

BUCKLE INC
Form 4
March 20, 2017

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
HANSON KYLE

(Last) (First) (Middle)
2407 W 24TH STREET
(Street)

KEARNEY, NE 68845

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
BUCKLE INC [BKE]

3. Date of Earliest Transaction (Month/Day/Year)
03/20/2017

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
VP, Corp. Sec., & Gen. Counsel

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock	03/20/2017		J ⁽¹⁾	6,000 D \$ 0	29,000	D	
Common Stock					2,391	I	By Husband
Common Stock					398.06 ⁽²⁾	I	Held by 401(k) Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Reporting Transaction (Instr. 6)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HANSON KYLE 2407 W 24TH STREET KEARNEY, NE 68845			VP, Corp. Sec., & Gen. Counsel	

Signatures

Karen B. Rhoads by Power of Attorney
 Date: 03/20/2017
 **Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Forfeiture of unvested shares of Restricted Stock.
- (2) Holdings as of 2/28/2017, as reported by plan administrator.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. >

05/17/07
 70,588 57,112
 Warrant, exercisable until 2014, to purchase

common stock at \$.01 per share (B)

20,003 shs.

05/17/07

31,460 16,184 918,756 928,644

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED) Babson Capital Participation Investors
 March 31, 2013
 (Unaudited)

Corporate Restricted Securities: (A) (Continued)		Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Vitex Packaging Group, Inc.					
A manufacturer of specialty packaging, primarily envelopes and tags used on tea bags.					
Class B Unit (B)	406,525 uts.	10/29/09	\$ 184,266	\$ -	
Class C Unit (B)	450,000 uts.	10/29/09	413,244	391,157	
Limited Liability Company					
Unit Class A (B)	383,011 uts.	*	229,353	-	
Limited Liability Company					
Unit Class B (B)	96,848 uts.	07/19/04	96,848	-	
* 07/19/04 and 10/29/09.				923,711	391,157
Wellborn Forest Holding Company					
A manufacturer of semi-custom kitchen and bath cabinetry.					
12.13% Senior Subordinated					
Note due 2016	\$ 911,250	11/30/06	867,531	820,125	
Common Stock (B)	101 shs.	11/30/06	101,250	-	
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)					
	51 shs.	11/30/06	45,790	-	
				1,014,571	820,125
Wheaton Holding Corporation					
A distributor and manufacturer of laboratory supply products and packaging.					
Preferred Stock Series B (B)	703 shs.	06/08/10	70,308	-	
Common Stock (B)	353 shs.	06/08/10	353	-	
				70,661	-
Whitcraft Holdings, Inc.					
A leading independent manufacturer of precision formed, machined, and fabricated flight-critical aerospace components.					
12% Senior Subordinated					
Note due 2018	\$ 794,521	12/16/10	741,751	802,466	
Common Stock (B)	205 shs.	12/16/10	205,480	149,347	
Warrant, exercisable until 2018, to purchase					
	55 shs.	12/16/10	49,334	40,135	

Explanation of Responses:

common stock at \$.02 per share (B)			996,565	991,948
Workplace Media Holding Company				
A direct marketer specializing in providing advertisers with access to consumers in the workplace.				
13% Senior Subordinated Note due 2015 (D)	\$ 654,247	05/14/07	601,454	-
Limited Partnership Interest (B)	12.26% int.	05/14/07	61,308	-
Warrant, exercisable until 2015, to purchase common stock at \$.02 per share (B)	47 shs.	05/14/07	44,186	-
			706,948	-
WP Supply Holding Corporation				
A distributor of fresh fruits and vegetables to grocery wholesalers and foodservice distributors in the upper Midwest.				
14.5% Senior Subordinated Note due 2018	\$ 880,429	11/03/11	865,585	880,762
Common Stock (B)	1,500 shs.	11/03/11	150,000	140,598
			1,015,585	1,021,360
Total Private Placement Investments (E)			\$ 103,262,162	\$ 97,006,412

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

	Interest	Due	Shares or Principal		Market
Corporate Restricted Securities: (A) (Continued)	Rate	Date	Amount	Cost	Value
Rule 144A Securities - 5.23%:					
Bonds 5.23%					
ArcelorMittal	6.125 %	06/01/18	\$ 500,000	\$ 513,750	\$ 540,000
Calumet Specialty Products Partners L.P.	9.625	08/01/20	500,000	491,518	563,750
Cornerstone Chemical Company	9.375	03/15/18	375,000	385,313	382,500
First Data Corporation	7.375	06/15/19	250,000	250,000	265,938
FMG Resources	7.000	11/01/15	250,000	256,500	261,875
Hilcorp Energy Company	7.625	04/15/21	325,000	311,967	357,500
J.B. Poindexter Co., Inc.	9.000	04/01/22	500,000	500,000	522,500
Lear Corporation	4.750	01/15/23	375,000	367,500	365,625
Lennar Corporation	4.750	11/15/22	375,000	369,375	367,500
MEG Energy Corporation	6.375	01/30/23	500,000	500,000	520,000
Neustar Inc.	4.500	01/15/23	375,000	362,813	358,125
Penske Corporation	4.875	07/11/22	500,000	497,989	527,280
Samson Investment Company	9.750	02/15/20	350,000	344,313	371,875
ServiceMaster Company	7.000	08/15/20	500,000	500,000	517,500
Tronox Finance LLC	6.375	08/15/20	375,000	365,625	363,750
Valeant Pharmaceuticals International	7.000	10/01/20	250,000	250,784	269,375
Welltec A/S	8.000	02/01/19	375,000	368,262	409,688
Total Bonds				6,635,709	6,964,781
Convertible Preferred Stock - 0.00%					

Explanation of Responses:

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ETEX Corporation (B)	194	-	-
Total Convertible Preferred Stock		-	-
Preferred Stock - 0.00%			
TherOX, Inc. (B)	26	-	-
Total Preferred Stock		-	-
Common Stock - 0.00%			
Touchstone Health Partnership (B)	292	-	-
Total Common Stock		-	-
Total Rule 144A Securities		6,635,709	6,964,781
Total Corporate Restricted Securities		\$ 109,897,871	\$ 103,971,193

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED) Babson Capital Participation Investors
 March 31, 2013
 (Unaudited)

	Interest	Due	Principal		Market
Corporate Public Securities - 21.04%: (A)	Rate	Date	Amount	Cost	Value
Bonds -21.02%					
Accuride Corp	9.500 %	08/01/18	\$ 500,000	\$ 482,874	\$ 511,250
Alcoa, Inc.	6.150	08/15/20	600,000	628,955	653,254
Alere, Inc.	9.000	05/15/16	300,000	313,936	315,375
Alliant Techsystems Inc.	6.875	09/15/20	500,000	536,186	538,750
Ally Financial, Inc.	5.500	02/15/17	750,000	764,413	811,307
Alta Mesa Financial Services	9.625	10/15/18	750,000	727,983	791,250
Anglogold Holdings PLC	5.375	04/15/20	600,000	605,123	635,086
Avis Budget Car Rental	9.750	03/15/20	375,000	375,000	442,504
B E Aerospace, Inc.	6.875	10/01/20	250,000	256,516	276,563
Bank of America Corporation	5.875	01/05/21	600,000	622,603	708,570
Bill Barrett Corporation	7.000	10/15/22	500,000	479,800	523,750
Brunswick Corporation	7.125	08/01/27	500,000	504,881	526,250
C R H America, Inc.	5.300	10/15/13	500,000	489,257	511,517
Calumet Specialty Products Partners L.P.	9.375	05/01/19	375,000	351,561	420,000
CCO Holdings Capital Corporation	5.250	09/30/22	500,000	495,211	491,250
Centurytel, Inc.	5.000	02/15/15	500,000	506,679	527,519
CHC Helicopter SA	9.250	10/15/20	1,000,000	930,858	1,063,125
CIT Group, Inc.	5.000	08/15/22	500,000	500,000	533,894
Citigroup, Inc.	5.500	04/11/13	500,000	499,552	500,583
Continental Resources, Inc.	5.000	09/15/22	500,000	511,283	531,250
DaVita, Inc.	5.750	08/15/22	500,000	500,000	519,375
Duke Realty Limited Partnership	3.875	10/15/22	500,000	508,419	513,203
Ensco PLC	3.250	03/15/16	600,000	598,589	639,073
EP Energy/EP Finance, Inc.	9.375	05/01/20	500,000	508,109	577,500
Equifax, Inc.	4.450	12/01/14	500,000	506,853	526,419

Explanation of Responses:

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GATX Corporation	4.750	05/15/15	500,000	502,411	530,533
General Electric Capital Corporation	5.500	01/08/20	500,000	498,549	592,484
Goldman Sachs Group, Inc.	4.750	07/15/13	500,000	494,083	505,999
Headwaters, Inc.	7.625	04/01/19	305,000	305,133	326,350
Health Management Association	6.125	04/15/16	250,000	255,930	274,375
HealthSouth Corporation	7.750	09/15/22	450,000	451,023	489,375
Hertz Corporation	6.750	04/15/19	220,000	217,050	240,075
International Game Technology	7.500	06/15/19	500,000	499,802	596,878
Jabil Circuit, Inc.	4.700	09/15/22	500,000	499,962	498,125
Johnson Controls, Inc.	5.500	01/15/16	500,000	451,497	558,612
Kraft Foods, Inc.	5.375	02/10/20	500,000	512,913	594,889
Masco Corporation	7.125	03/15/20	350,000	349,997	408,596
Morgan Stanley	5.500	01/26/20	500,000	498,000	572,878

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

Corporate Public Securities (A)	Interest Rate	Due Date	Principal Amount	Cost	Market Value
NBC Universal Media LLC	5.150 %	04/30/20	\$ 500,000	\$ 499,453	\$ 592,581
Nexeo Solutions LLC	8.375	03/01/18	20,000	20,000	19,500
Niska Gas Storage Partners LLC	8.875	03/15/18	500,000	505,638	521,250
Omnova Solutions, Inc.	7.875	11/01/18	750,000	763,587	798,750
Peabody Energy Corporation	6.000	11/15/18	500,000	500,565	531,250
Perry Ellis International, Inc.	7.875	04/01/19	375,000	371,583	393,750
Precision Drilling Corporation	6.625	11/15/20	250,000	257,295	266,875
Qwest Diagnostic, Inc.	4.750	01/30/20	500,000	499,019	547,190
Sprint Nextel Corporation	6.000	12/01/16	500,000	510,954	542,500
Steelcase, Inc.	6.375	02/15/21	500,000	507,314	552,797
Tech Data Corporation	3.750	09/21/17	500,000	506,745	520,771
Thermadyne Holdings Corporation	9.000	12/15/17	250,000	263,999	272,500
Time Warner Cable, Inc.	5.000	02/01/20	500,000	492,460	568,945
Tyson Foods, Inc.	4.500	06/15/22	500,000	515,795	544,063
Unit Corporation	6.625	05/15/21	500,000	494,113	523,750
Weatherford International Limited	4.500	04/15/22	500,000	520,669	515,050
Total Bonds				25,970,180	27,989,308

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED) Babson Capital Participation Investors
 March 31, 2013
 (Unaudited)

Corporate Public Securities (A)	Interest Rate	Due Date	Shares	Cost	Market Value
Common Stock - 0.02%					
Intrepid Potash, Inc. (B)			185	\$ 5,920	\$ 3,471
Nortek, Inc. (B)			100	1	7,106
Rue21, Inc. (B)			350	6,650	10,287
Total Common Stock				12,571	20,864
Total Corporate Public Securities				\$ 25,982,751	\$ 28,010,172
Short-Term Securities:	Interest Rate/Yield^	Due Date	Principal Amount	Cost	Market Value
Commercial Paper -7.89%					
Bacardi Ltd	0.310 %	04/10/13	\$ 2,250,000	\$ 2,249,826	\$ 2,249,826
Enbridge Energy Partners	0.340	04/05/13	2,250,000	2,249,915	2,249,915
Oneok, Inc.	0.300	04/08/13	2,000,000	1,999,883	1,999,883
Volvo Group Treasury NA	0.300	04/10/13	2,000,000	1,999,850	1,999,850
Westar Energy Inc.	0.320	04/11/13	2,000,000	1,999,822	1,999,822
Total Short-Term Securities				\$ 10,499,296	\$ 10,499,296
Total Investments	107.02 %			\$ 146,379,918	\$ 142,480,661
Other Assets	6.58				8,762,575
Liabilities	(13.60)				(18,105,675)
Total Net Assets	100.00 %				\$ 133,137,561

Explanation of Responses:

- (A) In each of the convertible note, warrant, and common stock investments, the issuer has agreed to provide certain registration rights.
- (B) Non-income producing security.
- (C) Variable rate security; rate indicated is as of March 31, 2013.
- (D) Defaulted security; interest not accrued.
- (E) Illiquid security. As of March 31, 2013, the values of these securities amounted to \$97,006,412 or 72.86% of net assets.

^ Effective yield at purchase

PIK Payment-in-kind

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

Industry Classification:	Fair Value/ Market Value	Fair Value/ Market Value
AEROSPACE - 2.95%		
A E Company, Inc.	\$ 605,376	
Alliant Techsystems Inc.	538,750	
B E Aerospace, Inc.	276,563	
Merex Holding Corporation	588,938	
Visioneering, Inc.	928,644	
Whitcraft Holdings, Inc.	991,948	
	3,930,219	
AUTOMOBILE - 5.58%		
Accuride Corp	511,250	
Avis Budget Car Rental	442,504	
DPL Holding Corporation	1,585,182	
Ideal Tridon Holdings, Inc.	129,791	
J A C Holding Enterprises, Inc.	960,501	
Jason Partners Holdings LLC	25,511	
Johnson Controls, Inc.	558,612	
K & N Parent, Inc.	1,104,853	
Lear Corporation	365,625	
Ontario Drive & Gear Ltd.	887,170	
Penske Corporation	527,280	
Qualis Automotive LLC	330,325	
	7,428,604	
BEVERAGE, DRUG & FOOD - 8.79%		
1492 Acquisition LLC	1,242,282	
Bacardi Ltd	2,249,826	
Eatem Holding Company	1,094,444	
F F C Holding Corporation	1,128,875	
Golden County Foods Holding, Inc.	-	
Hospitality Mints Holding Company	1,122,524	
JMH Investors LLC	1,227,282	
Kraft Foods, Inc.	594,889	
Snacks Parent Corporation	1,144,571	
Spartan Foods Holding Company	1,185,999	
Specialty Commodities, Inc.	163,695	
BROADCASTING & ENTERTAINMENT - 0.87%		
HOP Entertainment LLC	\$ -	
NBC Universal Media LLC	592,581	
Time Warner Cable, Inc.	568,945	
Sundance Investco LLC	-	
Workplace Media Holding Company	-	
	1,161,526	
BUILDINGS & REAL ESTATE - 1.97%		
ACP Cascade Holdings LLC	-	
Duke Realty Limited Partnership	513,203	
Lennar Corporation	367,500	
Masco Corporation	408,596	
Sunrise Windows Holding Company	1,113,967	
TruStile Doors, Inc.	220,569	
	2,623,835	
CHEMICAL, PLASTICS & RUBBER - 2.03%		
Capital Specialty Plastics, Inc.	515,888	
Cornerstone Chemical Company	382,500	
Nicoat Acquisitions LLC	644,708	
Omnova Solutions, Inc.	798,750	
Tronox Finance LLC	363,750	
	2,705,596	
CONSUMER PRODUCTS - 9.25%		
AMS Holding LLC	1,249,126	
Baby Jogger Holdings LLC	1,086,828	
Bravo Sports Holding Corporation	1,260,224	
Custom Engineered Wheels, Inc.	968,367	
gloProfessional Holdings, Inc.	1,242,279	
Handi Quilter Holding Company	599,961	
K N B Holdings Corporation	2,311,177	
Manhattan Beachwear Holding Company	745,098	
Perry Ellis International, Inc.	393,750	
R A J Manufacturing Holdings LLC	876,541	
Tranzonic Companies (The)	1,587,249	

Explanation of Responses:

Tyson Foods, Inc.	544,063	12,320,600
	11,698,450	

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED) Babson Capital Participation Investors
 March 31, 2013
 (Unaudited)

Industry Classification: (Continued)	Fair Value/ Market Value	Fair Value/ Market Value	
CONTAINERS, PACKAGING & GLASS - 4.10%		DIVERSIFIED/CONGLOMERATE, SERVICE - 9.47%	
Flutes, Inc.	\$ 498,551	A S C Group, Inc.	\$ 146,513
P K C Holding Corporation	1,927,386	A W X Holdings Corporation	315,000
P P T Holdings LLC	1,110,602	Advanced Technologies Holdings	791,094
Paradigm Packaging, Inc.	908,747	Anglogold Holdings PLC	635,086
Rose City Holding Company	619,645	Apex Analytix Holding Corporation	1,285,178
Vitex Packaging Group, Inc.	391,157	Bank of America Corporation	708,570
	5,456,088	C R H America, Inc.	511,517
DISTRIBUTION - 4.66%		Church Services Holding Company	545,039
Blue Wave Products, Inc.	697,790	Clough, Harbour and Associates	203,462
BP SCI LLC	1,240,421	Crane Rental Corporation	1,293,208
Duncan Systems, Inc.	594,400	ELT Holding Company	1,050,202
RM Holding Company	581,640	Equifax, Inc.	526,419
Signature Systems Holding Company	825,691	HVAC Holdings, Inc.	1,240,601
Stag Parkway Holding Company	1,237,530	Insurance Claims Management, Inc.	167,518
WP Supply Holding Corporation	1,021,360	Mail Communications Group, Inc.	306,747
	6,198,832	Nexeo Solutions LLC	19,500
DIVERSIFIED/CONGLOMERATE, MANUFACTURING - 9.35%		Northwest Mailing Services, Inc.	1,573,683
A H C Holding Company, Inc.	150,975	Pearlman Enterprises, Inc.	-
Advanced Manufacturing Enterprises LLC	1,208,140	Safety Infrastructure Solutions	776,906
Arrow Tru-Line Holdings, Inc.	899,921	ServiceMaster Company	517,500
C D N T, Inc.	664,301		12,613,743
F G I Equity LLC	301,340	ELECTRONICS - 1.87%	
G C Holdings	1,558,188	Connecticut Electric, Inc.	1,470,511
J.B. Poindexter Co., Inc.	522,500	Jabil Circuit, Inc.	498,125
K P H I Holdings, Inc.	265,782	Tech Data Corporation	520,771
			2,489,407
K P I Holdings, Inc.	1,583,468	FINANCIAL SERVICES - 6.13%	
LPC Holding Company	1,319,571	Ally Financial, Inc.	811,307
MEGTEC Holdings, Inc.	391,119	Alta Mesa Financial Services	791,250

Explanation of Responses:

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Nortek, Inc.	7,106	CIT Group, Inc.	533,894
O E C Holding Corporation	459,731	Citigroup, Inc.	500,583
Postle Aluminum Company LLC	1,799,919	GATX Corporation	530,533
Truck Bodies & Equipment International	1,313,315	General Electric Capital Corporation	592,484
	12,445,376	Goldman Sachs Group, Inc.	505,999
		Morgan Stanley	572,878
		REVSpring, Inc.	1,319,431
		Volvo Group Treasury NA	1,999,850
			8,158,209

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

Industry Classification: (Continued)	Fair Value/ Market Value	Fair Value/ Market Value	
HEALTHCARE, EDUCATION & CHILDCARE - 7.64%		MACHINERY - 4.79%	
Alere, Inc.	\$ 315,375	ABC Industries, Inc.	\$ 608,746
American Hospice Management Holding LLC	2,093,028	Arch Global Precision LLC	1,137,651
CHG Alternative Education Holding Company	1,014,665	E S P Holdco, Inc.	1,495,119
DaVita, Inc.	519,375	M V I Holding, Inc.	132,257
GD Dental Services LLC	1,241,551	Motion Controls Holdings	1,025,966
Healthcare Direct Holding Company	714,102	NetShape Technologies, Inc. Pacific Consolidated Holdings LLC	1,259,329 42,187
HealthSouth Corporation	489,375	Thermadyne Holdings Corporation	272,500
Marshall Physicians Services LLC	500,423	Welltec A/S	409,688
Qwest Diagnostic, Inc.	547,190		6,383,443
SouthernCare Holdings, Inc.	84,970	MEDICAL DEVICES/BIOTECH - 1.86%	
Strata/WLA Holding Corporation	893,726	ETEX Corporation	-
Synteract Holdings Corporation	1,757,154	Health Management Association	274,375
Touchstone Health Partnership	-	MedSystems Holdings LLC	764,652
Wheaton Holding Corporation	-	MicroGroup, Inc.	225,682
	10,170,934	NT Holding Company	1,060,545
HOME & OFFICE FURNISHINGS, HOUSEWARES, AND DURABLE CONSUMER PRODUCTS - 3.70%		Precision Wire Holding Company	152,100
Connor Sport Court International, Inc.	1,283,051	TherOX, Inc.	-
H M Holding Company	-		2,477,354
Home Décor Holding Company	360,362	MINING, STEEL, IRON & NON-PRECIOUS METALS - 1.09%	
Monessen Holding Corporation	-	Alcoa, Inc.	653,254
Steelcase, Inc.	552,797	FMG Resources	261,875
Transpac Holding Company	904,138	Peabody Energy Corporation	531,250
U-Line Corporation	246,295		1,446,379
		NATURAL RESOURCES - 2.16%	
U M A Enterprises, Inc.	753,022	ArcelorMittal	540,000
Wellborn Forest Holding Company	820,125		

Explanation of Responses:

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	4,919,790	Headwaters, Inc.	326,350
		Intrepid Potash, Inc.	3,471
LEISURE, AMUSEMENT, ENTERTAINMENT - 0.84%		Westar Energy Inc.	1,999,822
Brunswick Corporation	526,250		2,869,643
International Game Technology	596,878		
	1,123,128		

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED) Babson Capital Participation Investors
 March 31, 2013
 (Unaudited)

Industry Classification: (Continued)	Fair Value/ Market Value		Fair Value/ Market Value
OIL & GAS - 10.20%		TRANSPORTATION - 2.03%	
Bill Barrett Corporation	\$ 523,750	CHC Helicopter SA	\$ 1,063,125
Calumet Specialty Products Partners L.P.	983,750	Hertz Corporation	240,075
Continental Resources, Inc.	531,250	MXN Holding Company	1,222,649
Enbridge Energy Partners	2,249,915	NABCO, Inc.	175,461
Ensco PLC	639,073		2,701,310
EP Energy/EP Finance, Inc.	577,500	WASTE MANAGEMENT / POLLUTION - 1.51%	
Hilcorp Energy Company	357,500	Terra Renewal LLC	605,683
International Offshore Services LLC	-	Torrent Group Holdings, Inc.	1,398,398
MBWS Ultimate Holdco, Inc.	1,783,823		2,004,081
MEG Energy Corporation	520,000		
Niska Gas Storage Partners LLC	521,250		
Oneok, Inc.	1,999,883	Total Investments - 107.02%	\$ 142,480,661
Petroplex Inv Holdings LLC	1,214,760		
Precision Drilling Corporation	266,875		
Samson Investment Company	371,875		
Unit Corporation	523,750		
Weatherford International Limited	515,050		
	13,580,004		
PHARMACEUTICALS - 0.51%			
CorePharma LLC	415,944		
Valeant Pharmaceuticals International	269,375		
	685,319		
RETAIL STORES - 0.01%			
Rue21, Inc.	10,287		
TECHNOLOGY - 1.61%			
First Data Corporation	265,938		
Sencore Holding Company	289,308		
Smart Source Holdings LLC	1,588,101		
	2,143,347		
TELECOMMUNICATIONS - 2.05%			
All Current Holding Company	815,763		
CCO Holdings Capital Corporation	491,250		
Centurytel, Inc.	527,519		
Neustar Inc.	358,125		
Sprint Nextel Corporation	542,500		
	2,735,157		

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. History

Babson Capital Participation Investors (the “Trust”) was organized as a Massachusetts business trust under the laws of the Commonwealth of Massachusetts pursuant to a Declaration of Trust dated April 7, 1988.

The Trust is a diversified closed-end management investment company. Babson Capital Management LLC (“Babson Capital”), a wholly-owned indirect subsidiary of Massachusetts Mutual Life Insurance Company (“MassMutual”), acts as its investment adviser. The Trust’s investment objective is to maximize total return by providing a high level of current income, the potential for growth of income, and capital appreciation. The Trust’s principal investments are privately placed, below-investment grade, long-term debt obligations purchased directly from their issuers, which tend to be smaller companies. At least half of these investments normally include equity features such as common stock, warrants, conversion rights, or other equity features that provide the Trust with the opportunity to realize capital gains. The Trust will also invest in publicly traded debt securities (including high yield securities), again with an emphasis on those with equity features, and in convertible preferred stocks and, subject to certain limitations, readily marketable equity securities. Below-investment grade or high yield securities have predominantly speculative characteristics with respect to the capacity of the issuer to pay interest and repay capital. In addition, the Trust may temporarily invest in high quality, readily marketable securities.

On January 27, 1998, the Board of Trustees authorized the formation of a wholly-owned subsidiary of the Trust (“PI Subsidiary Trust”) for the purpose of holding certain investments. The results of the PI Subsidiary Trust are consolidated in the accompanying financial statements. Footnote 2.D below discusses the Federal tax consequences of the PI Subsidiary Trust.

2. Significant Accounting Policies

The following is a summary of significant accounting policies followed consistently by the Trust in the preparation of its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

those procedures to Babson Capital. Babson Capital has established a Pricing Committee which is responsible for setting the guidelines used in following the procedures adopted by the Trustees ensuring that those guidelines are being followed. Babson Capital considers all relevant factors that are reasonably available, through either public information or information available to Babson Capital, when determining the fair value of a security. The Trustees meet at least once each quarter to approve the value of the Trust’s portfolio securities as of the close of business on the last business day of the preceding quarter. This valuation requires the approval of a majority of the Trustees of the Trust, including a majority of the Trustees who are not interested persons of the Trust or of Babson Capital. In approving valuations, the Trustees will consider reports by Babson Capital analyzing each portfolio security in accordance with the procedures and guidelines referred to above, which include the relevant factors referred to below. Babson Capital has agreed to provide such reports to the Trust at least quarterly. The consolidated financial statements include private placement restricted securities valued at \$97,006,412 (72.86% of net assets) as of March 31, 2013 whose values have been estimated by the Trustees based on the process described above in the absence of readily ascertainable market values. Due to the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Following is a description of valuation methodologies used for assets recorded at fair value.

Corporate Public Securities – Corporate Bonds, Preferred Stocks and Common Stocks

The Trust uses external independent third-party pricing services to determine the fair values of its Corporate Public Securities. At March 31, 2013, 100% of the carrying value of these investments was from external pricing services. In the event that the primary pricing service does not provide a price, the Trust utilizes the pricing provided by a secondary pricing service.

A. Fair Value Measurements:

Under U.S. GAAP, fair value represents the price that should be received to sell an asset (exit price) in an orderly transaction between market participants at the measurement date.

Determination of Fair Value

The determination of the fair value of the Trust's investments is the responsibility of the Trust's Board of Trustees (the "Trustees"). The Trustees have adopted procedures for the valuation of the Trust's securities and has delegated responsibility for applying

Public debt securities generally trade in the over-the-counter market rather than on a securities exchange. The Trust's pricing services use multiple valuation techniques to determine fair value. In instances where significant market activity exists, the pricing services may utilize a market based approach through which quotes from market makers are used to determine fair value. In instances where significant market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, option adjusted spreads, credit spreads, estimated default rates, coupon rates, anticipated timing of principal underlying prepayments, collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value.

NOTES TO CONSOLIDATED FINANCIAL
STATEMENTS (CONTINUED)
(Unaudited)

Babson Capital Participation Investors

Public equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sales price of that day.

Annually, Babson Capital conducts reviews of the primary pricing vendors to validate that the inputs used in that vendors' pricing process are deemed to be market observable as defined in the standard. While Babson Capital is not provided access to proprietary models of the vendors, the reviews have included on-site walk-throughs of the pricing process, methodologies and control procedures for each asset class and level for which prices are provided. The review also included an examination of the underlying inputs and assumptions for a sample of individual securities across asset classes, credit rating levels and various durations, a process Babson Capital continues to perform annually. In addition, the pricing vendors have an established challenge process in place for all security valuations, which facilitates identification and resolution of prices that fall outside expected ranges. Babson Capital believes that the prices received from the pricing vendors are representative of prices that would be received to sell the assets at the measurement date (exit prices) and are classified appropriately in the hierarchy.

Corporate Restricted Securities – Corporate Bonds
The fair value of certain notes is determined using an internal model that discounts the anticipated cash flows of those notes using a specific discount rate. Changes to that discount rate are driven by changes in general interest rates, probabilities of default and credit adjustments. The discount rate used within the models to discount the future anticipated cash flows is considered a significant unobservable input. Significant increases/(decreases) in the discount rate would result in a significant (decrease)/increase to the notes' fair value.

The fair value of certain distressed notes is based on an enterprise waterfall methodology which is discussed in the equity security valuation section below.

Both the company's EBITDA and valuation multiple as well as the discount are considered significant unobservable inputs. Significant increases/(decreases) to the company's trailing twelve months EBITDA and/or the valuation multiple would result in significant increases/(decreases) to the equity value.

Short-Term Securities

Short-term securities, of sufficient credit quality, with more than sixty days to maturity are valued at fair value, using external independent third-party services. Short-term securities having a maturity of sixty days or less are valued at amortized cost, which approximates fair value.

	Valuation Technique	Unobservable Inputs	Range	Weighted Average
Corporate	Discounted	Discount	5.9% to	11.6%
Bonds	Cash Flows	Rate	17.7%	
Equity Securities	Market Approach	Valuation Multiple	3.3x to 10.1x	6.6x
		Discount	0% to 24%	5.2%
		for lack of marketability		
		EBITDA	\$0.7 million to \$136.0 million	\$19.7 million

Quantitative Information about Level 3 Fair Value Measurements

The following table represents quantitative information about Level 3 fair value measurements as of March 31, 2013.

Fair Value Hierarchy

The Company categorizes its investments measured at fair value in three levels, based on the inputs and assumptions used to determine fair value. These levels are as follows:

Level 1 – quoted prices in active markets for identical securities

Corporate Restricted Securities – Common Stock, Preferred Stock and Partnerships & LLC’s

The fair value of equity securities is determined using an enterprise waterfall methodology. Under this methodology, the enterprise value of the company is first estimated and that value is then allocated to the company’s outstanding debt and equity securities based on the documented priority of each class of securities in the capital structure. Generally, the waterfall proceeds from senior debt tranches of the capital structure to senior then junior subordinated debt, followed by each class of preferred stock and finally the common stock.

To estimate a company’s enterprise value, the company’s trailing twelve months earnings before interest, taxes, depreciation and amortization (“EBITDA”) is multiplied by a valuation multiple. A discount for lack of marketability is applied to the end result.

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Trust’s own assumptions in determining the fair value of investments)

NOTES TO CONSOLIDATED FINANCIAL
STATEMENTS (CONTINUED)
(Unaudited)

The following is a summary of the inputs used to value the Trust's net assets as of March 31, 2013:

Assets:	Total	Level 1	Level 2	Level 3
Restricted Securities				
Corporate Bonds	\$ 81,302,097	\$ -	\$ 6,964,781	\$ 74,337,316
Common Stock - U.S.	9,198,773	-	-	9,198,773
Preferred Stock	5,985,222	-	-	5,985,222
Partnerships and LLCs	7,485,101	-	-	7,485,101
Public Securities				
Corporate Bonds	27,989,308	-	27,989,308	-
Common Stock - U.S.	20,864	20,864	-	-
Short-term Securities	10,499,296	-	10,499,296	-
Total	\$ 142,480,661	\$ 20,864	\$ 45,453,385	\$ 97,006,412

See information disaggregated by security type and industry classification in the Consolidated Schedule of Investments.

Following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value:

Assets:	Beginning balance at 12/31/2012	Included in earnings	Purchases	Sales	Prepayments	Transfers in and/or out of Level 3	Ending balance at 03/31/2013
Restricted Securities							
Corporate Bonds	\$81,060,756	\$ 139,123	\$2,683,082	\$(1,652,667)	\$(7,892,978)	\$-	\$74,337,316
Common Stock - U.S.	7,793,109	1,313,373	221,928	(129,637)	-	-	9,198,773
Preferred Stock	5,786,187	173,357	25,678	-	-	-	5,985,222
Partnerships and LLCs	6,890,276	610,447	(15,622)	-	-	-	7,485,101
	\$101,530,328	\$2,236,300	\$2,915,066	\$(1,782,304)	\$(7,892,978)	\$-	\$97,006,412

There were no transfers into or out of Level 1 or Level 2 assets.

Income, Gains and Losses included in Net Increase in Net Assets resulting from Operations for the period are presented in the following accounts on the Statement of Operations for Level 3 assets:

	Net Increase in Net Assets Resulting from Operations	Change in Unrealized Gains & (Losses) in Net Assets from assets still held
Interest (Amortization)	\$ 160,557	-
Net realized gain on investments before taxes	\$ 485,486	-
Net change in unrealized depreciation of investments before taxes.	\$ 1,590,257	1,947,527

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NOTES TO CONSOLIDATED FINANCIAL
STATEMENTS (CONTINUED)
(Unaudited)

Babson Capital Participation Investors

B. Accounting for Investments:

Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis, including the amortization of premiums and accretion of discounts on bonds held using the yield-to-maturity method. The Trust does not accrue income when payment is delinquent and when management believes payment is questionable.

Realized gains and losses on investment transactions and unrealized appreciation and depreciation of investments are reported for financial statement and Federal income tax purposes on the identified cost method.

C. Use of Estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Federal Income Taxes:

The Trust has elected to be taxed as a “regulated investment company” under the Internal Revenue Code, and intends to maintain this qualification and to distribute substantially all of its net taxable income to its shareholders. In any year when net long-term capital gains are realized by the Trust, management, after evaluating the prevailing economic conditions, will recommend that Trustees either designate the net realized long-term gains as undistributed and pay the federal capital gains taxes thereon, or distribute all or a portion of such net gains.

The Trust is taxed as a regulated investment company and is therefore limited as to the amount of non-qualified income that it may receive as the result of operating a trade or business, e.g. the Trust’s pro rata share of income allocable to the Trust by a partnership operating company. The Trust’s violation of this limitation could result in the loss of its status as a

Subsidiary Trust has incurred income tax expense of \$1,572.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of the existing assets and liabilities and their respective tax basis. As of March 31, 2013, the PI Subsidiary Trust has a deferred tax liability of \$604,376.

Beginning with the 2009 annual financial statements, the Trust recognizes a tax benefit from an uncertain position only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority’s widely understood administrative practices and precedents. If this threshold is met, the Trust measures the tax benefit as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Trust has evaluated and determined that the tax positions did not have a material effect on the Trust’s financial position and results of operations for the three months ended March 31, 2013.

E. Distributions to Shareholders:

The Trust records distributions to shareholders from net investment income and net realized gains, if any, on the ex-dividend date. The Trust’s net investment income dividend is declared four times per year, in April, July, October, and December. The Trust’s net realized capital gain distribution, if any, is declared in December.

3. Investment Advisory and Administrative Services Contract

A. Services:

Under an Investment Advisory and Administrative Services Contract (the “Contract”) with the Trust, Babson Capital has agreed to use its best efforts to present to the Trust a continuing and suitable investment program consistent with the investment objectives and policies of the Trust. Babson Capital represents the Trust in any negotiations with issuers, investment banking firms, securities brokers or dealers and other institutions or investors relating to the Trust’s investments. Under the Contract, Babson Capital also provides administration of

regulated investment company, thereby subjecting all of its net income and capital gains to corporate taxes prior to distribution to its shareholders. The Trust, from time-to-time, identifies investment opportunities in the securities of entities that could cause such trade or business income to be allocable to the Trust. The PI Subsidiary Trust (described in Footnote 1, above) was formed in order to allow investment in such securities without adversely affecting the Trust's status as a regulated investment company.

The PI Subsidiary Trust is not taxed as a regulated investment company. Accordingly, prior to the Trust receiving any distributions from the PI Subsidiary Trust, all of the PI Subsidiary Trust's taxable income and realized gains, including non-qualified income and realized gains, is subject to taxation at prevailing corporate tax rates. As of March 31, 2013, the PI

the day-to-day operations of the Trust and provides the Trust with office space and office equipment, accounting and bookkeeping services, and necessary executive, clerical and secretarial personnel for the performance of the foregoing services.

B. Fee:

For its services under the Contract, Babson Capital is paid a quarterly investment advisory fee equal to 0.225% of the value of the Trust's net assets as of the last business day of each fiscal quarter, an amount approximately equivalent to 0.90% on an annual basis. A majority of the Trustees, including a majority of the Trustees who are not interested persons of the Trust or of Babson Capital, approve the valuation of the Trust's net assets as of such day.

NOTES TO CONSOLIDATED FINANCIAL
STATEMENTS (CONTINUED)
(Unaudited)

4. Senior Indebtedness

MassMutual holds the Trust's \$15,000,000 Senior Fixed Rate Convertible Note (the "Note") issued by the Trust on December 13, 2011. The Note is due December 13, 2023 and accrues interest at 4.09% per annum. MassMutual, at its option, can convert the principal amount of the Note into common shares. The dollar amount of principal would be converted into an equivalent dollar amount of common shares based upon the average price of the common shares for ten business days prior to the notice of conversion. For the three months ended March 31, 2013, the Trust incurred total interest expense on the Note of \$153,375.

The Trust may redeem the Note, in whole or in part, at the principal amount proposed to be redeemed together with the accrued and unpaid interest thereon through the redemption date plus the Make Whole Premium. The Make Whole Premium equals the excess of (i) the present value of the scheduled payments of principal and interest which the Trust would have paid but for the proposed redemption, discounted at the rate of interest of U.S. Treasury obligations whose maturity approximates that of the Note plus 0.50% over (ii) the principal of the Note proposed to be redeemed.

5. Purchases and Sales of Investments

	For the three months ended 03/31/2013	
	Cost of Investments Acquired	Proceeds from Sales or Maturities
Corporate restricted securities	\$ 4,931,549	\$ 7,486,673
Corporate public securities	-	3,344,038

The aggregate cost of investments is substantially the same for financial reporting and Federal income tax purposes as of March 31, 2013. The net unrealized depreciation of investments for financial reporting and Federal tax purposes as of March 31, 2013 is \$3,899,257 and consists of \$14,247,852 appreciation and \$18,147,109 depreciation.

Net unrealized depreciation of investments on the Statement of Assets and Liabilities reflects the balance net of a deferred tax liability of \$604,376 on net unrealized gains on the PI Subsidiary Trust.

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Members of the Board of Trustees

DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

William J. Barrett

Donald E. Benson*

Michael H. Brown*

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Edward P. Grace III

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Clifford M. Noreen

Susan B. Sweeney

Maleyne M. Syracuse*

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Financial Officer

Christopher A. DeFrancis
Vice President & Secretary

Sean Feeley
Vice President

Michael P. Hermsen
Vice President

Richard E. Spencer, II

Babson Capital Participation Investors (the “Trust”) offers a Dividend Reinvestment and Cash Purchase Plan (the “Plan”). The Plan provides a simple and automatic way for shareholders to add to their holdings in the Trust through the receipt of dividend shares issued by the Trust or through the reinvestment of cash dividends in Trust shares purchased in the open market. The dividends of each shareholder will be automatically reinvested in the Trust by DST Systems, Inc., the Transfer Agent, in accordance with the Plan, unless such shareholder elects not to participate by providing written notice to the Transfer Agent. A shareholder may terminate his or her participation by notifying the Transfer Agent in writing.

Participating shareholders may also make additional contributions to the Plan from their own funds. Such contributions may be made by personal check or other means in an amount not less than \$100 nor more than \$5,000 per quarter. Cash contributions must be received by the Transfer Agent at least five days (but no more than 30 days) before the payment date of a dividend or distribution.

Whenever the Trust declares a dividend payable in cash or shares, the Transfer Agent, acting on behalf of each participating shareholder, will take the dividend in shares only if the net asset value is lower than the market price plus an estimated brokerage commission as of the close of business on the valuation day. The valuation day is the last day preceding the day of dividend payment. When the dividend is to be taken in shares, the number of shares to be received is determined by dividing the cash dividend by the net asset value as of the close of business on the valuation date or, if greater than net asset value, 95% of the closing share price. If the net asset value of the shares is higher than the market value plus an estimated commission, the Transfer Agent, consistent with obtaining the best price and execution, will buy shares on the open market at current prices promptly after the dividend payment date.

The reinvestment of dividends does not, in any way, relieve participating shareholders of any federal, state or local tax. For federal income tax purposes, the amount reportable in respect of a dividend received in newly-issued shares of the Trust will be the fair market value of the shares received, which will be reportable as ordinary income and/or capital gains.

As compensation for its services, the Transfer Agent receives a fee of 5% of any dividend and cash contribution (in no event in excess of \$2.50 per distribution per shareholder.)

Any questions regarding the Plan should be addressed to DST Systems, Inc., Agent for Babson Capital Participation Investors’ Dividend Reinvestment and Cash Purchase Plan, P.O. Box 219086, Kansas City, MO 64121-9086.

Vice President

Daniel J. Florence
Treasurer

John T. Davitt, Jr.
Comptroller

Melissa M. LaGrant
Chief Compliance Officer

