

BABSON CAPITAL CORPORATE INVESTORS

Form N-30D

November 30, 2012

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Investment Objective and Policy

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

The Trust's investment objective is to maintain a portfolio of securities providing a 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 temporarily invest, subject to certain limitations, in marketable investment grade debt securities, other marketable debt

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>.

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.

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, 2012

We are pleased to present the September 30, 2012 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 9, 2012 to shareholders of record on October 29, 2012. The Trust paid a 30 cent per share dividend for the preceding quarter. The Trust earned 31 cents per share of net investment income for the third quarter of 2012, compared to 31 cents per share in the previous quarter.

During the third quarter, the net assets of the Trust increased to \$258,813,018 or \$13.48 per share compared to \$250,797,661 or \$13.08 per share on June 30, 2012. This translates into a 5.4% 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 13.0%, 15.2%, 8.8%, 13.6%, and 12.9% 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 8.9% during the quarter, from \$15.33 per share as of June 30, 2012 to \$16.70 per share as of September 30, 2012. The Trust's market price of \$16.70 per share equates to a 23.9% premium over the September 30, 2012 net asset value per share of \$13.48. The Trust's average quarter-end premium for the 3, 5 and 10-year periods was 20.4%, 12.6% and 11.9%, respectively. U.S. equity markets, as approximated by the Russell 2000 Index, increased 5.3% for the quarter. U.S. fixed income markets, as approximated by the Barclays Capital U.S. Corporate High Yield Index, increased 4.5% for the quarter.

The Trust closed two new private placement investments and four "follow-on" investments in existing portfolio companies during the third quarter. The two new investments were in ABC Industries, Inc. and HVAC Holdings, Inc., while the four follow-on investments were in CHG Alternative Education Holding Company, DPC Holdings LLC, LPC Holding Company and Merex Holding Corporation. A brief description of these investments can be found in the Consolidated Schedule of Investments. The total amount invested by the Trust in these transactions was \$7,554,000.

U.S. middle market buyout activity picked up nicely in the third quarter of 2012, and has remained strong so far in the fourth quarter. Despite the increase in deal activity, the continued abundance of capital, including senior debt, mezzanine debt and equity capital, has caused purchase price multiples and leverage levels for middle market transactions to remain high. In the face of these aggressive market conditions, we were pleased to be able to close six new investments in the third quarter. We expect our fourth quarter investment activity to be even stronger. In fact, in the first month of the fourth quarter, we have already closed five new investments and we have several more in process. 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.

We continue to be pleased with the performance of our portfolio companies, as most reported improved operating results in the third quarter of 2012. Several more of our companies were also able to resume paying cash interest on their debt obligations due to their improved financial results and liquidity positions. Realization activity for the Trust in the third quarter was strong once again, with four companies, Aero Holdings, Inc., Nyloncraft, Inc., Power Services Holding Company, and Stanton Carpet Holding Company, sold for nice gains. The Nyloncraft realization is particularly noteworthy. In January 2002, we made our original investment in the company, which is a supplier of plastic components to the U.S. automotive industry. Nyloncraft's performance was negatively impacted by the

(continued)

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severe downturn in the auto industry in 2008-2009. Thanks to the efforts of the transaction sponsor, Hammond, Kennedy, Whitney & Company, and the company's management team, the company survived the downturn and actually gained market share as the industry rebounded in 2010. Our patience with the company ultimately paid off as the company was sold in September 2012 and we realized nearly two and one-half times our original investment. Since the end of the third quarter, we have had another three companies sold, bringing the year-to-date total to 14 realizations for the portfolio. We have a few more companies that we expect to be sold by year-end. Overall, 2012 will be a very strong year for portfolio company sales. In addition to this realization activity, refinancing activity, in which the Trust's subordinated note holdings are fully or partially prepaid, continues at a high level, as companies seek to take advantage of improved operating performance, low interest rates and credit availability. We have had 14 full or partial prepayments so far this year. As mentioned in prior reports, strong realization and refinancing activity is a double-edged sword, as the resulting loss of income-producing investments could adversely impact the Trust's ability to sustain its dividend level. We have been fortunate that our new investment activity in recent periods has been strong and has enabled us to maintain the income-generating capacity of the portfolio.

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.

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Babson Capital Corporate Investors

September 30, 2012

(Unaudited)

Assets:

Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value

(Cost - \$244,716,370)

\$226,513,949

Corporate restricted securities at market value

(Cost - \$16,328,579)

16,905,740

Corporate public securities at market value

(Cost - \$30,421,509)

31,741,549

Short-term securities at amortized cost

6,999,817

Total investments (Cost - \$298,466,275)

282,161,055

Cash

7,529,428

Interest receivable

3,370,440

Receivable for investments sold

23,986

Other assets

62,964

Total assets

293,147,873

Liabilities:

Note payable

30,000,000

Payable for investments purchased

2,000,000

Investment advisory fee payable

808,791

Deferred tax liability

1,079,246

Interest payable

202,400

Accrued expenses

244,418

Total liabilities

34,334,855

Total net assets

\$258,813,018

Net Assets:

Common shares, par value \$1.00 per share

\$19,204,886

Additional paid-in capital

110,198,158

Retained net realized gain on investments, prior years

127,807,139

Undistributed net investment income

9,208,004

Accumulated net realized gain on investments

9,779,297

Net unrealized depreciation of investments

(17,384,466)

Total net assets

\$258,813,018

Common shares issued and outstanding (23,798,420 authorized)

19,204,886

Net asset value per share

\$13.48

See Notes to Consolidated Financial Statements

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CONSOLIDATED STATEMENT OF OPERATIONS

For the nine months ended September 30, 2012

(Unaudited)

Investment Income:	
Interest	\$21,145,837
Dividends	743,334
Other	210,324
Total investment income	22,099,495
Expenses:	
Investment advisory fees	2,366,545
Interest	1,188,295
Trustees' fees and expenses	370,000
Professional fees	200,656
Reports to shareholders	79,500
Custodian fees	25,200
Other	44,506
Total expenses	4,274,702
Investment income - net	17,824,793
Net realized and unrealized gain on investments:	
Net realized gain on investments before taxes	7,769,410
Income tax expense	(8,559)
Net realized gain on investments after taxes	7,760,851
Net change in unrealized depreciation of investments before taxes	745,915
Net change in deferred income tax expense	(85,511)
Net change in unrealized depreciation of investments after taxes	660,404
Net gain on investments	8,421,255
Net increase in net assets resulting from operations	\$26,246,048

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended September 30, 2012

(Unaudited)

Babson Capital Corporate Investors

Net increase in cash:

Cash flows from operating activities:

Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$(2,717,990)
Purchases of portfolio securities	(54,177,637)
Proceeds from disposition of portfolio securities	61,936,081
Interest, dividends and other income received	17,852,866
Interest expense paid	(1,188,000)
Operating expenses paid	(3,010,009)
Income taxes paid	(8,559)

Net cash provided by operating activities	18,686,752
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Cash flows from financing activities:

Cash dividends paid from net investment income	(20,069,396)
Receipts for shares issued on reinvestment of dividends	2,111,237
Net cash used for financing activities	(17,958,159)

Net increase in cash	728,593
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Cash - beginning of year	6,800,835
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Cash - end of period	\$7,529,428
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Reconciliation of net increase in net assets to net cash provided by operating activities:

Net increase in net assets resulting from operations	\$26,246,048
Increase in investments	(9,112,839)
Increase in interest receivable	(696,604)
Increase in receivable for investments sold	(23,986)
Decrease in other assets	111,929
Increase in payable for investments purchased	2,000,000
Increase in deferred tax liability	85,511
Increase in investment advisory fee payable	52,717
Increase in interest payable	295
Increase in accrued expenses	23,681
Total adjustments to net assets from operations	(7,559,296)

Net cash provided by operating activities	\$18,686,752
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See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	For the nine months ended 09/30/2012 (Unaudited)	For the year ended 12/31/2011
Increase in net assets:		
Operations:		
Investment income - net	\$17,824,793	\$24,417,226
Net realized gain on investments after taxes	7,760,851	848,378
Net change in unrealized depreciation of investments after taxes	660,404	2,341,410
Net increase in net assets resulting from operations	26,246,048	27,607,014
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2012 - 134,676; 2011 - 156,934)	2,111,237	2,426,607
Dividends to shareholders from:		
Net investment income (2012 - \$0.60 per share; 2011 - \$1.34 per share)	(11,487,801)	(25,488,812)
Net realized gains (2012 - \$0.00; 2011 - \$0.01 per share)	-	(186,150)
Total increase in net assets	16,869,484	4,358,659
Net assets, beginning of year	241,943,534	237,584,875
Net assets, end of period/year (including undistributed net investment income of \$9,208,004 and \$2,871,012, respectively)	\$258,813,018	\$241,943,534

See Notes to Consolidated Financial Statements

CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

Babson Capital Corporate Investors

Selected data for each share of beneficial interest outstanding:

	For the nine months ended 09/30/2012 (Unaudited)(a)		For the years ended December 31, 2011(a) 2010(a) 2009(a) 2008(a) 2007(a)								
Net asset value:											
Beginning of year	\$ 12.69		\$12.56	\$11.45	\$11.17	\$13.60	\$13.76				
Net investment income (b)	0.93		1.29	1.13	1.03	1.16	1.28				
Net realized and unrealized gain (loss) on investments	0.44		0.17	1.06	0.33	(2.51)	(0.17)				
Total from investment operations	1.37		1.46	2.19	1.36	(1.35)	1.11				
Dividends from net investment income to common shareholders	(0.60)		(1.34)	(1.08)	(1.08)	(1.08)	(1.29)				
Dividends from realized gain on investments to common shareholders	-		(0.01)	-	-	-	-				
Increase from dividends reinvested	0.02		0.02	0.00 (c)	0.00 (c)	0.00 (c)	0.02 (c)				
Total dividends	(0.58)		(1.33)	(1.08)	(1.08)	(1.08)	(1.27)				
Net asset value: End of period/year	\$ 13.48		\$12.69	\$12.56	\$11.45	\$11.17	\$13.60				
Per share market value:											
End of period/year	\$ 16.70		\$17.99	\$15.28	\$12.55	\$9.63	\$15.10				
Total investment return											
Net asset value (d)	11.19 %		12.00 %	19.81 %	12.64 %	(10.34 %)	8.72 %				
Market value (d)	(3.40 %)		27.92 %	31.73 %	39.89 %	(30.44 %)	(8.78 %)				
Net assets (in millions):											
End of period/year	\$ 258.81		\$241.94	\$237.58	\$214.44	\$208.14	\$251.16				
Ratio of operating expenses to average net assets	1.66 % (f)		1.62 %	1.60 %	1.58 %	1.49 %	1.55 %				
Ratio of interest expense to average net assets	0.64 % (f)		0.64 %	0.70 %	0.75 %	0.67 %	0.59 %				
Ratio of income tax expense to average net assets (e)	0.00 % (f)		0.16 %	0.27 %	0.00 %	0.00 %	0.35 %				
Ratio of total expenses to average net assets	2.30 % (f)		2.42 %	2.57 %	2.33 %	2.16 %	2.49 %				

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Ratio of net investment
income

to average net assets	9.57	% ^(f)	9.91	%	9.46	%	9.06	%	9.01	%	9.17	%
Portfolio turnover	21	%	21	%	39	%	23	%	32	%	35	%

- (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 shareholders.
 (f) Annualized

Senior borrowings:

Total principal amount (in millions)	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30
Asset coverage per \$1,000 of indebtedness	\$ 9,627	\$ 9,065	\$ 8,919	\$ 8,148	\$ 7,938	\$ 9,372

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2012

(Unaudited)

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Corporate Restricted Securities - 94.05%: (A)				
Private Placement Investments - 87.52%				
A E Company, Inc.				
A designer and manufacturer of machined parts and assembly structures for the commercial and military aerospace industries.				
Common Stock (B)	323,077 shs.	11/10/09	\$323,077	\$303,366
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	161,538 shs.	11/10/09	119,991 443,068	151,683 455,049
A H C Holding Company, Inc.				
A designer and manufacturer of boilers and water heaters for the commercial sector.				
15% Senior Subordinated Note due 2015	\$ 2,694,390	11/21/07	2,666,678	2,694,390
Limited Partnership Interest (B)	23.16% int.	11/21/07	224,795 2,891,473	311,902 3,006,292
A S A P Industries LLC				
A designer and manufacturer of components used on oil and natural gas wells.				
Limited Liability Company Unit Class A-2 (B)	1,276 uts.	12/31/08	140,406	637,019
Limited Liability Company Unit Class A-3 (B)	1,149 uts.	12/31/08	126,365 266,771	573,319 1,210,338
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.				
12.75% Senior Subordinated Note due 2016	\$2,318,182	10/09/09	2,085,293	2,341,364
Limited Liability Company Unit Class A (B)	4,128 uts.	*	405,691	559,916
Limited Liability Company Unit Class B (B)	2,782 uts.	10/09/09	273,352	377,346
* 10/09/09 and 10/27/10.			2,764,336	3,278,626
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	661,500
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	-

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Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	36,923 shs.	05/15/08	62,395	-
ABC Industries, Inc.				
A manufacturer of mine and tunneling ventilation products in the U.S.				
13% Senior Subordinated Note due 2019	\$ 1,800,000	08/01/12	1,613,774	1,802,425
Preferred Stock Series A (B)	450,000 shs.	08/01/12	450,000	427,500
Warrant, exercisable until 2022, to purchase				
common stock at \$.01 per share (B)	80,690 shs.	08/01/12	152,805	807
			2,216,579	2,230,732

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2012
(Unaudited)

Babson Capital Corporate
Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value	
Advanced Technologies Holdings A provider of factory maintenance services to industrial companies. Preferred Stock Series A (B)	1,031 shs.	12/27/07	\$ 510,000	\$ 1,276,354	
Convertible Preferred Stock Series B (B)	52 shs.	01/04/11	40,800 550,800	65,006 1,341,360	
All Current Holding Company A specialty re-seller of essential electrical parts and components primarily serving wholesale distributors. 12% Senior Subordinated Note due 2015	1,140,317	09/26/08	1,082,958	1,140,317	
Common Stock (B)	1,347 shs.	09/26/08	134,683	183,832	
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	958 shs.	09/26/08	87,993 1,305,634	130,743 1,454,892	
American Hospice Management Holding LLC A for-profit hospice care provider in the United States. 12% Senior Subordinated Note due 2013	3,187,495	*	3,145,605	3,187,495	
Preferred Class A Unit (B)	3,223 uts.	**	322,300	634,953	
Preferred Class B Unit (B)	1,526 uts.	06/09/08	152,626	177,528	
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.			3,620,533	3,999,976	
** 01/22/04 and 09/12/06.					
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	1,734,443	1,912,500
Preferred Stock Series B (B)		3,065 shs.	04/28/09	306,507	186,529
Common Stock (B)		1,366 shs.	04/28/09	1,366	83,134
				2,042,316	2,182,163
Arch Global Precision LLC A leading manufacturer of high tolerance precision components and consumable tools. 14.75% Senior Subordinated Note due 2018		\$ 2,298,294	12/21/11	2,243,557	2,408,479

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Limited Liability Company Unit Class B (B)	85 uts.	12/21/11	85,250	111,125
Limited Liability Company Unit Class C (B)	665 uts.	12/21/11	664,750	866,515
			2,993,557	3,386,119

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2012

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Arrow Tru-Line Holdings, Inc.				
A manufacturer of hardware for residential and commercial overhead garage doors in North America.				
8% Senior Subordinated Note due 2014 (D)				
	\$ 1,990,935	05/18/05	\$ 1,823,261	\$ 1,692,295
Preferred Stock (B)				
	63 shs.	10/16/09	62,756	-
Common Stock (B)				
	497 shs.	05/18/05	497,340	-
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)				
	130 shs.	05/18/05	112,128	-
			2,495,485	1,692,295
Associated Diversified Services				
A provider of routine maintenance and repair services primarily to electric utility companies predominantly on electric power distribution lines.				
10% Senior Secured Term Note due 2016 (C)				
	\$ 648,000	09/30/10	636,132	657,925
13% Senior Subordinated Note due 2017				
	\$ 853,714	09/30/10	778,863	853,714
Limited Liability Company Unit Class B (B)				
	92,571 uts.	09/30/10	92,571	113,694
Limited Liability Company Unit Class B (B)				
	70,765 uts.	09/30/10	70,765	86,912
			1,578,331	1,712,245
Baby Jogger Holdings LLC				
A designer and marketer of premium baby strollers and stroller accessories.				
14% Senior Subordinated Note due 2019				
	\$ 2,798,579	04/20/12	2,745,539	2,851,530
Common Stock (B)				
	2,261 shs.	04/20/12	226,132	265,012
			2,971,671	3,116,542
Barcodes Group, Inc.				
A distributor and reseller of automatic identification and data capture equipment, including mobile computers, scanners, point-of-sale systems, labels, and accessories.				
13.5% Senior Subordinated Note due 2016				
		\$ 1,955,205	07/27/10	1,885,107
Preferred Stock (B)				
		39 shs.	07/27/10	394,487
Common Stock Class A (B)				
		131 shs.	07/27/10	1,310
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)				
		23 shs.	07/27/10	227
				51,458

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2,281,131 2,717,420

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	\$2,281,593	06/30/06	2,237,788	570,398
Preferred Stock Class A (B)	879 shs.	06/30/06	268,121	-
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	-
			2,598,297	570,398

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2012
(Unaudited)

Babson Capital Corporate
Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
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	\$328,506	08/07/08	\$326,041	\$328,506
12.5% Senior Subordinated Note due 2015	\$750,872	08/07/08	712,498	750,872
Common Stock (B)	73,256 shs.	08/07/08	73,256	84,105
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	57,600 shs.	08/07/08	57,689	66,131
			1,169,484	1,229,614
Capital Specialty Plastics, Inc.				
A producer of desiccant strips used for packaging pharmaceutical products.				
Common Stock (B)	109 shs.	*	503	1,134,288
* 12/30/97 and 05/29/99.				
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	\$2,193,333	01/19/11	2,084,748	2,254,379
14% Senior Subordinated Note due 2019	\$564,313	08/03/12	553,226	567,027
Common Stock (B)	1,125 shs.	01/19/11	112,500	95,902
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	884 shs.	01/19/11	87,750	75,385
			2,838,224	2,992,693
Church Services Holding Company				
A provider of diversified residential services to homeowners in the Houston, Dallas, and Austin markets.				
14.5% Senior Subordinated Note due 2018	\$1,212,298	03/26/12	1,173,576	1,248,667
Common Stock (B)	3,981 shs.	*	398,100	569,836
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	172 shs.	03/26/12	17,220	24,620
* 03/26/12, 05/25/12 and 06/19/12.			1,588,896	1,843,123
Clough, Harbour and Associates				
An engineering service firm that is located in Albany, NY.				
Preferred Stock (B)	277 shs.	12/02/08	276,900	171,840
Coeur, Inc.				

A producer of proprietary, disposable power injection syringes.

12% Senior Subordinated Note due 2016	\$ 1,214,286	10/10/08	1,140,828	1,214,286
Common Stock (B)	607 shs.	10/10/08	60,714	95,805
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	934 shs.	10/10/08	91,071	147,395
			1,292,613	1,457,486

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2012

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Connecticut Electric, Inc.				
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	\$1,310,786
Limited Liability Company Unit Class A (B)	156,046 uts.	01/12/07	156,046	31,383
Limited Liability Company Unit Class C (B)	112,873 uts.	01/12/07	112,873	22,700
Limited Liability Company Unit Class D (B)	1,268,437 uts.	05/03/10	-	255,097
Limited Liability Company Unit Class E (B)	2,081 uts.	05/03/10	-	418
			1,627,594	1,620,384
Connor Sport Court International, Inc.				
A designer and manufacturer of outdoor and indoor synthetic sports flooring and other temporary flooring products.				
Preferred Stock Series B-2 (B)	17,152 shs.	07/05/07	700,392	1,699,774
Preferred Stock Series C (B)	7,080 shs.	07/05/07	236,503	701,590
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	2,401,364
CorePharma LLC				
A manufacturer of oral dose generic pharmaceuticals targeted at niche applications.				
Warrant, exercisable until 2013, to purchase common stock at \$.001 per share (B)	20 shs.	08/04/05	137,166	1,088,093
Crane Rental Corporation				
A crane rental company since 1960, headquartered in Florida.				
13% Senior Subordinated Note due 2015	\$2,295,000	08/21/08	2,164,521	2,254,410
Common Stock (B)	255,000 shs.	08/21/08	255,000	-
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	136,070 shs.	08/21/08	194,826	-
			2,614,347	2,254,410
Custom Engineered Wheels, Inc.				

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A manufacturer of custom engineered, non-pneumatic plastic wheels and plastic tread cap tires used primarily for lawn and garden products and wheelchairs.

12.5% Senior Subordinated Note due 2016	\$ 1,937,020	10/27/09	1,755,851	1,972,286
Preferred Stock PIK (B)	296 shs.	10/27/09	295,550	270,852
Preferred Stock Series A (B)	216 shs.	10/27/09	197,152	197,895
Common Stock (B)	72 shs.	10/27/09	72,238	-
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	53 shs.	10/27/09	48,608	-
			2,369,399	2,441,033

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2012
(Unaudited)

Babson Capital Corporate
Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
DPC Holdings LLC				
A provider of accounts receivable management and revenue cycle management services to customers in the healthcare, financial and utility industries.				
14% Senior Subordinated Note due 2018 Limited Liability Company Unit Class A (B) * 10/21/11 and 08/03/12.	\$ 3,396,439	*	\$ 3,336,049	\$3,472,985
	40,643 uts.	*	406,432	259,028
			3,742,481	3,734,013
DPL Holding Corporation				
A distributor and manufacturer of aftermarket undercarriage parts for medium and heavy duty trucks and trailers.				
14% Senior Subordinated Note due 2019	\$ 2,474,492	05/04/12	2,427,627	2,571,888
Preferred Stock (B)	49 shs.	05/04/12	490,910	497,118
Common Stock (B)	49 shs.	05/04/12	54,546	27,405
			2,973,083	3,096,411
Duncan Systems, Inc.				
A distributor of windshields and side glass for the recreational vehicle market.				
10% Senior Secured Term Note due 2013	\$ 270,000	11/01/06	269,175	268,518
13% Senior Subordinated Note due 2014	\$ 855,000	11/01/06	818,362	843,343
Common Stock (B)	180,000 shs.	11/01/06	180,000	13,884
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	56,514 shs.	11/01/06	78,160	4,359
			1,345,697	1,130,104
E S P Holdco, Inc.				
A manufacturer of power protection technology for commercial office equipment, primarily supplying the office equipment dealer network.				
14% Senior Subordinated Note due 2015		\$2,439,866 01/08/08	2,414,996	2,439,866
Common Stock (B)		660 shs. 01/08/08	329,990	347,436
			2,744,986	2,787,302
E X C Acquisition Corporation				
A manufacturer of pre-filled syringes and pump systems used for intravenous drug delivery.				
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)		22 shs. 06/28/04	77,208	26,449
Eatem Holding Company				

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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	2,551,613	2,877,612
Common Stock (B)	150 shs.	02/01/10	150,000	125,803
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	358 shs.	02/01/10	321,300	299,956
			3,022,913	3,303,371

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2012

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
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	\$ 2,759,639	03/01/12	\$ 2,708,132	\$ 2,806,434
Common Stock (B)	122 shs.	03/01/12	272,727	202,834
			2,980,859	3,009,268
F C X Holdings Corporation				
A distributor of specialty/technical valves, actuators, accessories, and process instrumentation supplying a number of industrial, high purity, and energy end markets in North America.				
15% Senior Subordinated Note due 2017		\$2,380,188	10/06/08	2,357,039
14% Senior Subordinated Note due 2017		\$644,928	03/02/12	633,456
Preferred Stock Series A (B)	441 shs.	*	44,100	63,426
Preferred Stock Series B (B)	4,341 shs.	10/06/08	434,074	624,333
Common Stock (B)	3,069 shs.	10/06/08	3,069	326,477
* 12/30/10 and 07/01/11.			3,471,738	4,071,599
F F C Holding Corporation				
A leading U.S. manufacturer of private label frozen novelty and ice cream products.				
16% Senior Subordinated Note due 2017		\$2,668,407	09/27/10	2,630,185
Limited Liability Company Units Preferred (B)	512 uts.		09/27/10	460,976
Limited Liability Company Units (B)	512 uts.		09/27/10	51,220
			3,142,381	3,601,475
F G I Equity LLC				
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.				
14.25% Senior Subordinated Note due 2016		\$2,689,355	12/15/10	2,631,299
14.25% Senior Subordinated Note due 2016		\$668,864	02/29/12	669,077
Limited Liability Company Unit Class B-1 (B)	394,737 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
			3,834,601	4,335,269
F H Equity LLC				
A designer and manufacturer of a full line of automatic transmission filters and filtration systems for passenger vehicles.				
14% Senior Subordinated Note due 2017		\$3,110,024	12/20/10	3,006,805
Limited Liability Company Unit Class C (B)	9,449 uts.		12/20/10	96,056
			3,102,861	3,185,326
Flutes, Inc.				

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An independent manufacturer of micro fluted corrugated sheet material for the food and consumer products packaging industries.

10% Senior Secured Term Note due 2013 (D)	\$918,385	04/13/06	908,339	367,354
14% Senior Subordinated Note due 2013 (D)	\$555,059	04/13/06	509,089	-
			1,417,428	367,354

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2012
(Unaudited)

Babson Capital Corporate
Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
G C Holdings				
A leading manufacturer of gaming tickets, industrial recording charts, security-enabled point-of sale receipts, and medical charts and supplies.				
12.5% Senior Subordinated Note due 2017	\$3,000,000	10/19/10	\$2,838,230	\$3,060,000
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	594 shs.	10/19/10	140,875	800,410
			2,979,105	3,860,410
Golden County Foods Holding, Inc.				
A manufacturer of frozen appetizers and snacks.				
16% 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	171,275
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	171,275
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	1,290,697	1,438,334
Common Stock (B)	115 shs.	11/14/11	115,385	126,074
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	83 shs.	11/14/11	76,788	90,259
			1,482,870	1,654,667
Healthcare Direct Holding Company				
A direct-to-consumer marketer of discount dental plans.				
14% Senior Subordinated Note due 2019	\$2,118,884	03/09/12	2,079,267	2,160,361
Common Stock (B)	1,552 shs.	03/09/12	155,172	132,387

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2012

(Unaudited)

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Corporate Restricted Securities: (A) (Continued)				
HGGC Citadel Plastics Holdings				
A world-leading source for thermoset and thermoplastic compounds.				
14% Senior Subordinated Note due 2019	\$2,729,746	02/29/12	\$2,678,814	\$2,775,997
Common Stock (B)	302 shs.	02/29/12	302,419	286,181
			2,981,233	3,062,178
Home Décor Holding Company				
A designer, manufacturer and marketer of framed art and wall décor products.				
Common Stock (B)	63 shs.	*	62,742	150,176
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)	200 shs.	*	199,501	477,529
* 06/30/04 and 08/19/04.			262,243	627,705
HOP Entertainment LLC				
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	-	-
			-	-
Hospitality Mints Holding Company				
A manufacturer of individually-wrapped imprinted promotional mints.				
14% Senior Subordinated Note due 2016	\$2,963,853	08/19/08	2,839,176	2,815,660
Common Stock (B)	474 shs.	08/19/08	474,419	11,388
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	123 shs.	08/19/08	113,773	2,943
			3,427,368	2,829,991
HVAC Holdings, Inc.				
A provider of integrated energy efficiency services and maintenance programs for HVAC systems.				
14% Senior Subordinated Note due 2019	\$2,727,273	09/27/12	2,672,778	2,724,866
Preferred Stock Series A (B)	2,705 shs.	09/27/12	270,542	256,975
Common Stock (B)	2,185 shs.	09/27/12	2,185	2,076
			2,945,505	2,983,917
Ideal Tridon Holdings, Inc.				
A designer and manufacturer of clamps and couplings used in automotive and industrial end markets.				

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13.5% Senior Subordinated Note due 2018	\$2,760,082	10/27/11	2,710,681	2,834,997
Common Stock (B)	279 shs.	10/27/11	278,561	301,490
			2,989,242	3,136,487

Insurance Claims Management, Inc.

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

Common Stock (B)	89 shs.	02/27/07	2,689	543,085
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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2012

(Unaudited)

Babson Capital Corporate
Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
International Offshore Services LLC				
A leading provider of marine transportation services, platform decommissioning, and salvage services to oil and gas producers in the shallow waters of the Gulf of Mexico.				
14.25% Senior Subordinated Secured Note due 2017 (D) Limited Liability Company Unit (B)				
	\$ 2,550,000	07/07/09	\$ 2,335,431	\$ 637,500
	3,112 uts.	07/07/09	186,684	-
			2,522,115	637,500
J A C Holding Enterprises, Inc.				
A supplier of luggage racks and accessories to the original equipment manufacturers.				
12.5% Senior Subordinated Note due 2017 Preferred Stock A (B) Preferred Stock B (B) Common Stock (B) Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)				
	\$ 2,500,000	12/20/10	2,192,907	2,333,664
	495 shs.	12/20/10	495,000	202,803
	0.17 shs.	12/20/10	-	68
	100 shs.	12/20/10	5,000	-
	36 shs.	12/20/10	316,931	-
			3,009,838	2,536,535
Jason Partners Holdings LLC				
A diversified manufacturing company serving various industrial markets.				
Limited Liability Company Unit (B)				
	90 uts.	09/21/10	848,275	48,185
K & N Parent, Inc.				
A manufacturer and supplier of automotive aftermarket performance air filters and intake systems.				
14% Senior Subordinated Note due 2017 Preferred Stock Series A (B) Preferred Stock Series B (B) Common Stock (B)				
	\$ 2,621,739	12/23/11	2,573,287	2,725,771
	305 shs.	12/23/11	289,733	289,731
	86 shs.	12/23/11	82,006	82,004
	391 shs.	12/23/11	19,565	52,083
			2,964,591	3,149,589
K N B Holdings Corporation				

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A designer, manufacturer and marketer of products for the custom framing market.

15% Senior Subordinated Note due 2017	\$ 4,480,715	*	4,161,086	4,480,715
Common Stock (B)	134,210 shs.	05/25/06	134,210	78,712
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	82,357 shs.	05/25/06	71,534	48,301
* 05/25/06 and 04/12/11.			4,366,830	4,607,728

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.

15% Senior Subordinated Note due 2017	\$2,728,750	12/10/10	2,685,405	2,788,965
	698,478			
Common Stock (B)	shs.	12/10/10	698,478	520,038
			3,383,883	3,309,003

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2012

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
K P I Holdings, Inc.				
The largest player in the U.S. non-automotive, non-ferrous die casting segment.				
12.75% Senior Subordinated Note due 2015	\$2,691,932	07/16/08	\$2,560,297	\$2,557,336
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	-
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	96 shs.	07/16/08	96,024	-
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	128 shs.	09/17/09	-	-
			3,179,710	2,740,746
K W P I Holdings Corporation				
A manufacturer and distributor of vinyl windows and patio doors throughout the northwestern United States.				
12% Senior Subordinated Note due 2015 (D)	\$3,162,920	03/14/07	2,878,056	-
Preferred Stock PIK (B)	1,499 shs.	02/07/11	579,500	-
Common Stock (B)	232 shs.	03/13/07	232,000	-
Warrant, exercisable until 2019, to purchase preferred stock at \$.01 per share (B)	134 shs.	07/07/09	-	-
Warrant, exercisable until 2017, to purchase common stock at \$.01 per share (B)	167 shs.	03/14/07	162,260	-
			3,851,816	-
LPC Holding Company				
A designer and manufacturer of precision-molded silicone rubber components that are utilized in the medical and automotive end markets.				
13.5% Senior Subordinated Note due 2018	\$3,473,267	08/15/11	3,411,467	3,542,732
Common Stock (B)	315 shs.	08/15/11	315,057	264,777
			3,726,524	3,807,509
M V I Holding, Inc.				
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	122,869
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	66 shs.	09/12/08	65,571	132,705
			126,285	255,574
Mail Communications Group, Inc.				
A provider of mail processing and handling services, lettershop services, and commercial printing services.				

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Limited Liability Company Unit (B)	24,109 uts.	*	314,464	455,392
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	3,375 shs.	05/04/07	43,031	63,750
* 05/04/07 and 01/02/08.			357,495	519,142

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2012
(Unaudited)

Babson Capital Corporate
Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Manhattan Beachwear Holding Company				
A designer and distributor of women's swimwear.				
12.5% Senior Subordinated Note due 2018	\$1,259,914	01/15/10	\$1,134,298	\$1,259,914
15% Senior Subordinated Note due 2018	\$322,856	10/05/10	317,646	318,694
Common Stock (B)	106 shs.	10/05/10	106,200	169,472
Common Stock Class B (B)	353 shs.	01/15/10	352,941	563,216
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	312 shs.	01/15/10	283,738	498,444
			2,194,823	2,809,740
Marshall Physicians Services LLC				
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	\$1,333,619	09/20/11	1,309,954	1,370,654
Limited Liability Company Unit Class A (B)	8,700 uts.	09/20/11	180,000	106,379
Limited Liability Company Unit Class D (B)	874 uts.	09/20/11	-	10,690
			1,489,954	1,487,723
MBWS Ultimate Holdco, Inc.				
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	*	3,106,322	3,386,011
Preferred Stock Series A (B)	4,164 shs.	09/07/10	416,392	1,567,919
Common Stock (B)	487 shs.	03/01/11	48,677	183,376
Common Stock (B)	458 shs.	09/07/10	45,845	172,456
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	310 shs.	03/01/11	30,975	116,728
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	1,158 shs.	09/07/10	115,870	436,035
* 09/07/10 and 03/01/11.			3,764,081	5,862,525
MedSystems Holdings LLC				
A manufacturer of enteral feeding products, such as feeding tubes and other products related to assisted feeding.				
13% Senior Subordinated Note due 2015	\$1,196,042	08/29/08	1,114,314	1,196,042
Preferred Unit (B)	126 uts.	08/29/08	125,519	170,127
Common Unit Class A (B)	1,268 uts.	08/29/08	1,268	17,003
Common Unit Class B (B)	472 uts.	08/29/08	120,064	6,327
			1,361,165	1,389,499

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2012

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
MEGTEC Holdings, Inc.				
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	\$ 149,800
Limited Partnership Interest (B)	1.40% int.	09/16/08	388,983	461,674
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	35 shs.	09/24/08	33,268	26,513
			525,506	637,987
Merex Holding Corporation				
A provider of after-market spare parts and components, as well as Maintenance, Repair and Overhaul services for "out of production" or "legacy" aerospace and defense systems that are no longer effectively supported by the original equipment manufacturers.				
14% Senior Subordinated Note due 2018	\$ 1,273,585	09/22/11	1,250,463	1,311,793
Limited Liability Company Unit Series B (B)	467,833 uts.	09/22/11	467,833	-
			1,718,296	1,311,793
MicroGroup, Inc.				
A manufacturer of precision parts and assemblies, and a value-added supplier of metal tubing and bars.				
12% Senior Subordinated Note due 2013 (D)	\$ 2,685,614	*	2,577,220	671,403
Common Stock (B)	450 shs.	*	450,000	-
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)	164 shs.	*	162,974	-
* 08/12/05 and 09/11/06.			3,190,194	671,403
Monessen Holding Corporation				
A designer and manufacturer of a broad line of gas, wood, and electric hearth products and accessories.				
15% Senior Subordinated Note due 2015 (D)	\$ 1,556,056	06/28/11	1,034,632	-
7% Senior Subordinated Note due 2014 (D)	\$ 2,550,000	06/28/11	2,420,572	-
Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)	152 shs.	03/31/06	138,125	-
			3,593,329	-

Motion Controls Holdings

A manufacturer of high performance mechanical motion control and linkage products.

14.25% Senior Subordinated Note due 2017	\$	2,808,696	11/30/10	2,766,355	2,864,870
Limited Liability Company Unit Class B-1 (B)		281,250 uts.	11/30/10	-	250,155
Limited Liability Company Unit Class B-2 (B)		25,504 uts.	11/30/10	-	22,684
				2,766,355	3,137,709

NABCO, Inc.

A producer of explosive containment vessels in the United States.

14% Senior Subordinated Note due 2014 (D)	\$	625,000	02/24/06	578,174	156,250
Limited Liability Company Unit (B)		825 uts.	*	825,410	-
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)		129 shs.	02/24/06	37,188	-
				1,440,772	156,250

* 02/24/06 and 06/22/07.

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2012
(Unaudited)

Babson Capital Corporate
Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
NetShape Technologies, Inc.				
A manufacturer of powder metal and metal injection molded precision components used in industrial, consumer, and other applications.				
14% Senior Subordinated Note due 2014	\$2,004,985	02/02/07	\$1,847,121	\$1,804,486
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	-
Limited Liability Company Unit Class D-2 of Saw Mill PCG Partners LLC (B)	128 uts.	04/29/11	65,256	-
* 12/18/08 and 09/30/09.			3,268,804	1,804,486
Newark Group, Inc.				
A major producer of paper products from recycled materials.				
Common Stock (B)	134,520 shs.	09/02/10	796,863	259,422
Nicoat Acquisitions LLC				
A manufacturer of water-based and ultraviolet coatings for high-performance graphic arts, packaging and other specialty coating applications.				
12.5% Senior Subordinated Note due 2016	\$1,448,276	11/05/10	1,344,306	1,477,241
Limited Liability Company Unit Series B (B)	51,724 uts. 104,792	11/05/10	51,724	59,065
Limited Liability Company Unit Series B (B)	156,516 uts.	11/05/10	104,792	119,664
Limited Liability Company Unit Series F (B)	uts.	11/05/10	-	364,584
			1,500,822	2,020,554
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	\$2,818,421	*	2,437,520	2,828,549
Limited Partnership Interest (B)	3,287 uts.	*	328,679	82,319
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	4,920 shs.	*	492,016	123,227
* 07/09/09 and 08/09/10.			3,258,215	3,034,095
NT Holding Company				

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A leading developer, manufacturer and provider of medical products used primarily in interventional pain management.

12% Senior Subordinated Note due 2019	\$2,649,351	02/02/11	2,465,583	2,702,338
Common Stock (B)	377 shs.	*	377,399	327,321
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	176 shs.	02/02/11	158,961	152,871
* 02/02/11 and 06/30/11.			3,001,943	3,182,530

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2012

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
O E C Holding Corporation				
A provider of elevator maintenance, repair and modernization services.				
13% Senior Subordinated Note due 2017	\$1,333,333	06/04/10	\$1,240,083	\$1,330,362
Preferred Stock Series A (B)	1,661 shs.	06/04/10	166,062	64,529
Preferred Stock Series B (B)	934 shs.	06/04/10	93,376	36,284
Common Stock (B)	1,032 shs.	06/04/10	1,032	-
			1,500,553	1,431,175
Ontario Drive & Gear Ltd.				
A manufacturer of all-wheel drive, off-road amphibious vehicles and related accessories.				
Limited Liability Company Unit (B)	3,667 uts.	01/17/06	572,115	1,499,473
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	619 shs.	01/17/06	170,801	253,164
			742,916	1,752,637
P K C Holding Corporation				
A manufacturer of plastic film and badges for the general industrial, medical, and food industries.				
14% Senior Subordinated Note due 2016	\$3,038,395	12/21/10	2,987,146	3,099,163
Preferred Stock Class A (B)	54 shs.	12/21/10	340,718	518,364
Common Stock (B)	54 shs.	12/21/10	25,500	-
			3,353,364	3,617,527
P P T Holdings LLC				
A high-end packaging solutions provider that targets customers who have multiple packaging needs, require a high number of low volume SKUs, short lead times, technical expertise, and overall supply chain management.				
15% Senior Subordinated Note due 2017	\$2,826,838	12/20/10	2,782,371	2,824,807
Limited Liability Company Unit Class A (B)	99 uts.	12/20/10	318,215	217,345
Limited Liability Company Unit Class B (B)	99 uts.	12/20/10	3,214	217,345
			3,103,800	3,259,497
Pacific Consolidated Holdings LLC				
A manufacturer of rugged, mobile liquid and gaseous oxygen and nitrogen generating systems used in the global defense, oil and gas, and medical sectors.				
14% Senior Subordinated Note due 2012 (D)	\$1,393,591	04/27/07	1,359,161	487,757
5% Senior Subordinated Note due 2012	\$79,688	07/21/10	79,688	79,688
Preferred Shares Series E (B)	79,688 uts.	07/21/10	-	-
	1,754,707			
Limited Liability Company Unit (B)	uts.	04/27/07	63,233	-
			1,502,082	567,445
Paradigm Packaging, Inc.				

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A manufacturer of plastic bottles and closures for the nutritional, pharmaceutical, personal care, and food packaging markets.

12% Senior Subordinated Note due 2015	\$ 1,593,750	12/19/00	1,590,440	1,593,750
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	372 shs.	12/21/00	265,625	-
			1,856,065	1,593,750

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2012
(Unaudited)

Babson Capital Corporate
Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Pearlman Enterprises, Inc.				
A developer and distributor of tools, equipment, and supplies to the natural and engineered stone industry.				
Preferred Stock Series A (B)	2,334 shs.	05/22/09	\$ 111,508	\$-
Preferred Stock Series B (B)	13,334 shs.	05/22/09	547,872	-
Common Stock (B)	40,540 shs.	05/22/09	1,877,208	-
			2,536,588	-
Postle Aluminum Company LLC				
A manufacturer and distributor of aluminum extruded products.				
15% Senior Subordinated Note due 2013	\$ 1,640,246	06/03/10	1,628,684	1,640,246
3% Senior Subordinated PIK Note due 2014	\$ 2,283,699	10/02/06	2,088,210	2,283,699
Limited Liability Company Unit Class A (B)	1,384 uts.	10/02/06	510,000	122,458
Limited Liability Company Unit (B)	143 uts.	05/22/09	642	12,652
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	8,595 shs.	10/02/06	124,644	760,467
			4,352,180	4,819,522
Precision Wire Holding Company				
A manufacturer of specialty medical wires that are used in non-elective minimally invasive surgical procedures.				
14.25% Senior Subordinated Note due 2016	\$ 2,662,718	11/12/09	2,476,506	2,715,972
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	206 shs.	11/12/09	203,944	222,459
			2,680,450	2,938,431
Qualis Automotive LLC				
A distributor of aftermarket automotive brake and chassis products.				
Common Stock (B)	354,167 shs.	05/28/04	354,166	569,856
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	377,719 shs.	05/28/04	377,719	607,751
			731,885	1,177,607
R A J Manufacturing Holdings LLC				
A designer and manufacturer of women's swimwear sold under a variety of licensed brand names.				
12.5% Senior Subordinated Note due 2014	\$ 1,411,274	12/15/06	1,366,912	1,411,274
Limited Liability Company Unit (B)	2,828 uts.	12/15/06	282,810	126,275
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	3 shs.	12/15/06	131,483	59,549
			1,781,205	1,597,098

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2012

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
RM Holding Company				
A specialty distributor of home medical care equipment.				
13% Senior Subordinated Note due 2018	\$1,380,952	02/09/12	\$1,302,189	\$1,417,962
Common Stock (B)	1,108 shs.	02/09/12	11	107,485
Preferred Stock (B)	119,037 shs.	02/09/12	119,037	123,775
Warrant, exercisable until 2022, to purchase preferred stock A at \$.01 per share (B)	36,263 shs.	02/09/12	35,940	37,416
Warrant, exercisable until 2022, to purchase preferred stock B at \$.01 per share (B)	21,202 shs.	02/09/12	21,202	22,046
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	556 shs.	02/09/12	-	53,896
			1,478,379	1,762,580
Royal Baths Manufacturing Company				
A manufacturer and distributor of acrylic and cultured marble bathroom products.				
12.5% Senior Subordinated Note due 2016	\$531,250	11/14/03	523,458	531,250
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	140 shs.	11/14/03	122,946	96,355
			646,404	627,605
Safety Infrastructure Solutions				
A provider of trench safety equipment to a diverse customer base across multiple end markets in Texas and the Southwestern United States.				
15% Senior Subordinated Note due 2018	\$1,968,750	03/30/12	1,940,800	2,053,457
Preferred Stock (B)	6,294 shs.	03/30/12	251,758	257,711
Common Stock (B)	2,949 shs.	03/30/12	29,492	50,219
			2,222,050	2,361,387
Sencore Holding Company				
A designer, manufacturer, and marketer of decoders, receivers and modulators sold to broadcasters, satellite, cable and telecom operators for encoding/decoding analog and digital transmission video signals.				
12.5% Senior Subordinated Note due 2014 (D)	\$2,185,882	01/15/09	1,560,231	-
Smart Source Holdings LLC				
A short-term computer rental company.				
12% Senior Subordinated Note due 2015	\$2,223,076	*	2,119,039	2,223,076
Limited Liability Company Unit (B)	619 uts.	*	631,592	610,953
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	157 shs.	*	164,769	154,775
* 08/31/07 and 03/06/08.			2,915,400	2,988,804

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2012
(Unaudited)

Babson Capital Corporate
Investors

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Snacks Parent Corporation				
The world's largest provider of trail mixes and a leading provider of snack nuts, dried fruits, and other healthy snack products.				
13% Senior Subordinated Note due 2017	\$ 2,655,386	11/12/10	\$ 2,527,523	\$ 2,591,569
Preferred Stock A (B)	3,395 shs.	11/12/10	322,495	312,584
Preferred Stock B (B)	1,575 shs.	11/12/10	149,650	145,051
Common Stock (B)	19,737 shs.	11/12/10	19,737	-
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	5,418 shs.	11/12/10	5,418 3,024,823	- 3,049,204
SouthernCare Holdings, Inc.				
A hospice company providing palliative care services to terminally ill patients.				
14% Senior Subordinated Note due 2018	\$ 2,773,001	12/01/11	2,723,048	2,849,182
Common Stock (B)	2,727 shs.	12/01/11	272,727 2,995,775	234,792 3,083,974
Spartan Foods Holding Company				
A manufacturer of branded pizza crusts and pancakes.				
14.25% Senior Subordinated PIK Note due 2017	\$ 2,267,934	12/15/09	2,014,564	2,154,538
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	257 shs.	12/15/09	227,109 2,241,673	56,875 2,211,413
Specialty Commodities, Inc.				
A distributor of specialty food ingredients.				
Common Stock (B)	30,000 shs.	10/23/08	300,000	206,613
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	11,054 shs.	10/23/08	100,650 400,650	76,130 282,743
Strata/WLA Holding Corporation				

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A leading independent anatomic pathology laboratory that conducts over 320,000 tests annually to customers in 40 U.S. states and in Canada and Venezuela.

14.5% Senior Subordinated Note due 2018	\$2,859,573	07/01/11	2,810,495	2,883,983
Preferred Stock Series A (B)	228 shs.	07/01/11	228,137	117,200
			3,038,632	3,001,183

Sundance Investco LLC

A provider of post-production services to producers of movies and television shows.

Limited Liability Company Unit Class A (B)	6,429 shs.	03/31/10	-	-
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CONSOLIDATED SCHEDULE OF INVESTMENTS

(CONTINUED)

September 30, 2012

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Sunrise Windows Holding Company				
A manufacturer and marketer of premium vinyl windows exclusively selling to the residential remodeling and replacement market.				
12% Senior Subordinated Note due 2017	\$2,992,312	12/14/10	\$2,849,388	\$2,918,035
14% Senior Subordinated PIK Note due 2017	\$228,343	08/17/12	217,966	222,675
Common Stock (B)	115 shs.	12/14/10	114,504	40,634
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	112 shs.	12/14/10	111,747	39,658
			3,293,605	3,221,002
Syneract Holdings Corporation				
A provider of outsourced clinical trial management services to pharmaceutical and biotechnology companies.				
14.5% Senior Subordinated Note due 2017	\$2,689,601	09/02/08	2,571,073	2,689,601
Redeemable Preferred Stock Series A (B)	1,280 shs.	09/02/08	12,523	33,826
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	12,803 shs.	09/02/08	112,693	-
			2,696,289	2,723,427
T H I Acquisition, Inc.				
A machine servicing company providing value-added steel services to long steel products.				
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	9 shs.	01/14/08	88,054	390,170
Terra Renewal LLC				
A provider of wastewater residual management and required environmental reporting, permitting, nutrient management planning and record keeping to companies involved in poultry and food processing.				
12% Senior Subordinated Note due 2014 (D)	\$1,162,110	*	1,127,650	-
7.44% Term Note due 2013 (C)	\$1,241,279	08/10/12	1,241,279	1,055,087
9.25% Term Note due 2013 (C)	\$1,653	08/31/12	1,653	1,405
7.32% Term Note due 2013 (C)	\$3,607	09/10/12	3,607	3,066
Common Stock Class B	55 shs.	*	7,783	-
Limited Partnership Interest of Saw Mill Capital Fund V, LLC (B)	3.97% int.	**	205,558	-
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	72 shs.	04/28/06	59,041	-
			2,646,571	1,059,558
* 04/28/06 and 09/13/06.				
** 03/01/05 and 10/10/08.				

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

Babson Capital Corporate Investors

September 30, 2012

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Torrent Group Holdings, Inc.				
A contractor specializing in the sales and installation of engineered drywells for the retention and filtration of stormwater and nuisance water flow.				
14.5% Senior Subordinated Note due 2014 (D)	\$2,455,561	10/26/07	\$2,147,354	\$2,332,782
Series B Preferred Stock (B)	182 shs.	03/31/10	-	1,347
Common Stock (B)	515 shs.	03/31/10	414,051	-
			2,561,405	2,334,129
Transpac Holding Company				
A designer, importer and wholesaler of home décor and seasonal gift products.				
12% Senior Subordinated Note due 2015	\$1,773,006	10/31/07	1,681,410	1,790,736
Common Stock (B)	209 shs.	10/31/07	208,589	54,256
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	94 shs.	10/31/07	87,607	24,497
			1,977,606	1,869,489
Tranzonic Companies (The)				
A producer of commercial and industrial supplies, such as safety products, janitorial supplies, work apparel, washroom and restroom supplies and sanitary care products.				
13% Senior Subordinated Note due 2015	\$1,084,800	02/05/98	1,081,441	1,084,800
Common Stock (B)	630 shs.	02/04/98	630,000	693,384
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	444 shs.	02/05/98	368,832	488,670
			2,080,273	2,266,854
Truck Bodies & Equipment International				
A designer and manufacturer of accessories for heavy and medium duty trucks, primarily dump bodies, hoists, various forms of flat-bed bodies, landscape bodies and other accessories.				
12% Senior Subordinated Note due 2013	\$ 2,309,541	*	2,180,397	2,252,708
Preferred Stock Series B (B)	241 shs.	10/20/08	241,172	199,669
Common Stock (B)	742 shs.	*	800,860	-
Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)	153 shs.	*	159,894	-
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	1,054 shs.	10/20/08	-	-
* 07/19/05 and 12/22/05.			3,382,323	2,452,377
TruStile Doors, Inc.				
A manufacturer and distributor of interior doors.				
Limited Liability Company Unit	11,775 uts.	02/28/11	250,000	347,393
Warrant, exercisable until 2013, to purchase		&		