

Principal Financial Advisors, Inc.



Investment Advisory Report
South Dakota Department of Labor Retirement Plan
Contract No. 4-15193
July 01, 2014 - September 30, 2014

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Principal Financial Advisors, Inc. Overview

As a retirement plan sponsor, you face significant challenges in managing the plan on behalf of participants – fiduciary responsibility, risk management and plan investment decisions, just to name a few. **When you appoint Principal Financial Advisors, Inc. as the plan's ERISA Section 3(38) investment manager, we team with you to address these challenges.**

For 25 years, Principal Financial Advisors (a member company of the Principal Financial Group) has been managing investment strategies. As of September 30, 2014, we manage more than \$7.5 billion in assets and have more than 330 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 access to premier investment managers and customized investment strategies.

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

- 1) Strategic asset allocation selection and implementation play key roles in a retirement plan's ability to successfully meet its obligations over the long term.
- 2) Careful analysis of a retirement plan's assets, liabilities and unique attributes guides asset allocation decisions.
- 3) Diversifying by asset class, style and investment manager is one of the most effective ways to control investment risk.
- 4) A portfolio's long-term success depends substantially on selecting appropriate managers and carefully monitoring their performance over time.

Principal Financial Advisors provides:

- 1) A customized investment strategy based on the plan's unique situation.
- 2) Assumption of fiduciary responsibility for asset allocation decisions.¹
- 3) Benefits of the due diligence process of Principal Life Insurance Company.²
- 4) Experienced investment personnel, comprehensive reporting and top-tier client service.

¹The plan sponsor remains the plan's named fiduciary, but Principal Financial Advisors, Inc. has been appointed as the plan's ERISA Section 3(38) investment manager.

²Principal Life Insurance Company is responsible for the hiring and monitoring of investment managers made available to you through the due diligence process. Principal Financial Advisors selects from these investment options for retirement portfolios.

Portfolio and Strategic Asset Allocation Review

Investment Review - Allocation 07/01/2014 through 09/30/2014				
Inv Manager or Sub-Advisor	Beginning Balance	Breakdown %	Ending Balance	Breakdown %
Investment Option				
Large U.S. Equity				
Large Value				
<i>Edge Asset Management, Inc.</i> Equity Income Separate Account-R6 ^{3, 11}	\$4,160,511	6.56%	\$4,116,106	6.68%
<i>Principal Global Investors</i> LargeCap Value Separate Account-R6	\$4,095,256	6.45%	\$4,068,030	6.60%
Large Blend				
<i>Principal Global Investors</i> LargeCap S&P 500 Index Separate Account-R6 ^{2, 8, 35}	\$3,685,558	5.81%	\$3,724,016	6.04%
Large Growth				
<i>T. Rowe Price/Brown Advisory</i> LargeCap Growth I Separate Account-R6 ^{3, 25, 27}	\$7,887,209	12.43%	\$7,914,424	12.84%
Small/Mid U.S. Equity				
Mid Cap Value				
<i>Principal Global/Barrow Hanley</i> MidCap Value III Separate Account-R6 ¹	\$1,290,995	2.03%	\$1,247,298	2.02%
Mid Cap Growth				
<i>Robert Baird/William Blair</i> MidCap Growth III Separate Account-R6 ^{1, 12, 25, 38}	\$1,231,162	1.94%	\$1,207,211	1.96%
Small Value				
<i>DFA/Vaughan Nelson/LA Capital</i> SmallCap Value II Separate Account-R6 ^{1, 14, 24, 25}	\$1,247,612	1.97%	\$1,164,763	1.89%
Small Growth				
<i>AllianceBern/CCI/Brown/Emerald</i> SmallCap Growth I Separate Account-R6 ^{1, 3, 25, 40}	\$1,190,951	1.88%	\$1,123,587	1.82%
International Equity				
Diversified Emerging Markets				
<i>Principal Global Investors</i> International Emerging Markets Separate Account-R6 ⁴	\$1,639,620	2.58%	\$1,576,532	2.56%
Foreign Large Value				
<i>Causeway / Barrow Hanley</i> Overseas Separate Account-R6 ^{4, 14, 25, 30, 33}	\$6,540,884	10.31%	\$6,239,828	10.12%

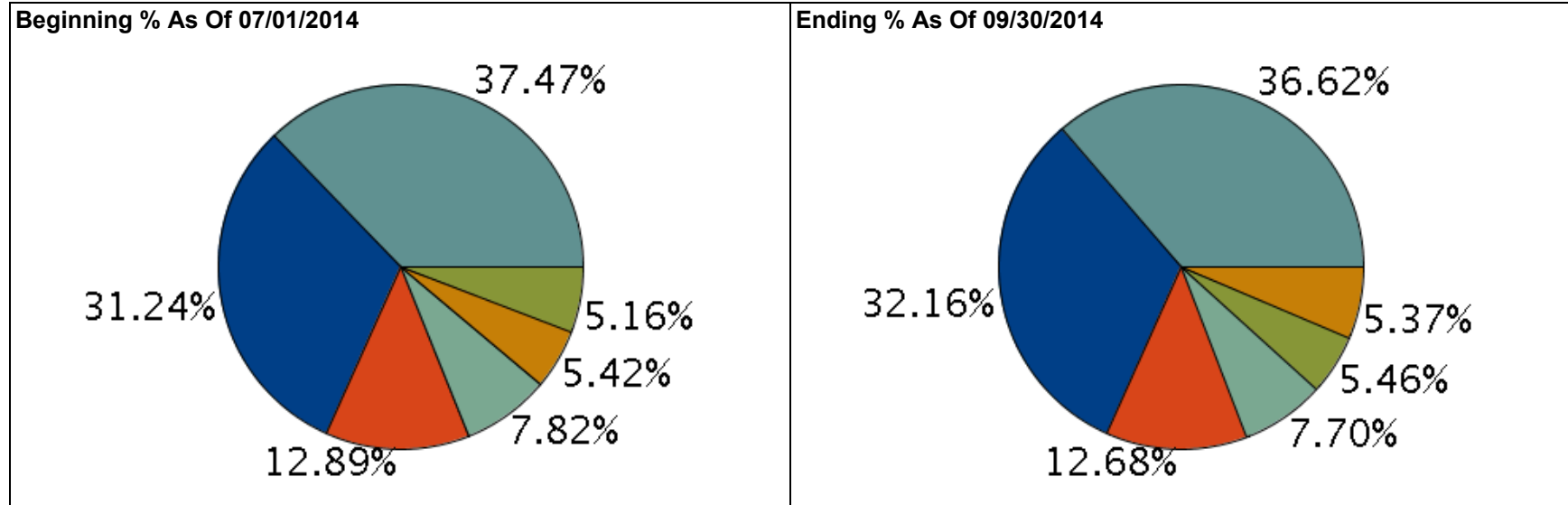
Portfolio and Strategic Asset Allocation Review

Investment Review - Allocation 07/01/2014 through 09/30/2014				
<i>Inv Manager or Sub-Advisor</i>	Beginning Balance	Breakdown %	Ending Balance	Breakdown %
Real Estate				
Owned Real Estate				
<i>Principal Real Estate Inv</i> U.S. Property Separate Account-R6 ³¹	\$3,275,335	5.16%	\$3,367,782	5.46%
Balanced/Asset Allocation				
Conservative Allocation				
<i>Multiple Sub-Advisors</i> Diversified Real Asset Separate Account-R6 ^{3, 11, 29, 35}	\$3,437,849	5.42%	\$3,311,616	5.37%
Fixed Income				
High Yield Bond				
<i>JP Morgan / Neuberger Berman</i> High Yield I Separate Account-R6 ^{5, 14, 16, 18, 19}	\$2,623,722	4.13%	\$2,569,813	4.17%
Intermediate-Term Bond				
<i>PIMCO</i> Core Plus Bond I Separate Account-R6 ^{14, 16, 19, 35}	\$11,599,479	18.28%	\$11,553,733	18.75%
<i>Principal Global Investors</i> Bond and Mortgage Separate Account-I2 ^{16, 19, 35}	\$9,556,465	15.06%	\$8,445,845	13.70%
TOTAL	\$63,462,608	100%	\$61,630,584	100%

Please see important disclosures at the end of this presentation.

Portfolio and Strategic Asset Allocation Review

Asset Class Breakdown



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

Portfolio and Strategic Asset Allocation Review

The table below illustrates the plan's target allocation 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 07/01/2014 through 09/30/2014			
Investment Advisor	Investment Option	Beginning Allocation	Ending Allocation
	Large U.S. Equity	29.90%	29.90%
	Large Value		
Edge Asset Management, Inc.	Equity Income Separate Account-R6 ^{3, 11}	6.10%	6.10%
Principal Global Investors	LargeCap Value Separate Account-R6	6.10%	6.10%
	Large Blend		
Principal Global Investors	LargeCap S&P 500 Index Separate Account-R6 ^{2, 8, 35}	5.50%	5.50%
	Large Growth		
T. Rowe Price/Brown Advisory	LargeCap Growth I Separate Account-R6 ^{3, 25, 27}	12.20%	12.20%
	Small/Mid U.S. Equity	7.60%	7.60%
	Mid Cap Value		
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 ¹	1.90%	1.90%
	Mid Cap Growth		
Robert Baird/William Blair	MidCap Growth III Separate Account-R6 ^{1, 12, 25, 38}	1.90%	1.90%
	Small Value		
DFA/Vaughan Nelson/LA Capital	SmallCap Value II Separate Account-R6 ^{1, 14, 24, 25}	1.90%	1.90%
	Small Growth		
AllianceBern/CCI/Brown/Emerald	SmallCap Growth I Separate Account-R6 ^{1, 3, 25, 40}	1.90%	1.90%
	International Equity	12.50%	12.50%
	Diversified Emerging Markets		
Principal Global Investors	International Emerging Markets Separate Account-R6 ⁴	2.50%	2.50%
	Foreign Large Value		
Causeway / Barrow Hanley	Overseas Separate Account-R6 ^{4, 14, 25, 30, 33}	10.00%	10.00%
	Real Estate	5.00%	5.00%
	Owned Real Estate		
Principal Real Estate Inv	U.S. Property Separate Account-R6 ³¹	5.00%	5.00%
	Balanced/Asset Allocation	5.00%	5.00%
	Conservative Allocation		
Multiple Sub-Advisors	Diversified Real Asset Separate Account-R6 ^{3, 11, 29, 35}	5.00%	5.00%

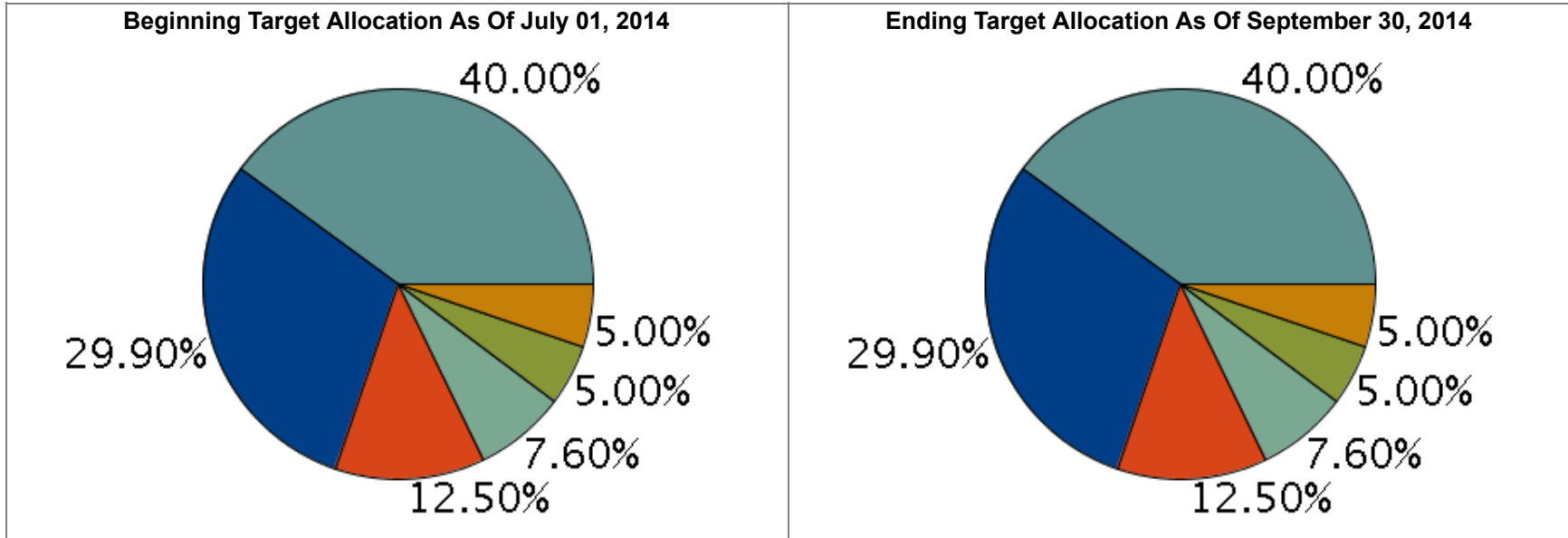
Portfolio and Strategic Asset Allocation Review

Target Allocation 07/01/2014 through 09/30/2014			
Investment Advisor	Investment Option	Beginning Allocation	Ending Allocation
	Fixed Income	40.00%	40.00%
	High Yield Bond		
JP Morgan / Neuberger Berman	High Yield I Separate Account-R6 ^{5, 14, 16, 18, 19}	4.00%	4.00%
	Intermediate-Term Bond		
PIMCO	Core Plus Bond I Separate Account-R6 ^{14, 16, 19, 35}	18.00%	18.00%
Principal Global Investors	Bond and Mortgage Separate Account-I2 ^{16, 19, 35}	18.00%	18.00%

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
- Balanced/Asset Allocation
- 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
Equity Income Separate Account-R6 ^{3, 11}  LargeCap Value Separate Account-R6 	LargeCap S&P 500 Index Separate Account-R6 ^{2, 8, 35 ++}	LargeCap Growth I Separate Account-R6 ^{3, 25, 27}  
Small/Mid U.S. Equity		
Mid Cap Value	Mid Cap Blend	Mid Cap Growth
MidCap Value III Separate Account-R6 ¹  		MidCap Growth III Separate Account-R6 ^{1, 12, 25, 38}  
Small Value	Small Blend	Small Growth
SmallCap Value II Separate Account-R6 ^{1, 14, 24, 25}   		SmallCap Growth I Separate Account-R6 ^{1, 3, 25, 40}    

Portfolio and Strategic Asset Allocation Review

International Equity	Real Estate	Balanced/Asset Allocation
<p>Overseas Separate Account-R6 ^{4, 14, 25, 30, 33}</p>  <p>BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC</p> <p>International Emerging Markets Separate Account-R6 ⁴</p> 	<p>U.S. Property Separate Account-R6 ³¹</p> 	<p>Diversified Real Asset Separate Account-R6 ^{3, 11, 29, 35}</p>        
Short-Term Fixed Income	Fixed Income	
	<p>High Yield I Separate Account-R6 ^{5, 14, 16, 18, 19}</p>   <p>Core Plus Bond I Separate Account-R6 ^{14, 16, 19, 35}</p>  <p>Bond and Mortgage Separate Account-I2 ^{16, 19, 35}</p> 	

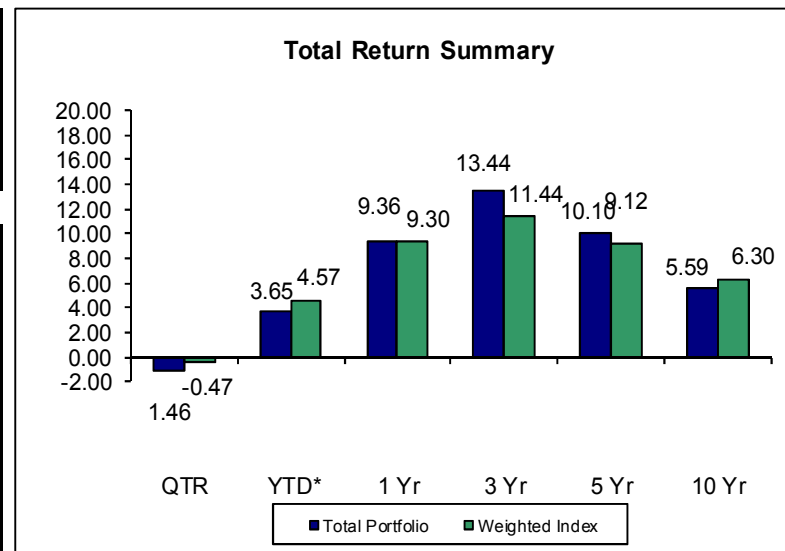
Please see important disclosures at the end of this presentation.

Portfolio Performance Review

Time & Dollar Weighted Rates of Return
September 30, 2014

Time & Dollar Weighted Returns						
	QTR	YTD*	1 Yr	3 Yr	5 Yr	10 Yr
Total Portfolio Return	-1.16	3.65	9.36	13.44	10.10	5.59
Weighted Index	-0.47	4.57	9.30	11.44	9.12	6.30
Excess Return	-0.69	-0.92	0.06	2.00	0.98	-0.71

Asset Class Return Information						
	QTR	YTD*	1 Yr	3 Yr	5 Yr	10 Yr
Your Plan's U.S. Equity Return	-0.91	4.49	15.77	23.48	14.57	6.61
S&P 1500 Total Market Stock Index	0.44	7.49	18.57	22.96	15.78	8.34
Portfolio's International Equity Return	-4.45	-0.88	5.81	14.20	6.52	7.22
MSCI - EAFE Index NDTRD	-5.87	-1.38	4.26	13.65	6.56	6.32
Your Plan's Real Asset Return	-0.51	6.81	9.63	10.18	11.02	7.40
Blended Real Asset Index	0.37	2.45	3.11	3.10	6.77	4.52
Your Plan's Fixed Income Return	-0.44	3.48	4.20	4.65	5.84	3.26
Barclays Aggregate Bond Index	0.17	4.10	3.96	2.43	4.12	4.62



We calculated performance of your plan assets with information provided to us by Principal Life Insurance Company from your September 30, 2014 Contract holder Fund Statement.

Your Plan's Real Asset Return includes the weighted investment performance from the following Separate Accounts for any reporting periods during which they were applicable to your plans allocation: US Property Separate Account, sub-advised by Principal Real Estate Investors; Real Estate Securities Separate Account, sub-advised by Principal Real Estate Investors and Diversified Real Asset Separate Account, sub-advised by multiple sub-advisors.

*YTD is the calendar year from 1/1/2014 thru 9/30/2014.

Please see important disclosures at the end of this presentation.

Market & Performance Commentary

Please note:

Principal Financial Advisors delivers quarterly Market & Performance Commentary directly to the email address(es) you have provided via our *Asset Allocation Edge* newsletter. In an effort to simplify your Investment Advisory Report, improve delivery timing and streamline the report review process, the commentary section has been removed from the report.

If you are not currently receiving the quarterly commentary electronically, please notify your dedicated Advisory Associate immediately.

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.

In situations where the net and gross total investment expense figures are different, the mutual fund or underlying fund in which a Separate Account invests has waived/capped a portion of its management fees through the date displayed in the Waiver Expiration Date or Contractual Cap Expiration Date column. Differences may also be shown due to the fund family choosing to pay certain expenses that would normally be payable by the fund. Returns displayed are always based on net total investment expense.

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

Inv Manager or Sub-Advisor Investment Option	Average Annual Total Returns through 09/30/2014							Percentile Rankings as of 09/30/2014					Total Inv. Exp. Net / Gross	Contractual Cap/Waiver Expire Date
	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														
Edge Asset Management, Inc. Equity Income Separate Account-R6 ^{3, 11}	-1.07	17.04	20.04	14.91	8.34	8.58	06/30/2009	-	42	74	21	19	0.68 / 0.68	-
Russell 1000 Value Index	-0.19	18.89	23.93	15.26	7.84	-	-	-	-	-	-	-	-	-
Principal Global Investors LargeCap Value Separate Account-R6	-0.67	16.74	22.85	14.31	7.03	7.75	06/01/1995	-	46	32	37	55	0.61 / 0.61	-
Russell 1000 Value Index	-0.19	18.89	23.93	15.26	7.84	-	-	-	-	-	-	-	-	-
Morningstar Category Average - Large Value	-0.55	16.35	21.41	13.69	7.19	Total Funds in Category	1344	1259	1092	966	635	-	-	-
Large Blend														
Principal Global Investors LargeCap S&P 500 Index Separate Account-R6 ^{2, 8, 35}	1.04	19.31	22.57	15.32	7.78	9.14	01/01/1990	-	24	39	26	39	0.31 / 0.31	-
Standard & Poor's 500 Index	1.13	19.73	22.99	15.70	8.11	-	-	-	-	-	-	-	-	-
Morningstar Category Average - Large Blend	-0.08	16.84	21.59	14.10	7.51	Total Funds in Category	1671	1570	1343	1204	804	-	-	-
Large Growth														
T. Rowe Price/Brown Advisory LargeCap Growth I Separate Account-R6 ^{3, 25, 27}	0.34	14.50	22.04	16.22	9.25	4.44	12/29/2000	-	72	39	19	23	0.77 / 0.79	02/28/2015
Russell 1000 Growth Index	1.49	19.15	22.45	16.50	8.94	-	-	-	-	-	-	-	-	-
Morningstar Category Average - Large Growth	0.68	16.24	21.28	14.60	8.26	Total Funds in Category	1768	1712	1504	1334	912	-	-	-
Small/Mid U.S. Equity														
Mid Cap Value														
Principal Global/Barrow Hanley MidCap Value III Separate Account-R6 ¹	-3.39	14.27	24.46	17.22	9.73	10.96	01/01/1991	-	48	26	10	22	0.81 / 0.81	-
Russell Midcap Value Index	-2.65	17.46	24.72	17.24	10.17	-	-	-	-	-	-	-	-	-
Morningstar Category Average - Mid Cap Value	-3.42	13.56	22.86	15.01	8.68	Total Funds in Category	473	435	383	333	221	-	-	-

Investment Option Performance

Inv Manager or Sub-Advisor Investment Option	Average Annual Total Returns through 09/30/2014							Percentile Rankings as of 09/30/2014					Total Inv. Exp. Net / Gross	Contractual Cap/Waiver / Expire Date
	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														
<i>Robert Baird/William Blair</i> MidCap Growth III Separate Account-R6 ^{1, 12, 25, 38}	-1.95	9.11	17.75	14.09	8.78	5.28	10/28/1999	-	59	81	64	63	1.11 / 1.13	02/28/2015 02/28/2015
Russell Midcap Growth Index	-0.73	14.43	22.74	17.12	10.24	-	-	-	-	-	-	-	-	
Morningstar Category Average - Mid Cap Growth	-2.29	10.05	20.14	14.82	9.07	Total Funds in Category		777	747	642	582	425	-	-
Small Value														
<i>DFA/Vaughan Nelson/LA Capital</i> SmallCap Value II Separate Account-R6 ^{1, 14, 24, 25}	-6.64	7.86	22.71	14.69	7.89	7.82	06/01/2004	-	32	26	24	55	1.26 / 1.28	02/28/2015 02/28/2015
Russell 2000 Value Index	-8.58	4.13	20.61	13.02	7.25	-	-	-	-	-	-	-	-	
Morningstar Category Average - Small Value	-7.14	6.31	20.98	13.57	8.01	Total Funds in Category		405	377	334	261	174	-	-
Small Growth														
<i>AllianceBern/CCI/Brown/Emerald</i> SmallCap Growth I Separate Account-R6 ^{1, 3, 25, 40}	-5.66	2.30	21.32	17.19	9.50	4.69	12/29/2000	-	56	36	16	23	1.18 / 1.25	02/28/2015 02/28/2015
Russell 2000 Growth Index	-6.13	3.79	21.91	15.51	9.03	-	-	-	-	-	-	-	-	
Morningstar Category Average - Small Growth	-5.80	2.78	20.06	14.84	8.63	Total Funds in Category		748	725	648	573	380	-	-
International Equity														
Diversified Emerging Markets														
<i>Principal Global Investors</i> International Emerging Markets Separate Account-R6 ⁴	-3.85	3.58	6.64	4.11	10.37	9.05	01/01/1995	-	59	66	48	30	1.51 / 1.51	- -
MSCI - Emerging Markets NDTR D Index	-3.49	4.30	7.19	4.42	10.68	-	-	-	-	-	-	-	-	
Morningstar Category Average - Diversified Emerging Markets	-3.47	4.81	7.92	4.28	9.83	Total Funds in Category		824	677	484	336	161	-	-
Foreign Large Value														
<i>Causeway / Barrow Hanley</i> Overseas Separate Account-R6 ^{4, 14, 25, 30, 33}	-4.61	6.61	15.28	7.01	-	7.68	09/30/2008	-	12	15	23	-	1.23 / 1.26	02/28/2015 02/28/2015
MSCI EAFE Value Index	-6.20	5.65	13.91	5.52	5.92	-	-	-	-	-	-	-	-	
Morningstar Category Average - Foreign Large Value	-5.96	4.62	13.01	5.84	5.67	Total Funds in Category		376	367	313	282	140	-	-

Investment Option Performance

Inv Manager or Sub-Advisor Investment Option	Average Annual Total Returns through 09/30/2014							Percentile Rankings as of 09/30/2014							Total Inv. Exp. Net / Gross	Contractual Cap/Waiver Expire Date
	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 Blend																
<i>Origin Asset Management LLP</i> International I Separate Account-R6 ^{4, 14, 17, 25, 39}	-4.85	8.13	14.92	6.88	6.05	4.03	07/01/1999	-	5	16	35	50	1.11 / 1.11	-		
MSCI ACWI Ex USA Index	-5.27	4.77	11.79	6.03	7.06	-	-	-	-	-	-	-	-	-		
Morningstar Category Average - Foreign Large Blend	-5.62	3.75	13.05	6.22	6.25	Total Funds in Category		819	776	682	612	333	-	-		
Real Estate																
Owned Real Estate																
<i>Principal Real Estate Inv</i> U.S. Property Separate Account-R6 ³¹	2.82	11.30	11.70	11.69	5.76	6.48	01/01/1982	-	-	-	-	-	1.15 / 1.15	-		
NFI-ODCE Equal-Weight	3.24	11.44	11.20	11.11	5.84	-	-	-	-	-	-	-	-	-		
Balanced/Asset Allocation																
Conservative Allocation																
<i>Multiple Sub-Advisors</i> Diversified Real Asset Separate Account-R6 ^{3, 11, 29, 35}	-3.68	7.92	8.56	-	-	7.52	12/31/2010	-	22	49	-	-	1.03 / 1.03	-		
Diversified Real Asset Custom Index	-3.32	8.27	9.21	-	-	-	-	-	-	-	-	-	-	-		
Morningstar Category Average - Conservative Allocation	-1.46	6.49	8.32	7.09	5.18	Total Funds in Category		769	715	573	479	266	-	-		
Fixed Income																
High Yield Bond																
<i>JP Morgan / Neuberger Berman</i> High Yield I Separate Account-R6 ^{5, 14, 16, 18, 19}	-2.06	6.28	10.34	9.70	-	7.95	12/31/2004	-	47	40	36	-	0.81 / 0.81	-		
Barclays US Corp High Yld 2% Issuer Capped Index	-1.86	7.19	11.08	10.52	8.32	-	-	-	-	-	-	-	-	-		
Morningstar Category Average - High Yield Bond	-2.03	6.00	9.98	9.39	6.93	Total Funds in Category		754	710	566	499	345	-	-		

Investment Option Performance

Inv Manager or Sub-Advisor Investment Option	Average Annual Total Returns through 09/30/2014							Percentile Rankings as of 09/30/2014					Total Inv. Exp. Net / Gross	Contractual Cap/Waiver Expire Date
	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.		
Intermediate-Term Bond														
<i>PIMCO</i> Core Plus Bond I Separate Account-R6 ^{14, 16, 19, 35}	-0.40	2.50	3.63	3.94	-	5.34	09/30/2008	-	90	41	76	-	0.72 / 0.72	-
Barclays Aggregate Bond Index	0.17	3.96	2.43	4.12	4.62	-	-	-	-	-	-	-	-	-
<i>Principal Global Investors</i> Bond and Mortgage Separate Account-I2 ^{16, 19, 35}	-0.04	5.15	4.25	6.39	4.78	8.08	02/01/1983	-	26	25	9	39	0.55 / 0.55	-
Barclays Aggregate Bond Index	0.17	3.96	2.43	4.12	4.62	-	-	-	-	-	-	-	-	-
Morningstar Category Average - Intermediate-Term Bond	-0.09	4.34	3.41	4.80	4.45	Total Funds in Category		1085	1051	929	808	574	-	-

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.

Disclosures

Separate Accounts are available through a group annuity contract with Principal Life Insurance Company. Insurance products and plan administrative, if applicable, services are provided by Principal Life Insurance Company, a member of the Principal Financial Group, Des Moines, IA 50392. See the fact sheet for the full name of the Separate Account. Certain investment options may not be available in all states or U.S. commonwealths. Principal Life Insurance Company reserves the right to defer payments or transfers from Principal Life Separate Accounts as described in the group annuity contracts providing access to the Separate Accounts or as required by applicable law. Such deferment will be based on factors that may include situations such as: unstable or disorderly financial markets; investment conditions which do not allow for orderly investment transactions; or investment, liquidity, and other risks inherent in real estate (such as those associated with general and local economic conditions). If you elect to allocate funds to a Separate Account, you may not be able to immediately withdraw them.

+ *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.*

Investment Advisory Services are provided by Principal Financial Advisors, Inc., a registered investment advisor and wholly owned subsidiary of the Principal Financial Group®.

No investment strategy, such as diversification or asset allocation, can guarantee a profit or protect against loss in periods of declining value.

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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 and volatility that is 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.*
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.*
11. *These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect a portion of the fees and expenses of this share class. For time periods prior to inception date of the fund, predecessor performance is reflected. Please see the fund's prospectus for more information on specific expenses, and the fund's most recent shareholder report for actual date of first sale. Expenses are deducted from income earned by the fund. As a result, dividends and investment results will differ for each share class.*
12. *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.*
14. *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.*
16. *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.*
17. *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.*
18. *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.*
19. *Fixed-income and asset allocation investment options that invest in mortgage securities are subject to increased risk due to real estate exposure.*
24. *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.*

25. *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.*

27. *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.*

29. *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. or any other government entity. Concentrating investments in natural resources industries can be affected significantly by events relating to those industries, such as variations in the commodities markets, weather, disease, embargoes, international, political and economic developments, the success of exploration projects, tax and other government regulations and other factors. Investment in derivatives entails specific risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. REIT securities are subject to risk factors associated with the real estate industry and tax factors of REIT registration. An MLP that invests in a particular industry (e.g., oil and gas) may be harmed by detrimental economic events within that industry. As partnerships, MLPs may be subject to less regulation (and less protection for investors) under state laws than corporations. In addition, MLPs may be subject to state taxation in certain jurisdictions, which may reduce the amount of income paid by an MLP to its investors.*

30. *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.*

31. *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, withdrawals may be delayed for up to 3 years.*

33. *Formerly known as International Value I Separate Account.*

34. *The net return experienced may be negative if the costs to maintain and operate the Money Market Separate Account exceed returns. Participants may also see negative returns if plan expenses, if applicable, are netted or deducted from their accounts.*

35. *The risks associated with derivative investments include that the underlying security, interest rate, market index, or other financial asset will not move in the direction the Investment Adviser and/or Sub-Advisor anticipated, the possibility that there may be no liquid secondary market, the risk that adverse price movements in an instrument can result in a loss substantially greater than a fund's initial investment, the possibility that the counterparty may fail to perform its obligations; and the inability to close out certain hedged positions to avoid adverse tax consequences.*

38. *Effective January 13, 2014, this portfolio is sub-advised by Baird and William Baird and William Blair. Prior to January 13, 2014, this portfolio was sub-advised by Turner and Jacobs Levy. 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.*

39. *Effective June 3, 2014, this portfolio is sub-advised by Origin Asset Management. Prior to June 3, 2014, this portfolio was sub-advised by Fidelity and Schroders. 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.*

40. *Effective April 25, 2014, Emerald was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.*

Benchmark Descriptions

Balanced Strategy Composite Index is composed of 30% Russell 1000 Index, 4% Russell 2500 Index, 14% MSCI EAFE Index, 3% MSCI Emerging Markets Index, 4% MSCI World Index, 5% NAREIT Equity Index, and 40% Barclays Capital Aggregate Bond Index.

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

Barclays U.S. Corporate High Yield Index is an unmanaged index constructed to mirror the characteristics of the high yield bond market.

Barclays US Corp High Yld 2% Issuer Capped Index is an unmanaged index 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%.

Blended Real Asset Index through September 30, 2011, is as follows: 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. Effective October 1, 2011, the Blended Real Asset Index is comprised of 100% Consumer Price Index (CPI) plus 1.5%. Consumer Price Index is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living.

Conservative Strategy Composite Index is composed of 11% Russell 1000 Index, 4% MSCI EAFE Index, 2% MSCI World Index, 3% NAREIT Equity Index, 60% Barclays Capital Aggregate Bond Index, and 20% Merrill Lynch US Treasury 1-3 year Index.

Diversified Real Asset Custom Index is composed of 15% Barclays U.S. Treasury TIPS Index, 15% Bloomberg Commodity Index, 14% Tortoise MLP Index, 18% Dow Jones Brookfield Global Infrastructure Index, 16% S&P Leveraged Loan 100 Index, 9% FTSE EPRA/NAREIT Developed Index, 5% S&P Global Timber and Forestry Index, 5% S&P Commodity Producers Agribusiness Index and 3% blend of 60% MSCI World Energy Sector Index NR and 40% MSCI World Materials Sector Index NR. The blended index historic returns reflect the allocation as of the time of production. Previous allocation changes are not restated.

FTSE EPRA/NAREIT Developed Index is designed to represent general trends in eligible real estate equities worldwide.

Growth Strategy Composite Index is composed of 41% Russell 1000 Index, 6% Russell 2500 Index, 17% MSCI EAFE Index, 4% MSCI Emerging Markets Index, 6% MSCI World Index, 6% NAREIT Equity Index, and 20% Barclays Capital Aggregate Bond Index.

Moderate Strategy Composite Index is composed of 20% Russell 1000 Index, 3% Russell 2500 Index, 9% MSCI EAFE Index, 2% MSCI Emerging Markets Index, 3% MSCI World Index, 3% NAREIT Equity Index, and 60% Barclays Capital Aggregate Bond Index.

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 ACWI Ex USA Index is a free float-adjusted market capitalization index that is designed to measure the combined equity market performance of developed and emerging market countries excluding the US.

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 Index consists of the 1000 largest companies within the Russell 3000 index. Also known as the Market-Oriented Index, because it represents the group of stocks from which most active money managers choose.

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 Index consists of the smallest 2000 companies in the Russell 3000 Index, representing approximately 10% of the Russell 3000 total market capitalization.

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 Index includes firms 201 through 1000, based on market capitalization, from the Russell 3000 Index.

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 1500 Total Market Stock Index is an index of small, medium and large stocks. It is comprised of stocks from the Standard & Poor's 500, 400 and 600 stock indices.

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 Russell 3000 Index is constructed to provide a comprehensive barometer of the broad market and accounts for nearly 98% of the total value of all equity traded on the U.S. exchanges. It measures the stocks that are also members of either the Russell 1000 or the Russell 2000 indexes.

Weighted Index is composed of:

10/01/2004 - 02/28/2007: 34% Barclays Aggregate Bond Index, 47.9% S&P 1500 Index, 10% MSCI EAFE Index, 6% NFI-ODCE Equal Weight Index and 2.1% MSCI US REIT Index.

03/01/2007 - 12/31/2010: 34% Barclays Aggregate Bond Index, 44% S&P 1500 Index, 13.9% MSCI EAFE Index, 6% NFI-ODCE Equal Weight Index and 2.1% MSCI US REIT Index.

01/01/2011 - 09/30/2011: 34% Barclays Aggregate Bond Index, 43.4% S&P 1500 Index, 14.5% MSCI EAFE Index, 6% NFI-ODCE Equal Weight Index and 2.1% MSCI US REIT Index.

10/01/2011 - Present: 40% Barclays Aggregate Bond Index, 37.5% S&P 1500 Index, 12.5% MSCI EAFE Index and 10% Blended Real Asset Index.