

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

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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
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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.

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.

(Continued)

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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

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
Arch Global Precision LLC				
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
ARI Holding Corporation				
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
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 (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
Baby Jogger Holdings LLC				
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
Blue Wave Products, Inc.				
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
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	\$2,548,402	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
Bravo Sports Holding Corporation				
A designer and marketer of niche branded consumer products including canopies, trampolines, in-line skates, skateboards, and urethane wheels.				
12.5% Senior Subordinated Note due 2014 Preferred Stock Class A (B)	\$2,281,593	06/30/06	\$2,261,617	\$2,167,513
Common Stock (B)	879 shs.	06/30/06	268,121	119,664
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	1 sh.	06/30/06	286	—
	309 shs.	06/30/06	92,102	42,056
			2,622,126	2,329,233
C D N T, Inc.				
A value-added converter and distributor of specialty pressure sensitive adhesives, foams, films, and foils.				
10.5% Senior Secured Term Note due 2014	\$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
Capital Specialty Plastics, Inc.				
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.				
CG Holdings Manufacturing Company				
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
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	\$2,226,881	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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