

**BABSON CAPITAL CORPORATE INVESTORS  
BABSON CAPITAL PARTICIPATION INVESTORS  
(each, a “Trust”)**

**Nominating Committee Charter**

*Adopted as of February 26, 2004*

**I. Introduction**

The Trust’s Board of Trustees has adopted this Charter to govern the activities of its Nominating Committee.

**II. Statement of Purposes and Responsibilities**

The primary purposes and responsibilities of the Committee are as follows:

- (i) To identify individuals qualified to become independent<sup>1</sup> members of the Trust’s Board of Trustees in the event that a position currently filled by an independent Trustee is vacated or created;
- (ii) To nominate the Independent Trustee nominees for the next annual meeting of shareholders; and
- (iii) To set any necessary standards or qualifications for service on the Board.

The nomination of interested Trustees shall be the responsibility of the entire Board of Trustees.

**III. Organization and Governance**

(a) Composition. The Committee shall be comprised of as many Trustees as the Board shall determine, but in any event not less than two (2) Trustees. The members of the Committee each shall be an Independent Trustee and shall be appointed annually by the vote of a majority of the Trust’s Board of Trustees. The Board of Trustees may remove or replace any member of the Committee at any time in its sole discretion. The Board of Trustees may designate a member of the Committee as the chairperson of the Committee. A Committee member may resign from the Committee without resigning from the Board.

(b) Meetings. The Committee shall not have regularly scheduled meetings. Committee meetings shall be held as, and when, the Committee, its chairperson (if any) or the Trust’s Board of Trustees determine, as may be necessary or appropriate. The chairperson of the Committee shall preside at each meeting and, in the absence of the chairperson, one of the other members of the Committee shall be designated as the acting chair of the meeting. The chairperson (or acting chair) may direct appropriate members of the Trust’s management to prepare draft agendas and related background information for each Committee meeting.

(c) Meeting Proceedings. All meetings of the Committee shall be held pursuant to the Trust’s By-laws, except as provided by law or the following provisions:

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<sup>1</sup> For purposes of this Charter, an “Independent Trustee” shall mean a Trustee who is not an “interested person” of the Trust, as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended.

- (i) Notice. Notice shall be given as provided for meetings of the full Board of Trustees of the Trust.
- (ii) Quorum. At any Committee meeting, a majority of the Committee members then in office shall constitute a quorum. Any meeting may be adjourned from time to time by a majority of the members voting upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice.
- (iii) Action by Vote. When a quorum is present at any meeting, a majority of Committee members may take any action properly before the meeting.
- (iv) Action by Writing. Any action required or permitted to be taken at any Nominating Committee meeting may be taken without a meeting if a majority of the Committee members consent to the action in writing. Such written consents shall be filed with the records of the meetings of the Committee and shall be treated for all purposes as a vote taken at a Committee meeting.
- (v) Presence Through Communications Equipment. The members of the Committee may participate in a Committee meeting by means of a conference telephone, or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.
- (vi) Minutes. Minutes of the meeting shall be taken and circulated to all members of the Committee in a timely manner.
- (vii) Reports. Reports of meetings of the Committee, and any recommendations of the Committee, shall be made to the Trust's Board of Trustees at its next regularly scheduled meeting following the Committee meeting.

#### **IV. Identification of Independent Trustee Nominees**

(a) Identification of Independent Trustee Nominees. In identifying potential nominees for the Board, the Nominating Committee may consider candidates recommended by one or more of the following sources: (i) the Trust's current Trustees, (ii) the Trust's officers, (iii) the Trust's investment adviser(s), (iv) the Trust's shareholders (see below) and (v) any other source the Committee deems to be appropriate.

(b) Consideration of Independent Trustee Candidates Recommended by Trust Shareholders. The Committee will evaluate nominee candidates properly submitted by shareholders in the same manner as it evaluates candidates recommended by other sources. To be considered properly submitted, shareholder recommendations for Independent Trustee candidates must be submitted in accordance with the requirements of Appendix A.

#### **V. Qualifications for Independent Trustee Nominees**

The Committee requires that all Independent Trustee candidates have a college degree or, in the judgment of the Committee, equivalent business experience. The Committee may take into account a wide variety of factors in considering Independent Trustee candidates, giving such

weight to any individual factor(s) as they deem appropriate, including (but not limited to):

- (i) availability and commitment of a candidate to attend meetings and perform his or her responsibilities on the Board;
- (ii) relevant industry and related experience;
- (iii) educational background;
- (iv) depth and breadth of financial expertise; and
- (v) an assessment of the candidate's ability, judgment, expertise, reputation and integrity.

In the case of a shareholder recommended candidate, the Committee may also consider any other facts and circumstances attendant to such shareholder submission as may be deemed appropriate by the Committee, including, without limitation, the amount of the Trust's securities owned by the shareholder and the length of time such shares have been held by the shareholder.

Different factors may assume greater or lesser significance at particular times, in light of the Board's present composition and the Committee's (or the Board's) perception about future issues and needs.

**Appendix A**  
**Procedures for Shareholders to Submit Nominee Candidates**

A Trust shareholder must follow the following procedures in order to properly submit a nominee recommendation for the Committee's consideration.

1. The shareholder must submit any such recommendation (a "Shareholder Recommendation") in writing to the Trust's Nominating Committee, to the attention of the Secretary, at the address of the principal executive offices of the Trust.
2. The Shareholder Recommendation must be delivered to or mailed and received at the principal executive offices of the Trust in accordance with Rule 14a-8(e) (Schedule 14A) (at least 120 calendar days before the date on which the Trust's proxy statement was released to shareholders for the previous year's annual meeting).
3. The Shareholder Recommendation must include:
  - (i) a statement in writing setting forth:
    - (A) the name, age, date of birth, phone number, business address, residence address and nationality of the person recommended by the shareholder (the "Candidate");
    - (B) the class or series and number of all shares of the Trust owned of record or beneficially by the Candidate, as reported to such shareholder by the Candidate;
    - (C) any other information regarding the Candidate called for with respect to director nominees by paragraphs (a), (d), (e) and (f) of Item 401 of Regulation S-K or paragraph (b) of Item 22 of Rule 14a-101 (Schedule 14A) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), adopted by the Securities and Exchange Commission (or the corresponding provisions of any regulation or rule subsequently adopted by the Securities and Exchange Commission or any successor agency applicable to the Trust);
    - (D) any other information regarding the Candidate that would be required to be disclosed if the Candidate were a nominee in a proxy statement or other filing required to be made in connection with solicitation of proxies for election of Trustees or directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and
    - (E) whether the recommending shareholder believes that the Candidate is or will be an "interested person" of the Trust (as defined in the Investment Company Act of 1940, as amended) and, if not an "interested person," information regarding the Candidate that will be sufficient for the Trust to make such determination;
  - (ii) the written and signed consent of the Candidate to be named as a nominee, for such Candidate's information submitted in accordance with (i), above, to be disclosed as may be necessary or appropriate and to serve as a Trustee if elected;

- (iii) the recommending shareholder's name as it appears on the Trust's books, the number of all shares of the Trust owned beneficially and of record by the recommending shareholder;
- (iv) a description of all arrangements or understandings between the recommending shareholder and the Candidate and any other person or persons (including their names) pursuant to which the recommendation is being made by the recommending shareholder; and
- (v) such other information as the Committee may require the Candidate to furnish as it may reasonably require or deem necessary to determine the eligibility of such Candidate to serve as a Trustee.