



Babson Capital

# PARTICIPATION INVESTORS

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## TAX INFORMATION DIVIDENDS FOR 2015

Dear Shareholders:

We are pleased to inform shareholders of Babson Capital Participation Investors (the "Trust") that a quarterly dividend of \$.27 per-share was paid on January 15, 2016 to shareholders of record on December 31, 2015.

The January 15th distribution represents 2015 calendar year dividend for federal income tax purposes and are included on IRS Form 1099-Div.

The dividends declared and paid during 2015 and the January 15, 2016 dividend resulted in the Trust's distribution of substantially all of its net investment income for the calendar year 2015. These dividends are included on your IRS Form 1099-Div for 2015. No portion of the Trust's distributions is being made out of capital gains.

The following table summarizes, for federal income tax purposes, the cash dividends paid by the Trust for the calendar year 2015:

<u>Record Date</u>	<u>Payment Date</u>	<u>Cash Dividend Per Share</u>	<u>Ordinary Income Gains</u>
4/29/15	5/15/15	\$.27	\$.27
7/30/15	8/14/15	.27	.27
11/2/15	11/13/15	.27	.27
12/31/15	1/15/16	<u>.27</u>	<u>.27</u>
		\$1.08	\$1.08

Of the \$1.08 per-share dividend amount, approximately \$0.1906 per share represents qualified dividends. For shareholders who are individuals, qualified dividends are taxed as long-term capital gains. Qualified dividends are reported in Box 1b on IRS Form 1099-DIV for 2015. The \$1.08 per-share dividend consists of the following components: \$0.9702 per-share is from net investment income from 2015, \$0.1098 per share is from undistributed net investment income from 2014. The undistributed net investment income from 2014 was distributed in the May 2015 dividend.

Michael L. Klofas  
President

January 2016