9.78%	9.91%	9.46%	9.06%
Portfolio turnover	14%	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	\$10,585	\$9,956	\$9,579	\$9,065	\$8,919	\$8,148

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2014

(Unaudited)

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Corporate Restricted Securities - 83.91%: (A)				
Private Placement Investments - 68.70%				
1492 Acquisition LLC				
A leading producer of premium Italian cured meats and deli meats in the U.S.				
14% Senior Subordinated Note due 2019	\$1,609,836	10/17/12	\$1,582,972	\$1,597,989
Limited Liability Company Unit Class A Common (B)	27,273 uts.	10/17/12	27,273	110,462
Limited Liability Company Unit Class A Preferred (B)	245 uts.	10/17/12	245,450	270,065
			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	431,009
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	\$1,952,502	12/20/13	1,915,642	1,991,552
Limited Liability Company Unit Class A (B)	5,843 shs.	*	290,317	425,956
Limited Liability Company Unit Class B (B)	2,793 uts.	10/09/09	100,114	203,610
* 10/09/09 and 10/27/10.			2,306,073	2,621,118
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	—
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	1,096,615	1,222,776
Preferred Stock Series A (B)	300,000 shs.	08/01/12	300,000	433,806
Warrant, exercisable until 2022, to purchase common stock at \$.02 per share (B)	53,794 shs.	08/01/12	101,870	72,775
			1,498,485	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	—	—
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Babson Capital Corporate Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 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	\$ 2,689,795	\$ 2,668,700
Limited Liability Company Unit (B)	3,434 uts.	*	343,385	276,856
* 12/07/12 and 07/11/13.			3,033,180	2,945,556
Advanced Technologies Holdings				
A provider of factory maintenance services to industrial companies.				
Preferred Stock Series A (B)	796 shs.	12/27/07	393,754	1,288,545
Convertible Preferred Stock Series B (B)	53 shs.	01/04/11	40,800	85,002
			434,554	1,373,547
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	277,971
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	958 shs	09/26/08	87,993	197,696
			222,676	475,667
American Hospice Management Holding LLC				
A for-profit hospice care provider in the United States.				
12% Senior Subordinated Note due 2014	\$ 2,337,496	*	2,336,224	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	—
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.			2,811,152	2,220,621
** 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.

Limited Liability Company Unit

Class A Preferred (B)	273 uts.	10/04/12	272,727	552,720
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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.

Preferred Stock Series B (B)	3,065 shs.	04/28/09	306,507	490,190
Common Stock (B)	1,366 shs.	04/28/09	1,366	718,351
			307,873	1,208,541

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2014

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Arch Global Precision LLC				
A leading manufacturer of high tolerance precision components and consumable tools.				
14.75% Senior Subordinated Note due 2018	\$ 2,411,207	12/21/11	\$ 2,367,104	\$2,459,431
Limited Liability Company Unit Class B (B)	79 uts.	12/21/11	85,250	213,561
Limited Liability Company Unit Class C (B)	671 uts.	12/21/11	664,750	1,731,718
			3,117,104	4,404,710
ARI Holding Corporation				
A leading national supplier of products used primarily by specialty contractors.				
13.5% Senior Subordinated Note due 2020	\$ 2,650,052	05/21/13	2,603,265	2,676,553
Preferred Stock (B)	58 shs.	05/21/13	579,208	610,095
Common Stock (B)	58 shs.	05/21/13	64,356	381,805
			3,246,829	3,668,453
Arrow Tru-Line Holdings, Inc.				
A manufacturer of hardware for residential and commercial overhead garage doors in North America.				
12% Senior Subordinated Note due 2016	\$ 388,481	05/18/05	348,675	388,481
Preferred Stock (B)	63 shs.	10/16/09	62,756	207,964
Common Stock (B)	497 shs.	05/18/05	497,340	51,371
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	130 shs.	05/18/05	112,128	