

Principal Financial Advisors, Inc.



Investment Advisory Report
South Dakota Department of Labor Retirement Plan
Contract No. 4-15193
July 01, 2010 - September 30, 2010

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Principal Financial Advisors, Inc. Overview

Making informed and effective asset allocation decisions may be one of the most important – and challenging – endeavors an employer undertakes for their retirement plan. This decision is key in determining whether the plan will meet its long-term investment goals and objectives. At the Principal Financial Group® (The Principal®), we understand the challenges and pressures employers face as a retirement plan sponsor, including the selection of optimal investment options.

For over 20 years, Principal Financial Advisors, Inc., a registered investment advisor and a member company of the Principal Financial Group®, has been providing asset allocation solutions for clients. As of September 30, 2010, we manage more than \$5.5 billion in assets overall and have nearly 400 clients using our advisory services for retirement plans.

Our mission is to provide high quality investment advisory and consulting services to help clients meet their goals and objectives by offering premier investment managers and customized asset allocation solutions.

The investment advisory services of Principal Financial Advisors, Inc., are consistent with the following core beliefs:

- 1) Strategic asset allocation decisions are key determinants of investor success.
- 2) Liability analysis and plan sponsor attributes dictate asset allocation decisions for defined benefit plans.
- 3) Diversification by asset class, style, and manager is the primary tool for limiting investment risk.
- 4) Value is added through manager selection.

Principal Financial Advisors, Inc., provides:

- 1) Benefits of the Principal Due Diligence ProgramSM provided by Principal Life Insurance Company.
- 2) Asset liability analysis for defined benefit plans and scenarios to help meet your plan's goals.
- 3) Assumption of fiduciary responsibility for asset allocation decisions.*
- 4) Experienced investment personnel.
- 5) Comprehensive reporting and top-tier client service.

Principal Financial Advisors, Inc., focuses on long-term asset allocation strategies with the goal of providing optimal return and risk scenarios to help meet your defined benefit plan's goals.

* The plan sponsor remains the named fiduciary of the plan, but Principal Financial Advisors, Inc., has been selected as the plan's investment advisor.

Portfolio and Strategic Asset Allocation Review

Investment Review - Allocation 07/01/2010 through 09/30/2010					
Investment Advisor	Investment Option	Beginning Balance	Breakdown %	Ending Balance	Breakdown %
Large U.S. Equity					
Large Value					
AllianceBernstein / Westwood	LargeCap Value III Separate Account-R6 ^{3, 14, 19, 28}	\$2,782,092	5.40%	\$3,062,493	5.51%
UBS / TS&W	LargeCap Value I Separate Account-R6 ^{13, 28, 32}	\$5,058,021	9.81%	\$5,581,858	10.03%
Large Blend					
Principal Global Investors	LargeCap S&P 500 Index Separate Account-R6 ^{2, 8}	\$3,543,615	6.87%	\$3,940,812	7.08%
Large Growth					
Columbus Circle Investors	LargeCap Growth Separate Account-R6	\$4,053,356	7.86%	\$4,588,251	8.25%
T. Rowe Price/Brown Advisory	LargeCap Growth I Separate Account-R6 ^{3, 23, 28, 30}	\$4,134,889	8.02%	\$4,720,650	8.49%
Small/Mid U.S. Equity					
Mid Cap Value					
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 ¹	\$1,015,494	1.97%	\$1,133,615	2.04%
Mid Cap Growth					
Turner/Mellon/Jacobs Levy	MidCap Growth III Separate Account-R6 ^{1, 11, 28}	\$996,882	1.93%	\$1,133,207	2.04%
Small Value					
DFA/Vaughan Nelson/LA Capital	SmallCap Value II Separate Account-R6 ^{1, 13, 23, 26, 28}	\$984,111	1.91%	\$1,092,777	1.96%
Small Growth					
Emerald / Essex	SmallCap Growth II Separate Account-R6 ^{1, 3, 28, 29}	\$985,590	1.91%	\$1,104,846	1.99%
International Equity					
Diversified Emerging Markets					
Principal Global Investors	International Emerging Markets Separate Account-R6 ⁴	\$761,784	1.48%	\$906,525	1.63%
Foreign Large Value					
Causeway / Barrow Hanley	International Value I Separate Account-R6 ^{4, 13, 28, 34}	\$1,984,318	3.85%	\$2,340,976	4.21%
Foreign Large Blend					
Fidelity / Schroders	International I Separate Account-R6 ^{4, 13, 16, 28, 33}	\$1,964,355	3.81%	\$2,329,847	4.19%
Foreign Large Growth					
Principal Global Investors	International Growth Separate Account-R6 ^{3, 4}	\$2,118,618	4.11%	\$2,462,985	4.43%
Real Estate					
Owned Real Estate					
Principal Real Estate Inv	U.S. Property Separate Account-R6 ³⁶	\$2,586,278	5.02%	\$2,737,245	4.92%
Real Estate					
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 ^{3, 7}	\$1,286,194	2.50%	\$1,454,997	2.62%

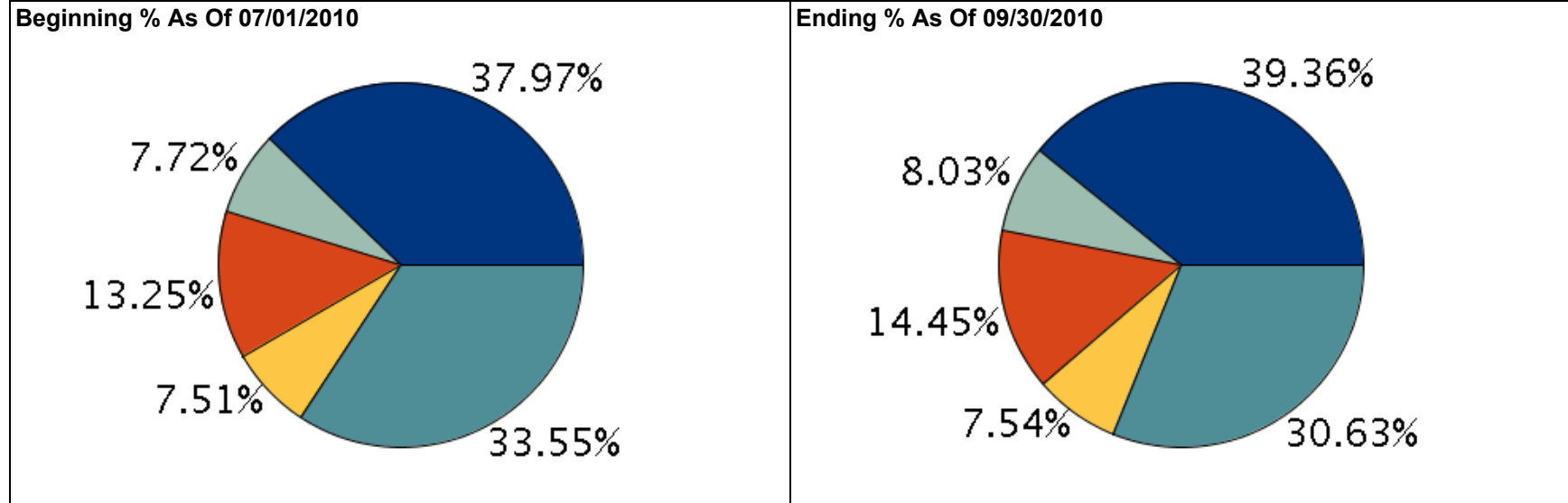
Portfolio and Strategic Asset Allocation Review

Investment Review - Allocation 07/01/2010 through 09/30/2010					
Investment Advisor	Investment Option	Beginning Balance	Breakdown %	Ending Balance	Breakdown %
Fixed Income					
High Yield Bond					
JP Morgan/Neuberger Berman	High Yield I Separate Account-R6 ^{5, 13, 15, 17, 18}	\$2,651,141	5.14%	\$2,838,238	5.10%
Intermediate-Term Bond					
PIMCO	Core Plus Bond I Separate Account-R6 ^{13, 15, 18}	\$7,020,586	13.62%	\$7,262,343	13.06%
Principal Global Investors	Bond and Mortgage Separate Account-I2 ^{15, 18}	\$4,629,387	8.98%	\$3,862,582	6.94%
Inflation-Protected Bond					
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 ^{13, 15, 18, 20}	\$2,992,842	5.81%	\$3,074,147	5.53%
TOTAL		\$51,549,553	100%	\$55,628,394	100%

Please see important disclosures at the end of this presentation.

Portfolio and Strategic Asset Allocation Review

Asset Class Breakdown



- Large U.S. Equity
- Small/Mid U.S. Equity
- International Equity
- Real Estate
- Fixed Income

Portfolio and Strategic Asset Allocation Review

The table below illustrates the plan's target allocation for future contributions at the beginning and end of the reporting period.

Your plan's assets and liabilities are reviewed periodically during the year and we make changes as needed. We will continue to monitor your plan and adjust its allocation as necessary.

Target Allocation 07/01/2010 through 09/30/2010			
Investment Advisor	Investment Option	Beginning Allocation	Ending Allocation
	Large U.S. Equity	36.80%	36.80%
	Large Value		
AllianceBernstein / Westwood	LargeCap Value III Separate Account-R6 ^{3, 14, 19, 28}	5.30%	5.30%
UBS / TS&W	LargeCap Value I Separate Account-R6 ^{13, 28, 32}	9.80%	9.80%
	Large Blend		
Principal Global Investors	LargeCap S&P 500 Index Separate Account-R6 ^{2, 8}	6.60%	6.60%
	Large Growth		
Columbus Circle Investors	LargeCap Growth Separate Account-R6	7.60%	7.60%
T. Rowe Price/Brown Advisory	LargeCap Growth I Separate Account-R6 ^{3, 23, 28, 30}	7.50%	7.50%
	Small/Mid U.S. Equity	7.20%	7.20%
	Mid Cap Value		
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 ¹	1.80%	1.80%
	Mid Cap Growth		
Turner/Mellon/Jacobs Levy	MidCap Growth III Separate Account-R6 ^{1, 11, 28}	1.80%	1.80%
	Small Value		
DFA/Vaughan Nelson/LA Capital	SmallCap Value II Separate Account-R6 ^{1, 13, 23, 26, 28}	1.80%	1.80%
	Small Growth		
Emerald / Essex	SmallCap Growth II Separate Account-R6 ^{1, 3, 28, 29}	1.80%	1.80%
	International Equity	13.90%	13.90%
	Diversified Emerging Markets		
Principal Global Investors	International Emerging Markets Separate Account-R6 ⁴	1.40%	1.40%
	Foreign Large Value		
Causeway / Barrow Hanley	International Value I Separate Account-R6 ^{4, 13, 28, 34}	4.20%	4.20%
	Foreign Large Blend		
Fidelity / Schroders	International I Separate Account-R6 ^{4, 13, 16, 28, 33}	4.10%	4.10%
	Foreign Large Growth		
Principal Global Investors	International Growth Separate Account-R6 ^{3, 4}	4.20%	4.20%

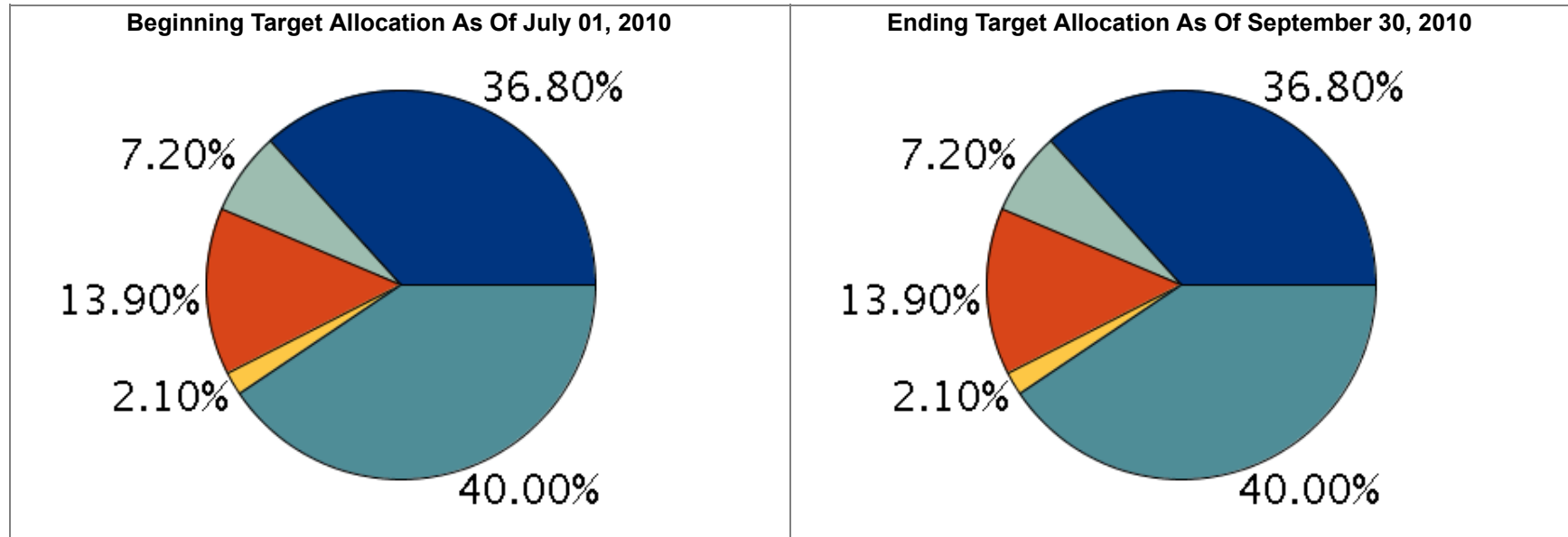
Portfolio and Strategic Asset Allocation Review

Target Allocation 07/01/2010 through 09/30/2010			
Investment Advisor	Investment Option	Beginning Allocation	Ending Allocation
	Real Estate	2.10%	2.10%
	Real Estate		
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 ^{3, 7}	2.10%	2.10%
	Fixed Income	40.00%	40.00%
	High Yield Bond		
JP Morgan/Neuberger Berman	High Yield I Separate Account-R6 ^{5, 13, 15, 17, 18}	4.40%	4.40%
	Intermediate-Term Bond		
PIMCO	Core Plus Bond I Separate Account-R6 ^{13, 15, 18}	15.20%	15.20%
Principal Global Investors	Bond and Mortgage Separate Account-I2 ^{15, 18}	15.30%	15.30%
	Inflation-Protected Bond		
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 ^{13, 15, 18, 20}	5.10%	5.10%

Please see important disclosures at the end of this presentation.

Portfolio and Strategic Asset Allocation Review


















Please note that a slight variance between your plan's target allocation displayed in this report and its weightings is normal. This variance is due to changes in your account values caused by fluctuations in the market. We periodically initiate rebalancing transfers to bring the plan's assets back to its target allocation.



- Large U.S. Equity
- Small/Mid U.S. Equity
- International Equity
- Real Estate
- Fixed Income

Portfolio and Strategic Asset Allocation Review

This section of your report includes all investment options with plan assets as of the end of the reporting period.

Large U.S. Equity		
Large Value	Large Blend	Large Growth
<p>LargeCap Value III Separate Account-R6 ^{3, 14, 19, 28}</p>   <p>LargeCap Value I Separate Account-R6 ^{13, 28, 32}</p>  	<p>LargeCap S&P 500 Index Separate Account-R6 ^{2, 8 ++}</p>	<p>LargeCap Growth Separate Account-R6</p>  <p>LargeCap Growth I Separate Account-R6 ^{3, 23, 28, 30}</p>  
Small/Mid U.S. Equity		
Mid Cap Value	Mid Cap Blend	Mid Cap Growth
<p>MidCap Value III Separate Account-R6 ¹</p>  		<p>MidCap Growth III Separate Account-R6 ^{1, 11, 28}</p>   
Small Value	Small Blend	Small Growth
<p>SmallCap Value II Separate Account-R6 ^{1, 13, 23, 26, 28}</p>   		<p>SmallCap Growth II Separate Account-R6 ^{1, 3, 28, 29}</p>  

Portfolio and Strategic Asset Allocation Review

International Equity	Real Estate	Balanced/Asset Allocation
<p>International Value I Separate Account-R6 ^{4, 13, 28, 34}</p>  <p>International I Separate Account-R6 ^{4, 13, 16, 28, 33}</p> <p>International Emerging Markets Separate Account-R6 ⁴</p> <p>International Growth Separate Account-R6 ^{3, 4}</p> 	<p>Real Estate Securities Separate Account-R6 ^{3, 7}</p> <p>U.S. Property Separate Account-R6 ³⁶</p> <p>Principal Real Estate Investors</p>	
Short-Term Fixed Income	Fixed Income	
	<p>Inflation Protection Separate Account-R6 ^{13, 15, 18, 20}</p>  <p>High Yield I Separate Account-R6 ^{5, 13, 15, 17, 18}</p>  <p>Core Plus Bond I Separate Account-R6 ^{13, 15, 18}</p> <p>Bond and Mortgage Separate Account-I2 ^{15, 18}</p> 	

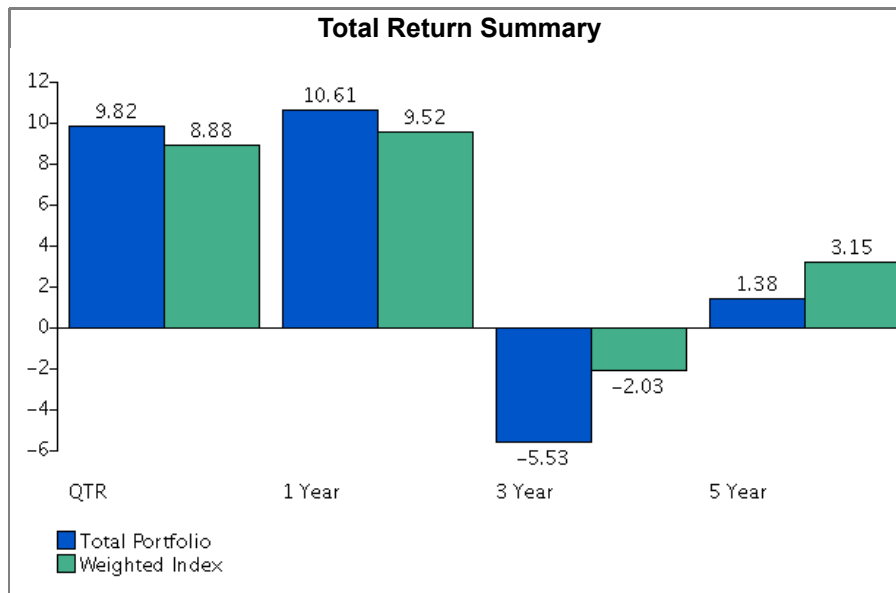
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Portfolio Performance Review

Time & Dollar Weighted Rates of Return September 30, 2010

Time & Dollar Weighted Returns	QTR	1 Year	3 Year	5 Year
Total Portfolio Return	9.82	10.61	-5.53	1.38
Weighted Index	8.88	9.52	-2.03	3.15
Excess Return	0.94	1.09	-3.50	-1.77

Asset Class Return Information	QTR	1 Year	3 Year	5 Year
Your Plan's U.S. Equity Return	11.90	10.62	-8.04	0.16
Russell 3000 Index	11.53	10.96	-6.59	0.92
Your Plan's International Equity Return	17.73	6.74	-9.56	2.91
MSCI - EAFE Index NDTR D	16.48	3.27	-9.51	1.97
Your Plan's Real Estate Return	8.26	12.58	-9.08	1.54
Blended Real Estate Index	7.30	11.56	-8.98	0.46
Your Plan's Fixed Income Return	4.02	11.90	1.39	2.46
Barclays Capital Aggregate Bond Index	2.48	8.16	7.42	6.20



We calculated performance of your plan assets with information provided to us by Principal Life Insurance Company from your September 30, 2010 Contractholder Fund Statement.

Please see important disclosures at the end of this presentation.

Market & Performance Commentary

Principal Financial Advisors Third Quarter 2010 Market Overview and Commentary

Stocks bounce back; euro zone shows some strength

Following second-quarter losses, U.S. and international stocks bounced back markedly in the third quarter as weakening in the U.S. and China appeared to have ended. Worries of a double-dip U.S. recession slowly ebbed when key economic data came in slightly ahead of expectations, and concerns about China's slowing growth faded as its economy picked up steam.¹

Meanwhile, data released in August showed that the euro zone grew at a 3.9% annual rate during the second quarter, driven by tremendous growth in Germany. However, in the third quarter the euro zone's growth rate began slowing, and worries mounted about the possibility of a sovereign debt default or restructuring for some of the region's more troubled members (e.g., Ireland, Greece, Portugal). Additionally, continued strikes by public workers raised concern that necessary government spending cuts might not be implemented.¹

U.S. economy improves a bit

Key U.S. economic data released during the quarter was mixed, but showed some slight, unexpected improvement:

- While the unemployment rate remained at 9.6%, an unexpected decrease in weekly initial jobless claims during September gave investors some hope that the unemployment situation may become less bleak.²
- Second-quarter 2010 GDP was positive at 1.7%; however, it was substantially lower than the 3.7% gain posted in the first quarter as inventories decreased and imports grew faster than exports.³
- Housing market data was weak in July, but ended the quarter on a modestly favorable note. A drop in new-home sales during July tapered off in August to a seasonally-adjusted annual rate of 288,000.⁴ Existing-home sales rose 7.6% month-over-month in August, but still remained 19% below August 2009.⁵
- After improving in August, consumer confidence fell in September, reflecting consumers' grim outlook on future economic growth and job prospects.⁶

In September, the National Bureau of Economic Research (NBER), which has sole responsibility for determining when U.S. recessions officially begin and end, determined that the recession that began in December 2007 ended in June 2009. The NBER also stated that at 18 months, it was the longest of any recession since World War II.⁷

¹ On the Other Hand: Economic Insights, Third Quarter 2010 edition, by Bob Baur and the Principal Global Investors Economic Committee

² U.S. Bureau of Labor Statistics: Employment Situation Summary 9/3/2010 www.bls.gov

³ Bureau of Economic Analysis, US Dept of Commerce (www.bea.gov)

⁴ National Association of Home Builders (www.nahb.com)

⁵ National Association of Realtors (www.realtor.org)

⁶ Conference Board's Consumer Confidence Index, September 28, 2010 (www.conference-board.org)

⁷ Business Cycle Dating Committee, National Bureau of Economic Research, September 20, 2010 (www.nber.org)

Market & Performance Commentary

Meanwhile, at its September meeting the Federal Reserve made no changes to its extremely accommodative monetary policy given the slowing pace of recovery in output and employment and noted that it is prepared to "...provide additional accommodation if needed to support the economic recovery..."⁸

U.S. stocks climb

During the third quarter, the broad U.S. stock market posted a return of 11.5% as all sectors within the Russell 3000 Index delivered positive returns. Telecommunications led the way, returning 20.1%, while financial stocks performed the weakest with a modest 5.5% gain.⁹ Financials were under pressure as investors continued to grapple with the changing landscape of regulatory reform and how it might impact the capital structure and growth opportunities for the industry. For the quarter, growth styles outperformed value, and small-cap stocks (Russell 2000) performed in line with large-caps (S&P 500).

International stocks lead returns

International markets performed even better than U.S. markets, with developed markets delivering a third-quarter return of 16.5%, led by the energy, telecom and materials sectors. Emerging markets generated a return of 18.0% for the quarter, propelled by the consumer discretionary and industrial sectors.¹⁰

Real estate shows continued demand

Real estate outperformed the broad U.S. market, returning 13.2% for the quarter.¹¹ Although the sector's fundamentals remained uncertain, improved access to capital for commercial real estate properties, combined with their attractive dividend yield, fueled continued demand for the asset class.

⁸ Federal Reserve Board press release dated September 21, 2010 (www.federalreserve.gov)

⁹ Russell 3000 Index

¹⁰ Developed international markets: MSCI EAFE Index; emerging international markets: MSCI EM Index

¹¹ MSCI US REIT Index

Market & Performance Commentary

In fixed income, investors pursue yield

In a change from their apparent risk aversion during the second quarter, investors seemed to favor riskier fixed-income asset classes in the third quarter. This switch likely reflected, in part, investors' need for yield at a time when U.S. Treasuries are delivering very low rates (for example, relatively low-risk 10-year Treasuries yielded just 2.52% at quarter-end).¹² In terms of investment-grade bonds, commercial mortgage-backed securities led the way, outpacing duration-adjusted Treasuries by 4.05% for the quarter.¹³ High-yield bonds (which are below-investment-grade) also performed well, advancing 4.26% ahead of duration-adjusted Treasuries.¹⁴ Also during the period, the yield curve flattened as the distance between 2- and 10-year Treasury yields fell from 2.36% (at the end of the second quarter) to 2.09% (at the end of the third quarter).¹⁵

¹² Source: FactSet, constant maturity US Treasury yield

¹³ As measured by components of Barclays Capital Aggregate Bond Index

¹⁴ As measured by components of Barclays Capital High Yield Index

¹⁵ Source: FactSet, constant maturity US Treasury yield

Market & Performance Commentary

Index Performance

Index	As of September 30, 2010	
	Q3 2010 (%)	Last 12 months ending 09/30/2010 (%)
Russell 3000 (Broad Market)	11.53	10.96
S&P 500 (Quality Large Caps)	11.29	10.16
NASDAQ Composite	12.30	11.60
Russell Mid-Cap	13.31	17.54
Russell 2000 (Small Caps)	11.29	13.35
Russell 1000 Value	10.13	8.90
Russell 1000 Growth	13.00	12.65
MSCI EAFE (Core International)	16.48	3.27
MSCI Emerging Markets (Developing Economies)	18.03	20.22
MSCI US REIT	13.17	30.54
Barclays Capital Treasury Bellwethers 3 Month	0.05	0.14
Barclays Capital US TIPS	2.48	8.89
Barclays Capital Long US Treasury Zeros	7.31	16.90
Barclays Capital Aggregate Bond	2.48	8.16
Barclays Capital High Yield	6.71	18.44

Third Quarter 2010 Performance Summary

Both the fixed income and equity portfolios within our strategies performed well during the quarter, outpacing their respective benchmarks.

Market & Performance Commentary

Large-cap growth helps drive U.S. equity results

The U.S. equities segment of our strategies outpaced the broad U.S. equities market (as measured by the Russell 3000 Index), driven in part by favorable results within our large-cap growth allocation; the large-cap growth Separate Accounts within our strategies outperformed not only the Russell 1000 Growth Index, but also the Russell 3000 Index.

International equities add to returns

The international equity segment of our strategies outperformed the MSCI EAFE Index, led by strong results from our core international and international value allocations. Our allocation to international growth was the only component of our international segment that did not add value.

Fixed income portfolio surges

All of the fixed income Separate Accounts within our strategies outperformed the Barclays Capital Aggregate Bond Index, led by solid gains in our allocation to core bonds. Our allocation to high-yield bonds also added value, as this asset class significantly outpaced the Barclays Capital Aggregate Bond Index (as well as the Barclays Capital US Corp High Yield 2% Issuer Capped Index).

Positive absolute returns in real estate

Similar to the prior quarter, the Real Estate Securities Separate Account, sub-advised by Principal Real Estate Investors, added value for the broad domestic equity allocation by significantly outpacing the Russell 3000 Index. Meanwhile, the U.S. Property Separate Account, also sub-advised by Principal Real Estate Investors, generated a solid positive return. This Separate Account outperformed the broad fixed income market (as measured by Barclays Capital Aggregate Bond Index).

Last 12 Months Ending September 30, 2010

All of our asset allocation strategies outpaced their custom benchmark indexes, led by strong results in the fixed income-focused strategies — due in large part to investors' improved appetite for risk and search for yield, in an environment of extremely low interest rates. The investment strategy of underweighting U.S. Treasuries in favor of higher-yielding fixed-income sectors was strongly rewarded in this environment.

U.S. equities lag the Russell 3000 Index

The U.S. equities segment of our strategies lagged the broad U.S. equities market (as measured by the Russell 3000 Index). Our large-cap value Separate Accounts (the LargeCap Value I Separate Account, co-sub-advised by UBS and TS&W, and the LargeCap Value III Separate Account, co-sub-advised by AllianceBernstein and Westwood) hindered results as both underperformed the Russell 3000 Index.¹⁶ These negatives were mitigated by strong performance from the LargeCap Growth I Separate Account, co-sub-advised by T.Rowe Price and Brown Advisory, which outperformed both the Russell 1000 Growth Index and the Russell 3000 Index.

Market & Performance Commentary

International equities add to returns

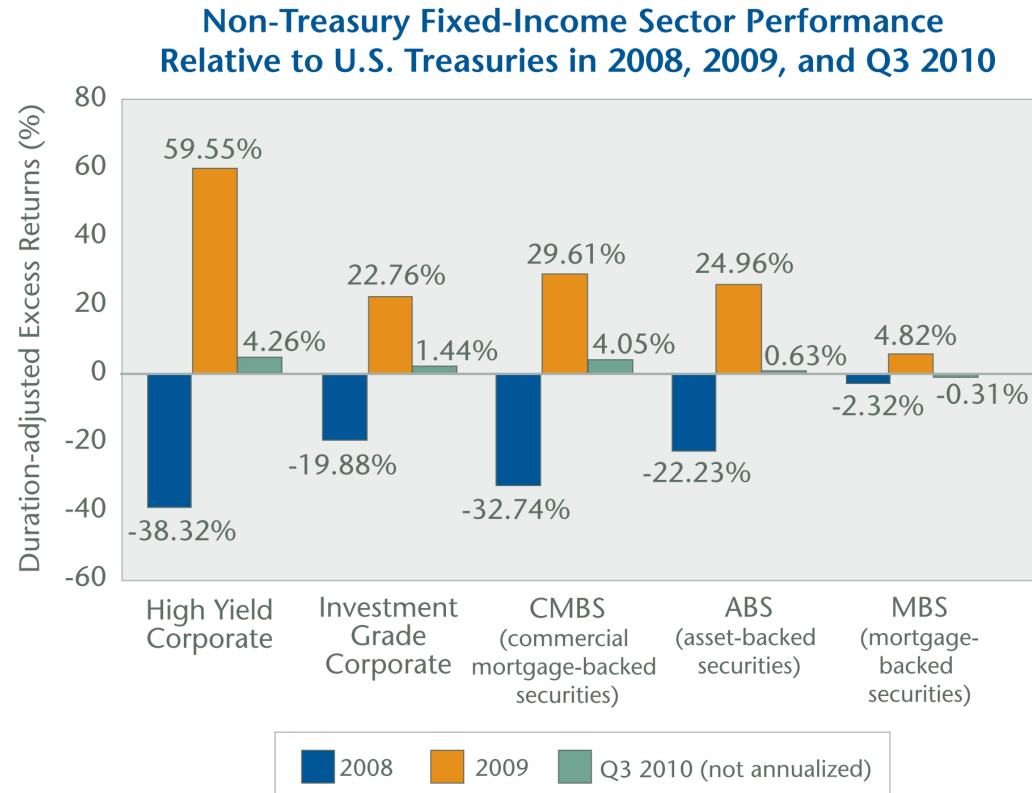
Similar to the quarter, the international equity segment of our strategies outperformed the MSCI EAFE Index, led by the allocation to international emerging markets, which surged ahead of developed markets. The allocation to core international growth also was rewarded, as was solid performance by the allocation to core international equities. These favorable results were offset by the allocation to international value, as international value generally lagged other components of the broad international equity asset class during the year. Fortunately, our allocation to international value significantly outpaced the MSCI EAFE Value Index, mitigating this effect.

¹⁶ As noted in the article titled “Changes Made to Strategies Based on Mid-Year Review” on Page 1, the Equity Income Separate Account, sub-advised by Edge Asset Management, has replaced the LargeCap Value I Separate Account in our asset allocation strategies. This change was effective September 30, 2010.

Market & Performance Commentary

Fixed-Income segment boosts absolute and relative returns

The fixed income segment of our strategies continued to perform well, maintaining an advantage over the Barclays Capital Aggregate Bond Index. In particular, the allocation to high-yield bonds significantly benefited results, as this asset class led the broad fixed income market. The allocation to core bonds added to returns as well.



Source: Barclays Capital US Aggregate Bond Index
Past performance is no guarantee of future results.

As the credit markets healed and non-Treasury fixed-income sectors improved, our fixed-income segment was positioned to outperform. The Bond and Mortgage Separate Account, sub-advised by Principal Global Investors, was a primary positive contributor due to its overweight to the top-performing investment-grade fixed-income sector, CMBS, and out-of-index exposure to high-yield bonds. Our allocation to high yield also added significant value as the high-yield sector led all U.S. fixed income for the year.

Market & Performance Commentary

Positive absolute returns in real estate



The Real Estate Securities Separate Account added value for the broad domestic equity allocation by significantly outpacing the Russell 3000 Index. Meanwhile, the U.S. Property Separate Account hindered performance as asset-value depreciation caused it to underperform the Barclays Capital Aggregate Bond Index.

Our Goal: Strong long-term performance

Principal Financial Advisors recognizes that investing for retirement requires a long-term perspective. We implement and maintain a core asset allocation strategy for each client based on a solid set of fundamental views that are designed to help maximize long-term returns while helping to control long-term risks. In this manner, we can help avoid overreacting to short-term market events that many times have little if any impact on a portfolio when compared to the portfolio's overall long-term performance. Instead, we strive to deliver consistently strong investment results over the long term for our clients' benefit.

Due Diligence Update

Over the past year the following actions have impacted client portfolios designed by Principal Financial Advisors, Inc.

Investment Manager	Investment Option	Action Taken
 <p>CAUSEWAY CAPITAL MANAGEMENT LLC</p> <p>BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC</p>	<p>International Value I Separate Account</p>	<p>Removed from Watch List in August 2010 – Prior to August 2010, this Separate Account was co-sub-advised by AXA Rosenberg and Causeway Capital Management. This Separate Account was placed on the Watch List for qualitative reasons due to information the due diligence team of Principal Life Insurance Company (Principal Life) received from AXA Rosenberg on April 15, 2010. AXA Rosenberg revealed that in 2009, while conducting research on a risk modeling enhancement, the firm discovered a coding error that affected the flow of information between its risk model and portfolio optimization process. AXA Rosenberg was not certain whether client portfolios were impacted positively or negatively by the coding error and hired an outside consultant to conduct a review of the situation. Concurrently, the due diligence team of Principal Life conducted an in-depth review and determined it was prudent to replace AXA Rosenberg. After a comprehensive search, Principal Life selected Barrow Hanley. Effective August 9, 2010, Barrow Hanley was in place as co-sub-advisor with Causeway Capital Management and this core-satellite investment option¹ was removed from the Watch List.</p>
	<p>International Growth Separate Account</p>	<p>Placed on Watch List in September 2009; Watch List Status Extended in September 2010 – This Separate Account received a quantitative grade of “Less Favorable” for three out of four quarters² and was placed on the Watch List by the due diligence team of Principal Life in September 2009. Due to continued underperformance, the due diligence team conducted an in-depth review and concluded that the historical attributes of this investment process should provide an environment allowing the firm to return this investment option to acceptable performance. However, because the due diligence team has not yet seen improved performance, they do not feel it prudent to remove this investment option from the Watch List. Therefore, the Watch List status was extended for an additional six months (to March 31, 2011) allowing the investment team at Principal Life to take a longer look at the contributions the recently-added portfolio manager, Mark Nebelung, may add to the team.</p>

The due diligence team of Principal Life Insurance Company will continue to monitor performance of all Separate Accounts placed on the Watch List.³

¹ In a core-satellite structure, a Separate Account is comprised of a “core” portfolio plus two or more sub-advised “satellite” portfolios. Comprised of an enhanced index, the core portfolio is actively managed within narrow risk constraints while each actively-managed satellite portfolio strives to deliver excess return relative to the benchmark. Principal Management Corporation has responsibility for portfolio management of all core portfolios.

² Based on the quantitative scoring criteria of the Principal Due Diligence ProgramSM

³ According to the guidelines of The Principal Due Diligence ProgramSM, Separate Accounts may be placed on the Watch List for a period generally not to exceed 12 months. Any resulting action from the Principal Due Diligence ProgramSM process may affect the client portfolios designed by Principal Financial Advisors.

Investment Option Performance

Investment results shown represent historical performance and do not guarantee future results. Investment returns and principal values fluctuate with changes in interest rates and other market conditions so the value, when redeemed may be worth more or less than original costs. Current performance may be lower or higher than the performance data shown.

The gross total investment expense figure does not reflect any waivers or caps on the mutual fund or underlying mutual fund in which a Separate Account invests. Returns displayed are always based on net total investment expense.

For more performance information, including most recent month-end performance, visit the Principal Sponsor Service Center SM at www.principal.com, contact your representative of the Principal Financial Group® (The Principal®), or call our Client Contact Center at 1-800-547-7754.

Investment Advisor	Investment Option	Rates of Return through 09/30/2010							Percentile Rankings as of 09/30/2010					Total Inv. Expense Gross	
		Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.		
Large U.S. Equity															
Large Value															
AllianceBernstein / Westwood	LargeCap Value III Separate Account-R6 ^{3, 14, 19, 28}	10.07	6.73	-12.96	-3.24	-	1.54	12/29/2000	-	61	95	92	-	0.94	
	Russell 1000 Value Index	10.13	8.90	-9.39	-0.48	2.59	-	-	-	-	-	-	-	-	
UBS / TS&W	LargeCap Value I Separate Account-R6 ^{13, 28, 32}	10.35	5.26	-10.66	-1.55	-	1.35	06/01/2004	-	80	81	75	-	0.95	
	Russell 1000 Value Index	10.13	8.90	-9.39	-0.48	2.59	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Large Value	10.59	8.02	-8.44	-0.28	2.47	Total Funds in Category	1309	1264	1127	942	490	-		
Large Blend															
Principal Global Investors	LargeCap S&P 500 Index Separate Account-R6 ^{2, 8}	11.20	9.85	-7.40	0.36	-0.76	7.74	01/01/1990	-	32	53	52	62	0.31	
	Standard & Poor's 500 Index	11.29	10.16	-7.16	0.64	-0.43	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Large Blend	11.13	8.88	-7.22	0.41	0.18	Total Funds in Category	2072	1965	1723	1422	761	-		
Large Growth															
Columbus Circle Investors	LargeCap Growth Separate Account-R6	13.19	11.92	-7.29	0.96	-3.49	5.46	06/01/1995	-	29	68	54	70	0.71	
	Russell 1000 Growth Index	13.00	12.65	-4.36	2.06	-3.44	-	-	-	-	-	-	-	-	
T. Rowe Price/Brown Advisory	LargeCap Growth I Separate Account-R6 ^{3, 23, 28, 30}	14.16	15.70	-2.55	2.99	-	-0.08	12/29/2000	-	8	10	19	-	0.81	
	Russell 1000 Growth Index	13.00	12.65	-4.36	2.06	-3.44	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Large Growth	12.66	10.34	-6.06	1.18	-2.22	Total Funds in Category	1789	1743	1518	1279	752	-		
Small/Mid U.S. Equity															
Mid Cap Value															
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 ¹	11.63	16.29	-4.59	1.36	5.77	9.69	01/01/1991	-	26	39	56	74	0.81	
	Russell Midcap Value Index	12.13	16.93	-4.78	1.97	7.80	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Mid Cap Value	11.39	14.08	-4.88	1.79	6.65	Total Funds in Category	445	415	349	271	88	-		

Investment Option Performance

Investment Advisor	Investment Option	Rates of Return through 09/30/2010							Percentile Rankings as of 09/30/2010					Total Inv. Expense Gross
		Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.	
Mid Cap Growth														
Turner/Mellon/Jacobs Levy	MidCap Growth III Separate Account-R6 ^{1, 11, 28}	13.67	16.16	-6.14	2.16	-3.56	2.39	10/28/1999	-	50	60	56	82	1.15
	Russell Midcap Growth Index	14.65	18.27	-3.90	2.86	-0.88	-	-	-	-	-	-	-	-
	Morningstar Category Average - Mid Cap Growth	13.54	15.98	-5.11	2.50	0.05	Total Funds in Category	793	771	690	597	354	-	
Small Value														
DFA/Vaughan Nelson/LA Capital	SmallCap Value II Separate Account-R6 ^{1, 13, 23, 26, 28}	11.04	13.10	-5.72	0.22	-	3.48	06/01/2004	-	58	72	66	-	1.25
	Russell 2000 Value Index	9.72	11.84	-4.99	0.73	7.72	-	-	-	-	-	-	-	-
	Morningstar Category Average - Small Value	9.86	13.42	-3.62	1.39	8.42	Total Funds in Category	373	351	310	249	126	-	
Small Growth														
Emerald / Essex	SmallCap Growth II Separate Account-R6 ^{1, 3, 28, 29}	12.09	13.69	-8.17	-0.90	-	-0.31	12/29/2000	-	53	74	81	-	1.18
	Russell 2000 Growth Index	12.83	14.79	-3.75	2.35	-0.13	-	-	-	-	-	-	-	-
	Morningstar Category Average - Small Growth	11.68	14.26	-5.61	1.38	0.72	Total Funds in Category	777	761	676	556	319	-	
International Equity														
Diversified Emerging Markets														
Principal Global Investors	International Emerging Markets Separate Account-R6 ⁴	18.99	18.43	-4.78	11.59	12.66	11.25	01/01/1995	-	57	66	34	50	1.51
	MSCI - Emerging Markets NDTR D Index	18.03	20.22	-1.48	12.74	-	-	-	-	-	-	-	-	-
	Morningstar Category Average - Diversified Emerging Markets	18.59	19.53	-3.23	11.09	12.73	Total Funds in Category	403	379	268	201	122	-	
Foreign Large Value														
Causeway / Barrow Hanley	International Value I Separate Account-R6 ^{4, 13, 28, 34}	17.97	2.69	-	-	-	6.83	09/30/2008	-	42	-	-	-	1.30
	MSCI EAFE Value Index	16.36	-1.67	-10.72	1.09	3.84	-	-	-	-	-	-	-	-
	Morningstar Category Average - Foreign Large Value	16.21	2.49	-9.87	1.45	3.99	Total Funds in Category	384	368	287	218	125	-	
Foreign Large Blend														
Fidelity / Schroders	International I Separate Account-R6 ^{4, 13, 16, 28, 33}	18.60	5.00	-10.55	1.47	1.70	2.88	07/01/1999	-	50	64	60	56	1.29
	MSCI - EAFE Index NDTR D	16.48	3.27	-9.51	1.97	2.56	-	-	-	-	-	-	-	-
	Morningstar Category Average - Foreign Large Blend	17.06	5.55	-9.42	2.22	1.98	Total Funds in Category	839	808	665	476	268	-	

Investment Option Performance

Investment Advisor	Investment Option	Rates of Return through 09/30/2010							Percentile Rankings as of 09/30/2010					Total Inv. Expense Gross
		Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.	
Foreign Large Growth														
Principal Global Investors	International Growth Separate Account-R6 ^{3, 4}	16.25	8.55	-13.51	-0.35	-	2.65	12/29/2000	-	69	92	92	-	1.17
	MSCI World Ex US Growth Index	16.44	8.69	-8.02	3.12	1.28	-	-	-	-	-	-	-	-
	Morningstar Category Average - Foreign Large Growth	16.78	10.74	-7.90	3.65	2.31	Total Funds in Category	275	269	209	154	84	-	
Real Estate														
Owned Real Estate														
Principal Real Estate Inv	U.S. Property Separate Account-R6 ³⁶	5.84	5.52	-12.67	-2.26	3.51	5.57	01/01/1982	-	-	-	-	-	1.15
	NFI-ODCE Equal-Weight	5.32	5.20	-11.80	-1.40	3.70	-	-	-	-	-	-	-	-
Real Estate														
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 ^{3, 7}	13.12	28.81	-3.71	3.33	-	11.97	12/31/2002	-	60	13	10	-	1.15
	MSCI US REIT Index	13.17	30.54	-6.07	1.88	10.20	-	-	-	-	-	-	-	-
	Morningstar Category Average - Real Estate	12.88	29.38	-6.60	1.01	9.16	Total Funds in Category	281	266	240	209	100	-	
Short-Term Fixed Income														
Money Market														
Principal Global Investors	Money Market Separate Account-R6 ^{6, 22, 24}	0.03	0.03	1.26	2.56	2.33	5.61	12/10/1980	-	-	-	-	-	0.56
	Barclays Capital Treasury Bellwethers 3 Month Index	0.05	0.14	1.22	2.68	2.58	-	-	-	-	-	-	-	-
	Morningstar Category Average - Money Market	0.01	0.04	1.10	2.42	2.17	Total Funds in Category	1021	999	912	833	619	-	
Fixed Income														
High Yield Bond														
JP Morgan/Neuberger Berman	High Yield I Separate Account-R6 ^{5, 13, 15, 17, 18}	7.05	17.94	10.21	8.78	-	8.10	12/31/2004	-	22	2	3	-	0.81
	Barclays Capital US Corp High Yld 2% Issuer Capped Index	6.61	18.24	9.04	8.39	8.09	-	-	-	-	-	-	-	-
	Morningstar Category Average - High Yield Bond	6.40	16.53	5.38	6.01	5.95	Total Funds in Category	593	573	506	427	287	-	
Intermediate-Term Bond														
PIMCO	Core Plus Bond I Separate Account-R6 ^{13, 15, 18}	3.44	9.05	-	-	-	10.82	09/30/2008	-	62	-	-	-	0.76
	Barclays Capital Aggregate Bond Index	2.48	8.16	7.42	6.20	6.41	-	-	-	-	-	-	-	-
Principal Global Investors	Bond and Mortgage Separate Account-I2 ^{15, 18}	3.98	14.28	6.20	5.32	6.14	8.60	02/01/1983	-	6	66	61	39	0.55
	Barclays Capital Aggregate Bond Index	2.48	8.16	7.42	6.20	6.41	-	-	-	-	-	-	-	-
	Morningstar Category Average - Intermediate-Term Bond	3.29	10.03	6.52	5.41	5.85	Total Funds in Category	1199	1149	1009	862	539	-	

Investment Option Performance

Investment Advisor	Investment Option	Rates of Return through 09/30/2010							Percentile Rankings as of 09/30/2010					Total Inv. Expense Gross	
		Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.		
	Inflation-Protected Bond														
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 ^{13, 15, 18, 20}	2.71	9.68	-1.33	-0.03	-	0.36	12/31/2004	-	16	94	94	-	0.57	
	Barclays Capital US Treas TIPS Index	2.48	8.89	6.91	5.49	7.49	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Inflation-Protected Bond	2.71	8.84	5.83	4.53	6.45	Total Funds in Category		188	162	150	121	17	-	

This section of your report includes all investment options with plan assets as of the end of the reporting period.

Please see important disclosures at the end of this presentation.

Calendar Year Performance Report

For performance information, including most recent month-end performance, visit the Principal Sponsor Service CenterSM at www.principal.com, contact your representative of The Principal, or call our Client Contact Center at 1-800-547-7754.

Investment Advisor	Investment Option	Calendar Year Performance										Inception Date
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	
Large U.S. Equity												
Large Value												
AllianceBernstein / Westwood	LargeCap Value III Separate Account-R6 ^{3, 14, 19, 28}	18.88	-40.90	-3.91	21.72	5.18	13.18	27.48	-13.58	5.52	-	12/29/2000
	Russell 1000 Value Index	19.69	-36.85	-0.17	22.25	7.05	16.49	30.03	-15.52	-5.59	7.01	-
UBS / TS&W	LargeCap Value I Separate Account-R6 ^{13, 28, 32}	22.35	-39.34	0.31	18.01	9.75	-	-	-	-	-	06/01/2004
	Russell 1000 Value Index	19.69	-36.85	-0.17	22.25	7.05	16.49	30.03	-15.52	-5.59	7.01	-
	Morningstar Category Average - Large Value	24.13	-37.09	1.42	18.15	5.95	12.97	28.44	-18.69	-4.99	7.87	
	Total Funds in Category	1272	1433	1432	1371	1296	1220	1050	961	892	809	
Large Blend												
Principal Global Investors	LargeCap S&P 500 Index Separate Account-R6 ^{2, 8}	26.09	-37.10	5.18	15.46	4.58	10.49	28.18	-22.38	-12.34	-9.47	01/01/1990
	Standard & Poor's 500 Index	26.46	-37.00	5.49	15.79	4.91	10.88	28.68	-22.10	-11.89	-9.10	-
	Morningstar Category Average - Large Blend	28.17	-37.79	6.16	14.17	5.88	10.02	27.05	-22.25	-13.50	-6.31	
	Total Funds in Category	2027	2086	2090	1980	1743	1611	1526	1468	1345	1089	
Large Growth												
Columbus Circle Investors	LargeCap Growth Separate Account-R6	26.95	-42.84	23.02	9.67	11.82	9.16	25.98	-28.87	-25.55	-10.07	06/01/1995
	Russell 1000 Growth Index	37.21	-38.44	11.81	9.07	5.26	6.30	29.75	-27.88	-20.42	-22.42	-
T. Rowe Price/Brown Advisory	LargeCap Growth I Separate Account-R6 ^{3, 23, 28, 30}	51.92	-40.69	8.18	5.93	7.44	9.12	24.01	-27.76	-14.36	-	12/29/2000
	Russell 1000 Growth Index	37.21	-38.44	11.81	9.07	5.26	6.30	29.75	-27.88	-20.42	-22.42	-
	Morningstar Category Average - Large Growth	35.68	-40.67	13.35	7.05	6.71	7.81	28.66	-27.64	-22.30	-13.05	
	Total Funds in Category	1796	1809	1748	1642	1495	1400	1311	1234	1064	805	
Small/Mid U.S. Equity												
Mid Cap Value												
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 ¹	30.11	-35.92	-0.59	16.00	13.15	16.34	29.08	-7.99	3.63	6.29	01/01/1991
	Russell Midcap Value Index	34.21	-38.44	-1.42	20.22	12.65	23.71	38.07	-9.64	2.33	19.18	-
	Morningstar Category Average - Mid Cap Value	35.41	-36.77	0.83	15.87	8.82	17.85	33.85	-13.25	6.67	18.45	
	Total Funds in Category	416	442	405	375	310	320	331	311	261	233	

Calendar Year Performance Report

Investment Advisor	Investment Option	Calendar Year Performance										Inception Date
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	
Mid Cap Growth												
Turner/Mellon/Jacobs Levy	MidCap Growth III Separate Account-R6 ^{1, 11, 28}	44.81	-48.56	24.40	6.26	11.59	11.41	49.44	-32.65	-28.17	-3.54	10/28/1999
	Russell Midcap Growth Index	46.29	-44.32	11.43	10.66	12.10	15.48	42.71	-27.41	-20.15	-11.75	-
	Morningstar Category Average - Mid Cap Growth	39.11	-43.77	15.09	9.00	9.84	13.23	35.96	-27.24	-19.98	-4.78	
	Total Funds in Category	812	934	967	994	936	903	890	786	714	549	
Small Value												
DFA/Vaughan Nelson/LA Capital	SmallCap Value II Separate Account-R6 ^{1, 13, 23, 26, 28}	32.13	-37.14	-9.11	20.37	6.85	-	-	-	-	-	06/01/2004
	Russell 2000 Value Index	20.58	-28.92	-9.78	23.48	4.71	22.25	46.03	-11.43	14.02	22.83	-
	Morningstar Category Average - Small Value	31.32	-32.24	-6.08	16.27	6.40	21.14	42.38	-10.12	15.92	18.64	
	Total Funds in Category	370	438	438	389	348	307	303	273	261	241	
Small Growth												
Emerald / Essex	SmallCap Growth II Separate Account-R6 ^{1, 3, 28, 29}	31.14	-42.31	5.64	8.79	6.88	11.00	45.09	-24.62	-20.42	-	12/29/2000
	Russell 2000 Growth Index	34.47	-38.54	7.05	13.35	4.15	14.31	48.54	-30.26	-9.23	-22.43	-
	Morningstar Category Average - Small Growth	35.46	-41.55	7.59	10.81	6.02	12.41	45.54	-27.88	-8.91	-3.85	
	Total Funds in Category	778	834	829	763	723	711	696	630	560	470	
International Equity												
Diversified Emerging Markets												
Principal Global Investors	International Emerging Markets Separate Account-R6 ⁴	68.87	-54.93	41.60	36.36	35.09	25.63	58.03	-7.18	-4.68	-29.19	01/01/1995
	MSCI - Emerging Markets NDTR D Index	78.51	-53.33	39.39	32.17	34.00	25.55	55.82	-6.17	-2.62	-30.83	-
	Morningstar Category Average - Diversified Emerging Markets	73.81	-54.44	36.68	32.06	31.54	23.54	55.19	-6.05	-3.83	-30.33	
	Total Funds in Category	367	312	274	242	212	202	196	184	175	159	
Foreign Large Value												
Causeway / Barrow Hanley	International Value I Separate Account-R6 ^{4, 13, 28, 34}	26.68	-	-	-	-	-	-	-	-	-	09/30/2008
	MSCI EAFE Value Index	34.23	-44.09	5.96	30.38	13.80	24.33	45.30	-15.91	-18.52	-3.17	-
	Morningstar Category Average - Foreign Large Value	30.33	-42.41	9.01	25.98	13.19	21.99	39.07	-12.37	-15.98	-6.76	
	Total Funds in Category	340	307	280	215	181	169	156	154	130	117	

Calendar Year Performance Report

Investment Advisor	Investment Option	Calendar Year Performance										Inception Date
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	
Foreign Large Blend												
Fidelity / Schroders	International I Separate Account-R6 ^{4, 13, 16, 28, 33}	25.40	-44.35	15.06	26.36	13.40	18.44	44.11	-20.25	-20.29	-18.60	07/01/1999
	MSCI - EAFE Index NDTR D	31.78	-43.38	11.17	26.34	13.54	20.25	38.59	-15.94	-21.44	-14.17	-
	Morningstar Category Average - Foreign Large Blend	31.24	-43.99	12.71	24.77	14.72	17.39	33.58	-16.69	-21.67	-16.34	-
	Total Funds in Category	823	778	743	657	608	551	504	482	439	396	-
Foreign Large Growth												
Principal Global Investors	International Growth Separate Account-R6 ^{3, 4}	23.40	-47.02	12.32	24.16	22.14	22.64	38.97	-16.18	-21.06	-	12/29/2000
	MSCI World Ex US Growth Index	30.66	-42.88	18.03	22.12	14.41	16.27	32.99	-15.72	-25.33	-24.20	-
	Morningstar Category Average - Foreign Large Growth	38.02	-46.56	16.26	23.95	15.23	16.23	33.83	-19.15	-24.05	-21.04	-
	Total Funds in Category	266	251	220	243	213	221	226	214	191	161	-
Real Estate												
Owned Real Estate												
Principal Real Estate Inv	U.S. Property Separate Account-R6 ³⁶	-31.59	-13.23	13.42	15.14	18.61	12.52	8.26	3.77	6.56	12.01	01/01/1982
	NFI-ODCE Equal-Weight	-31.30	-	-	-	-	-	-	-	-	-	-
Real Estate												
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 ^{3, 7}	27.56	-32.82	-17.73	36.03	15.28	33.69	37.83	-	-	-	12/31/2002
	MSCI US REIT Index	28.61	-37.97	-16.82	35.92	12.13	31.49	36.74	3.64	12.83	26.81	-
	Morningstar Category Average - Real Estate	31.26	-39.55	-14.66	33.58	11.51	32.02	36.80	4.54	10.00	27.02	-
	Total Funds in Category	262	265	372	306	279	252	206	168	152	138	-
Short-Term Fixed Income												
Money Market												
Principal Global Investors	Money Market Separate Account-R6 ^{6, 22, 24}	0.19	2.42	4.86	4.55	2.72	0.87	0.76	1.45	4.06	6.07	12/10/1980
	Barclays Capital Treasury Bellwethers 3 Month Index	0.23	2.24	5.11	4.87	3.07	1.30	1.14	1.78	4.46	6.20	-
	Morningstar Category Average - Money Market	0.17	2.00	4.63	4.42	2.59	0.78	0.60	1.22	3.60	5.76	-
	Total Funds in Category	1005	1054	1015	1001	960	965	932	868	823	777	-
Fixed Income												
High Yield Bond												
JP Morgan/Neuberger Berman	High Yield I Separate Account-R6 ^{5, 13, 15, 17, 18}	52.86	-20.12	2.37	8.71	3.91	-	-	-	-	-	12/31/2004
	Barclays Capital US Corp High Yld 2% Issuer Capped Index	58.76	-25.88	2.27	10.76	2.76	11.14	28.78	-0.24	5.46	-5.79	-
	Morningstar Category Average - High Yield Bond	46.70	-26.41	1.47	10.14	2.59	9.99	24.36	-1.52	2.39	-7.12	-
	Total Funds in Category	543	559	542	549	518	493	455	425	414	365	-

Calendar Year Performance Report

Investment Advisor	Investment Option	Calendar Year Performance										Inception Date
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	
Intermediate-Term Bond												
PIMCO	Core Plus Bond I Separate Account-R6 ^{13, 15, 18}	6.76	-	-	-	-	-	-	-	-	-	09/30/2008
	Barclays Capital Aggregate Bond Index	5.93	5.24	6.97	4.33	2.43	4.34	4.10	10.26	8.44	11.63	-
Principal Global Investors	Bond and Mortgage Separate Account-I2 ^{15, 18}	21.81	-13.06	3.83	4.72	2.64	5.02	5.21	9.91	8.40	11.99	02/01/1983
	Barclays Capital Aggregate Bond Index	5.93	5.24	6.97	4.33	2.43	4.34	4.10	10.26	8.44	11.63	-
	Morningstar Category Average - Intermediate-Term Bond	13.97	-4.70	4.70	4.15	1.80	3.91	5.10	8.04	7.64	9.44	
	Total Funds in Category	1123	1135	1097	1092	1043	1035	952	784	706	614	
Inflation-Protected Bond												
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 ^{13, 15, 18, 20}	6.42	-18.00	5.77	0.27	2.28	-	-	-	-	-	12/31/2004
	Barclays Capital US Treas TIPS Index	11.41	-2.35	11.64	0.41	2.84	8.46	8.40	16.57	7.90	13.18	-
	Morningstar Category Average - Inflation-Protected Bond	10.88	-4.08	9.86	0.09	2.09	7.48	7.15	14.81	7.27	12.36	
	Total Funds in Category	158	160	156	140	109	69	44	18	15	13	

Please see important disclosures at the end of this presentation.

Calendar Year Percentile Ranks

For performance information, including most recent month-end performance, visit the Principal Sponsor Service CenterSM at www.principal.com, contact your representative of The Principal, or call our Client Contact Center at 1-800-547-7754.

Investment Advisor	Investment Option	Calendar Year Percentile Ranks										Inception Date	
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000		
	Large U.S. Equity												
	Large Value												
AllianceBernstein / Westwood	LargeCap Value III Separate Account-R6 ^{3, 14, 19, 28}	74	80	85	10	55	45	52	13	7	-		12/29/2000
UBS / TS&W	LargeCap Value I Separate Account-R6 ^{13, 28, 32}	55	70	61	53	16	-	-	-	-	-		06/01/2004
	Large Blend												
Principal Global Investors	LargeCap S&P 500 Index Separate Account-R6 ^{2, 8}	59	40	55	29	64	43	33	48	46	62		01/01/1990
	Large Growth												
Columbus Circle Investors	LargeCap Growth Separate Account-R6	83	71	9	25	14	36	59	59	68	36		06/01/1995
T. Rowe Price/Brown Advisory	LargeCap Growth I Separate Account-R6 ^{3, 23, 28, 30}	6	51	75	63	40	37	75	51	19	-		12/29/2000
	Small/Mid U.S. Equity												
	Mid Cap Value												
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 ¹	68	41	65	46	9	55	70	18	60	84		01/01/1991
	Mid Cap Growth												
Turner/Mellon/Jacobs Levy	MidCap Growth III Separate Account-R6 ^{1, 11, 28}	31	80	12	69	37	65	5	78	74	44		10/28/1999
	Small Value												
DFA/Vaughan Nelson/LA Capital	SmallCap Value II Separate Account-R6 ^{1, 13, 23, 26, 28}	36	81	71	15	50	-	-	-	-	-		06/01/2004
	Small Growth												
Emerald / Essex	SmallCap Growth II Separate Account-R6 ^{1, 3, 28, 29}	65	57	58	63	42	60	44	35	82	-		12/29/2000
	International Equity												
	Diversified Emerging Markets												
Principal Global Investors	International Emerging Markets Separate Account-R6 ⁴	64	55	20	17	29	34	27	59	62	38		01/01/1995
	Foreign Large Value												
Causeway / Barrow Hanley	International Value I Separate Account-R6 ^{4, 13, 28, 34}	67	-	-	-	-	-	-	-	-	-		09/30/2008
	Foreign Large Blend												
Fidelity / Schroders	International I Separate Account-R6 ^{4, 13, 16, 28, 33}	80	55	27	30	62	37	3	86	39	68		07/01/1999
	Foreign Large Growth												
Principal Global Investors	International Growth Separate Account-R6 ^{3, 4}	90	50	80	39	8	8	24	24	27	-		12/29/2000
	Real Estate												
	Owned Real Estate												
Principal Real Estate Inv	U.S. Property Separate Account-R6 ³⁶	-	-	-	-	-	-	-	-	-	-		01/01/1982

Calendar Year Percentile Ranks

Investment Advisor	Investment Option	Calendar Year Percentile Ranks										Inception Date
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	
	Real Estate											
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 ^{3, 7}	66	5	70	30	16	36	32	-	-	-	12/31/2002
	Short-Term Fixed Income											
	Money Market											
Principal Global Investors	Money Market Separate Account-R6 ^{6, 22, 24}	-	-	-	-	-	-	-	-	-	-	12/10/1980
	Fixed Income											
	High Yield Bond											
JP Morgan/Neuberger Berman	High Yield I Separate Account-R6 ^{5, 13, 15, 17, 18}	24	14	34	81	15	-	-	-	-	-	12/31/2004
	Intermediate-Term Bond											
PIMCO	Core Plus Bond I Separate Account-R6 ^{13, 15, 18}	85	-	-	-	-	-	-	-	-	-	09/30/2008
Principal Global Investors	Bond and Mortgage Separate Account-I2 ^{15, 18}	11	89	78	19	9	14	34	16	25	8	02/01/1983
	Inflation-Protected Bond											
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 ^{13, 15, 18, 20}	94	93	90	27	37	-	-	-	-	-	12/31/2004

Please see important disclosures at the end of this presentation.

Disclosures

Separate Accounts are available through a group annuity contract with the Principal Life Insurance Company. Insurance products and plan administrative services are provided by Principal Life Insurance Company a member of the Principal Financial Group, Des Moines, IA 50392. See the group annuity contract for the full name of the Separate Account. Certain investment options may not be available in all states or U.S. commonwealths.

+ This is not a sub-advised investment option. Guarantees are backed by all the assets in the Principal Life general account.

++ Investment options sub-advised by Principal Global Investors.

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This report includes investment options that contain information from a variety of sources. A primary source is Morningstar which provides holdings information, operations data, and rankings or statistics proprietary to Morningstar. Morningstar is generally the source of information on mutual funds unaffiliated with the Principal.

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- 1. Small-cap and mid-cap investment options are subject to more fluctuation in value and may have additional risks than other investment options with stocks of larger, more stable companies.*
- 2. Each index based investment option is invested in the stocks or bonds of the index it tracks. Performance of indexes reflects the unmanaged results for the market segment the selected stocks or bonds represent. There is no assurance an index based investment option will match the performance of the index tracked.*
- 3. This Separate Account invests solely in the Institutional class shares of the Principal Funds. All voting rights associated with ownership of shares in the mutual fund are the rights of the Separate Account, not of contract holders investing in the Separate Account. For further information on the underlying mutual fund, see the prospectus of the fund.*
- 4. International and global investment options are subject to additional risk due to fluctuating exchange rates, foreign accounting and financial policies, and other economic and political environments.*
- 5. High yield investment options are subject to greater credit risk associated with high yield bonds.*
- 6. This investment option is not guaranteed by the Federal Deposit Insurance Corporation (FDIC), or any other government agency. Although this investment option seeks to preserve the value of an investment, it is possible to lose money by investing in this portfolio.*
- 7. Real estate investment options are subject to some risks inherent in real estate and Real Estate Investment Trusts, such as risks associated with general and local economic conditions.*
- 8. S&P 500 is a trademark of The McGraw-Hill Companies, Inc., and has been licensed for use by Principal Life Insurance Company and Principal Management Corporation. The product is not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of investing in the product.*

9. *Effective November 13, 2006, this portfolio is sub-advised by Goldman Sachs Asset Management. From November 18, 2002, to November 16, 2006, the portfolio was sub-advised by Goldman Sachs Asset Management and Wellington Management Company, LLP. The portfolio has had various sub-advisors since its inception. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.*
11. *This Separate Account invests solely in the Institutional class shares of the Principal Funds. All voting rights associated with ownership of shares in the mutual fund are the rights of the Separate Account, not of contract holder investing in the Separate Account. For further information on the underlying mutual fund see the prospectus of the fund.*
13. *This Separate Account invests solely in the Institutional class shares of the Principal Funds. All voting rights associated with ownership of shares in the mutual fund are the rights of the Separate Account, not of contract holders investing in the Separate Account. For further information on the underlying mutual fund, see the prospectus of the fund.*
14. *From March 1, 2006, to December 31, 2007, Bank of New York served as a sub-advisor for managing the cash portion of this investment option.*
15. *Fixed-income investment options are subject to interest rate risk, and their value will decline as interest rates rise. Neither the principal of bond investment options nor their yields are guaranteed by the U.S. government.*
16. *Effective March 31, 2007, references to Fidelity Management & Research as investment advisor were replaced with Fidelity (Pyramis Global Adv). This is a name change only and does not affect the management, objective, or strategy of this investment option.*
17. *Effective January 2, 2008, this portfolio is co-sub-advised by JP Morgan and Neuberger Berman Fixed Income LLC (formerly named Lehman Brothers Asset Management). Prior to January 2, 2008 Post Advisory Group was a third sub-advisor for this portfolio. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.*
18. *Fixed-income and asset allocation investment options that invest in mortgage securities are subject to increased risk due to real estate exposure.*
19. *Effective July 15, 2008, Westwood Management Corp. was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.*
20. *Effective December 31, 2008, this portfolio is sub-advised by BlackRock Financial Management, Inc. Prior to December 31, 2008, the portfolio was sub-advised by Principal Global Investors.*
22. *Principal Life Insurance Company may voluntarily waive a certain portion of its fees collected from the Money Market Separate Account on a temporary basis. The Total Investment Expense - Net may be lower when fees are waived.*
23. *This investment option maintains a voluntary waiver which is reflected in the value displayed for Total Investment Expense - Net. This waiver may be discontinued at any time.*
24. *The Money Market investment option is closed to new sales and existing clients not currently offering the option within their retirement plans, effective April 1, 2009. Existing clients already offering the money market investment option within their plan can continue to have contributions directed to this investment option at this time. As of July 1, 2009 the money market investment option will be closed for any client that does not have retirement funds in the investment on that date.*
26. *Effective May 1, 2009, LA Capital was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.*

28. *This Separate Account invests solely in the Institutional class share of a mutual fund (Fund) from Principal Funds, Inc. The manager of the Fund, Principal Management Corporation, invests between 10% and 40% of the Fund's assets in common stocks in an attempt to match or exceed the performance of the Fund's benchmark index for performance.*

29. *Effective June 26, 2009, this portfolio is sub-advised by Emerald Advisors and Essex. Prior to June 26, 2009, the portfolio was sub-advised by UBS Global Asset Management, Emerald Advisors and Essex. The portfolio has had various sub-advisors since its inception. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.*

30. *Effective July 14, 2009, Brown Advisory was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.*

32. *Effective October 1, 2009, TS&W was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.*

33. *Effective January 11, 2010, Schrodgers was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.*

34. *Effective August 10, 2010, this portfolio is sub-advised by Causeway and Barrow Hanley. Prior to August 10, 2010, the portfolio was sub-advised by AXA Rosenberg and Causeway. The portfolio has had various sub-advisors since its inception. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.*

36. *This investment option is subject to investment and liquidity risk and other risks inherent in real estate such as those associated with general and local economic conditions. If you elect to contribute funds into the U.S. Property Separate Account, you may not be able to immediately withdraw them.*

37. *Effective November 12, 2010, the SmallCap Value I investment option will merge into the SmallCap Value II investment option.*

Benchmark Descriptions

Barclays Capital Aggregate Bond Index represents securities that are domestic, taxable, and dollar denominated. The index covers the U. S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

Barclays Capital Treasury Bellwethers 3 Month Index is composed of public obligations of the U. S. Treasury with a maturity of three months.

Barclays Capital US Corp High Yld 2% Issuer Capped Index is an unmanaged in ex comprised of fixed rate, non-investment grade debt securities that are dollar denominated. The index limits the maximum exposure to any one issuer to 2%.

Barclays Capital US Treas TIPS Index consists of inflation-protected securities issued by the U.S. Treasury.

Blended Real Estate Index is composed of 75% NFI-ODCE Equal-Weight and 25% MSCI US REIT Index. The NFI-ODCE Equal-Weight is the NCREIF Fund Index- Open End Diversified Core Equity. It is a fund-level equal-weighted, time-weighted return index and includes property investments at ownership share, cash balances and Leverage. The return series is net of the average fee charged by accounts that make up the index. The MSCI US REIT Index is a capitalization-weighted benchmark index of most actively traded Real Estate Investment Trusts (REITs), designed to measure real estate performance.

MSCI - EAFE Index NDTR D is listed for foreign stock funds (EAFE refers to Europe, Australia, and Far East). Widely accepted as a benchmark for international stock performance, the EAFE Index is an aggregate of 21 individual country indexes.

MSCI - Emerging Markets NDTR D Index measures equity market performance in the global emerging markets. It consists of 26 emerging market countries in Europe, Latin America and the Pacific Basin.

MSCI EAFE Value Index is a subset of the MSCI EAFE Index, which is an unmanaged index that measures the stock returns of companies in developed economies outside of North America. The MSCI EAFE Value Index consists of securities classified by MSCI as most representing the value style.

MSCI US REIT Index is a capitalization-weighted benchmark index of most actively traded Real Estate Investment Trusts (REITs), designed to measure real estate performance.

NFI-ODCE Equal-Weight is the NCREIF Fund Index - Open End Diversified Core Equity. It is a fund-level equal-weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage. The return series is net of the average fee charged by accounts that make up the index.

Russell 1000 Growth Index is a market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index is a market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Growth Index is a market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratio and higher forecasted growth values.

Russell 2000 Value Index is a market-weighted total return index that measures the performance of companies within the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values.

Russell Midcap Growth Index is a market-weighted total return index that measures the performance of companies within the Russell Midcap Index having higher price-to-book ratios and higher forecasted growth values.

Russell Midcap Value Index is a market-weighted total return index that measures the performance of companies within the Russell Midcap index having lower price-to-book ratios and lower forecasted growth values.

Standard & Poor's 500 Index is a market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market.

The MSCI World Ex US Growth Index measures global developed market equity performance of growth securities outside of the United States. It is comprised of half the securities in the MSCI World Ex US Index, with half of the market capitalization of each country index in the Growth Index (the other half is in the Value Index).

Weighted Index is composed of:

10/01/2005 - 02/28/2007: 34% Barclays Capital Aggregate Bond Index, 47.9% Russell 3000 Index, 10% MSCI EAFE Index, 6% NFI-ODCE Equal Weight Index and 2.1% MSCI US REIT Index.

03/01/2007 - 09/30/2010: 34% Barclays Capital Aggregate Bond Index, 44% Russell 3000 Index, 13.9% MSCI EAFE Index, 6% NFI-ODCE Equal Weight Index and 2.1% MSCI US REIT Index.