HOSPITALITY INDUSTRY

Retirement Plan Review

The Principal Financial Group®
Vision. Collaboration. Action.

For Plan Sponsor use only.

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Today's Focus

Page	Section Title

Principal® Financial Group

Retirement Program Overview

HOSPITALITY INDUSTRY 401(K) PLAN

Defined Contribution Plan		
HOSPITALITY INDUSTRY 401(K) PLAN Contract/Plan ID Number 4-47341		
Participant Details	**12/31/2012**	**03/31/2013**
Total Plan Participants	2,151	2,144
Average Account Balance per Participant	$20,778	$21,893
Average Account Elective Deferral Contributions per Participant	$3,776	$1,257

Internet & Voice Response Usage	**2012**	**2013**
Internet Sessions	4541	1433
Internet Users	270	139
Voice Response Sessions	368	132
Voice Response Users	50	21

Investment Demographics & Investment Review Defined Contribution Plan		
HOSPITALITY INDUSTRY 401(K) PLAN Contract/Plan ID Number 4-47341		
Total Plan Assets	**12/31/2012**	**03/31/2013**
	$19,462,446	$20,464,036

Investment Option Balances by Asset Class			
		03/31/2013	
Asset Class	**12/31/2012**	**Total**	**Percent of Total Assets**
Large U.S. Equity	$2,699,728	$3,089,559	15.1%
Small/Mid U.S. Equity	$2,498,272	$2,857,487	14.0%
International Equity	$952,204	$1,057,396	5.2%
Balanced/Asset Allocation	$4,843,688	$5,209,600	25.4%
Short-Term Fixed Income	$5,797,992	$5,486,177	26.8%
Fixed Income	$2,670,562	$2,763,817	13.5%

Disclosures

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.

High-yield investment options are subject to greater credit risk associated with high yield bonds.

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.

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.

Specialty investment options may experience greater volatility than funds with a broader investment strategy due to sector focus. These investment options are not intended to serve as a complete investment program by itself.

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.

Money market investment options are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the investment option may seek to preserve the value of $1.00 per share or unit value, it is possible to lose money.

Each index-based investment option is invested in the stocks or bonds of the index it tracks. Performance of indexes reflects the unmanaged result 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.

Equity investment options involve greater risk, including heightened volatility, than fixed-income investment options. Fixed income investment options are subject to interest rate risk, and their value will decline as interest rates rise.

Asset allocation/diversification does not guarantee a profit or protect against a loss. Investing in real estate, small-cap, international, and high-yield investment options involves additional risk.

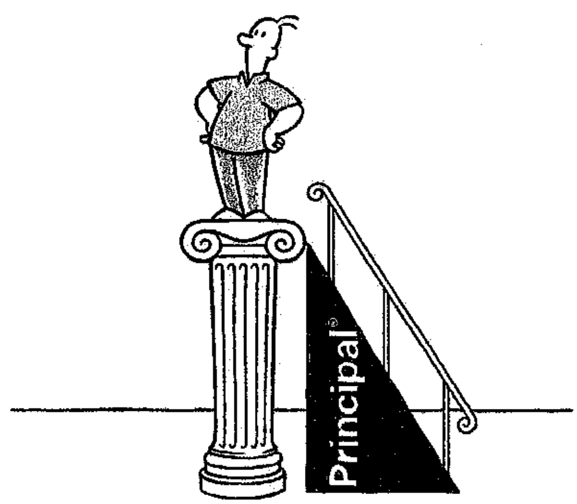
Fixed-income and asset allocation investment options that invest in mortgage securities are subject to increased risk due to real estate exposure.

Insurance products and plan administrative services are provided by Principal Life Insurance Company, a member of the Principal Financial Group® (The Principal®), Des Moines, IA 50392.

The Principal® – Among the Leaders

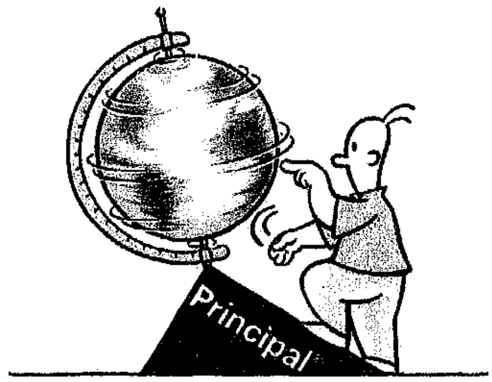
A global, diversified financial services organization

The Principal Financial Group® is a leading provider of defined contribution plans[1] as well as a global investment manager who provides you and your financial professional the benefit of our extensive asset allocation flexibility.



We offer organizations, individuals and institutional clients a wide range of financial products and services, including retirement and investment services, and life insurance. For more than 70 years, retirement has been the heart of our business.

[1]Based on number of recordkeeping plans, *PLANSPONSOR* Recordkeeeping Survey *"Tying it all together, picking the best provider,"* June 2011.



The Principal Financial Group®

2012 Company Profile[1]

Founded in 1879, the Principal Financial Group® (The Principal®) is a global investment management leader. The Principal offers businesses, individuals and institutional clients a wide range of financial products and services, including retirement, asset management and insurance, through its diverse family of financial services companies.

A member of the FORTUNE 500®, the Principal Financial Group has $392.2 billion in assets under management and serves some 18.3 million customers worldwide from offices in 18 countries throughout Asia, Australia, Europe, Latin America and North America. The Principal Financial Group, Inc. is traded on the New York Stock Exchange under the ticker symbol PFG.

Financial Data

- **Total assets under management** $392.2 billion
- **Total GAAP revenues** $6.9 billion
- **Net income available to common stockholders** $554.3 million
- **Operating earnings[2]** $564.1 million
- **Operating return on average equity available to common stockholders, excluding other comprehensive income[2]** 9.1 percent

People

- 13,100 employees worldwide
- 9,800 employees in the United States

Clientele

- 18.3 million customers

Financial Strength Ratings[3] for Principal Life Insurance Company and Principal National Life Insurance Company

- **A+ (Superior)** – A.M. Best Company
  Second highest of 16 rating levels. October 2012
- **AA- (Very strong)** – Fitch
  Fourth highest of 21 rating levels. October 2012
- **Aa3 (Excellent)** – Moody's Investors Service
  Fourth highest of 21 rating levels. October 2012
- **A+ (Strong)** – Standard & Poor's
  Fifth highest of 21 rating levels. October 2012

Awards and Recognition

Industry Leadership

- Ranked 268th on ***FORTUNE* magazine's list of the Largest 500 Corporations** based on 2010 GAAP revenues. May 2011
- A member of the **Standard & Poor's (S&P) 500®** since July 2002.
- Ranked 481st on **The *Forbes* Global 2000 list**, which recognizes the world's biggest and most powerful companies, as measured by a composite ranking for sales, profits, assets and market value. April 2011
- Recognized as the **No. 2 recordkeeper in the number of SEP and SIMPLE plans** in *PLANSPONSOR* magazine's Recordkeeping Survey. June 2011
- Named the **No. 1 recordkeeper of defined benefit plans** by *PLANSPONSOR* magazine. February 2011
- Earned **Best in Class awards** in 129 unique categories measured in Chatham Partners survey of defined benefit, defined contribution and combo clients with more than $5 million in assets. December 2011
- Received the **DALBAR Communication Seal of Excellence** in customer communications for defined contribution statement. January 2012
- Principal Funds ranked **No. 3 on *Barron's* annual ranking** of top mutual fund companies. February 2011
- Principal Funds ranked as the **fourth largest manager of target-date lifecycle funds** in the United States by Financial Research Corporation Lifecycle Fund Analytic Report. September 2011
- **Principal Funds holds the No. 21 spot on the list of top advisor-sold mutual fund companies** in the United States, according to Strategic Insight. November 2011
- Principal Global Investors **manages assets for 10 of the 25 largest world pension plans.** The list is derived from "P&I/Towers Watson World 300: The Largest Retirement Funds" report on the largest pension plans compared to our internal records. September 2011
- Principal Global Investors **manages assets for 14 of the 25 largest U.S. pension plans.** The list is derived from the *Pensions & Investments* "P&I 1,000" report on the largest pension plans compared to our internal records. February 2011
- Principal Global Investors is the **9th largest manager of real estate assets managed on behalf of pension funds** within the Towers Watson "Global Alternatives Survey 2011" Top 50 Real Estate, data as of Dec. 31, 2010. June 2011
- Principal Global Investors is the **17th largest manager of U.S. institutional tax-exempt assets, out of 711 managers profiled.** Managers ranked by U.S. institutional, tax-exempt assets as of Dec. 31, 2010. "Largest Money Managers," *Pensions & Investments.* May 2011
- Principal Global Investors is the **9th largest subadvisor out of 25 managers profiled.** Managers ranked by total worldwide assets under management as of Dec. 31, 2010. Qualified firms include managers of U.S. institutional tax-exempt assets. "Largest Money Managers-Worldwide," *Pensions & Investments.* June 2011
- Principal Global Investors is the **33rd largest money manager out of 716 managers profiled.** Managers ranked by total worldwide institutional assets under management as of Dec. 31, 2010. Qualified firms include managers of U.S. institutional tax-exempt assets. "Largest Money Managers-Worldwide," *Pensions & Investments.* June 2011
- BrasilPrev (joint venture with Banco do Brasil) **ranked No. 1 out of 208 pension funds** by Standard and Poor's based on three-year performance, *ValorInveste.* November 2011

- CIMB-Principal was named winner of **Asset Management Company of the Year**, Southeast Asia, in the Asset Triple A Investment Awards. September 2011
- Principal Mexico earned a **Global Investment Performance certificate**, verifying ethical standards for investment performance presentation to ensure fair representation and full disclosure of investment performance. The Principal is also compliant in Chile, India and Malaysia. January 2011
- Principal Chile received **five awards among the best mutual funds in the Chilean industry,** *Diario Financiero*. April 2011
- Principal Hong Kong won a **Lipper Fund Award** in the Hong Kong Pension Funds category. March 2011
- Principal PNB India won the **ICRA 5 Star Award 2011** for its Principal Ultra Short-Term Fund. February 2011
- **Eleventh largest life insurer** (Principal Life Insurance Company) based on HIGHLINEDATA 2011.
- **No. 2 deferred compensation provider** based on number of plans, according to *PLANSPONSOR* magazine. December 2011
- **No. 3 provider of non-cancelable individual disability income insurance** based on 2010 LIMRA data of annualized new sale premium. February 2011
- **No. 4 provider of group benefits (dental, life and disability insurance)** based on 2010 LIMRA data on fully insured employer contracts in force. April 2011

Workplace Excellence

- Awarded the **2011 Secretary of Defense Employer Support Freedom Award** for exceptional support of employees serving in the Guard and Reserve. June 2011
- Recipient of the **Iowa Employer Support of the Guard and Reserve 2011 Governor's Award.** September 2011
- Named among *Working Mother* magazine's **100 Best Companies for Working Mothers** for the 10th year. September 2011
- Noted as one of the **Top 50 Companies for Executive Women** for the 10th consecutive year by the National Association of Female Executives. February 2012
- Included on *Computerworld* magazine's **100 Best Places to Work in IT** for 10 consecutive years. Rank 31st in 2011. June 2011
- Currently recognized as a **Platinum Well Workplace** by the Wellness Councils of America.

Community/Ethics Leadership

- Recipient of the **Greater Des Moines Partnership's Diversity Award** for an unprecedented third time. January 2011
- Recipient of the **Greater Des Moines Partnership's Environmental Award.** May 2011
- Principal Real Estate named **one of the greenest real estate companies in the United States.** March 2011
- The first company to sponsor a **carbon-neutral Champions Tour golf tournament**, The Principal Charity Classic. May 2011
- The 19th company to receive United Way of America's **Spirit of America Award** for corporate community involvement.

Technology Innovation

- Named to *InformationWeek* magazine's list of **Top 500 IT Innovators** for the 14th consecutive year. September 2011
- Ranked **No.10 by DALBAR** for financial professional website for Life Insurance/Annuity. February 2012
- Ranked **No. 3 by DALBAR** for plan sponsor and No. 6 for plan participant websites for defined contribution plans. February/March 2012
- Received **top 20 ranking from DALBAR** for consumer and financial professional mutual fund websites. February 2012

2011 Highlights

Retirement and Investor Services

- Full Service Accumulation (FSA) sales of $8.4 billion, up 27 percent from 2010.
- FSA serves more than 32,000 retirement plans and 3.4 million plan participants.
- Record mutual fund sales of $11.2 billion, up 20 percent from 2010, drove record net cash flow of $2.2 billion in 2011.
- Individual Annuities had record ending account value of $18.8 billion.
- Bank and Trust Services had record operating earnings of $36 million and record net income of $23 million.

Principal Global Investors

- Assets under management for the segment totaled $242.2 billion.
- Operating earnings of $74 million in 2011, up 27 percent from 2010.
- More than 470 investment professionals in offices around the world, with clients in nearly 60 countries.

Principal International

- Assets under management for the segment of $60 billion (including China), an increase of 13 percent over 2010.
- Record net cash flows of $5.5 billion and record operating earnings of $154 million in 2011.
- Joint venture partners include Banco do Brasil (Brazil), China Construction Bank (China), CIMB Group (Malaysia) and Punjab National Bank (India).
- Principal International serves more than 9.6 million customers globally (including China).

U.S. Insurance Solutions

- Individual Life had record operating earnings of $119 million in 2011.
- Individual Life sales of $186 million in 2011.
- Specialty Benefits sales of $285 million in 2011.

Principal Financial Group

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[1] Data as of or for the nine months ended Sept. 30, 2012, unless otherwise noted. For the latest and additional information, visit www.principal.com.

[2] The company uses a number of non-GAAP financial measures that management believes are important in understanding and evaluating the normal, recurring operations of our businesses. These measures are not a substitute for GAAP financial measures. Therefore, we provide a reconciliation of the non-GAAP measures to the comparable GAAP financial measures as follows:

- Operating earnings of $564.1 million equal net income available to common stockholders of $554.3 million adjusted for net realized gains (losses) of $39.6 million and other after-tax adjustments of $(49.4) million.
- ROE of 9.1 percent equals net income return on equity including other comprehensive income of 7.8 percent, adjusted for net realized gains (losses) of (0.2) percent, other after-tax adjustments of (0.5) percent, net unrealized capital gains (losses) of (0.9) percent, foreign currency translation of 0.0 percent and net unrecognized post-retirement benefit obligations of 0.3 percent.

[3] Ratings as of October 2012.

Insurance products and services from the Principal Financial Group® (The Principal®) are issued by Principal National Life Insurance Company (except in New York) and Principal Life Insurance Company, Des Moines, Iowa 50392. Securities offered through Princor Financial Services Corporation, 800-247-1737, member SIPC. Banking products offered through Principal Bank, member FDIC. Principal National, Principal Life, Princor® and Principal Bank are members of the Principal Financial Group, Des Moines, Iowa 50392.

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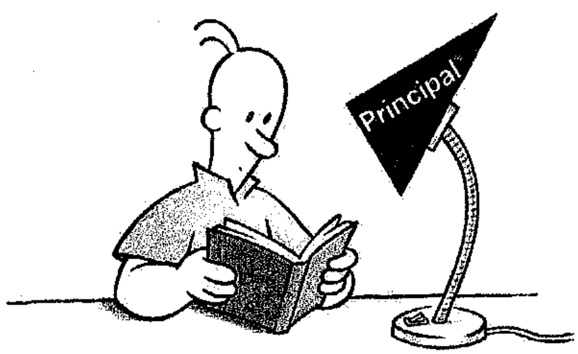
Plan design – action guided by vision

Every retirement program is different – just as every organization is different. Your retirement program has to reflect the unique needs of your organization and employee base, a competitive environment and cost constraints.

We take a consultative approach to your retirement program plan design. Our goal is to help make your job easier and your retirement program more effective.

We provide you with targeted support to help you explore various plan design solutions to respond to your needs as well as the needs of your participants.



We will continue to work with you to incorporate the latest thinking in plan design, administrative outsourcing, support for your fiduciary compliance, and much more for you retirement program.

Your Plan Provisions

Entry Requirements

- A minimum age is not required.
- Service is not required.
- Monthly entry date

Elective Deferral Contributions

- 50% of pay is the maximum
- Plan members age 50 and older may defer catch-up contributions. Catch-up contributions are in excess of the deferral limit.

Elective Deferral Contribution Changes

- Stop elective deferral contributions on any date
- Change elective deferral contributions on any date

Vesting

- 100% vested immediately

Plan Distributions

- Retirement
- Death
- Disability
- Termination of employment

In-Service Withdrawals

- Rollover Withdrawal

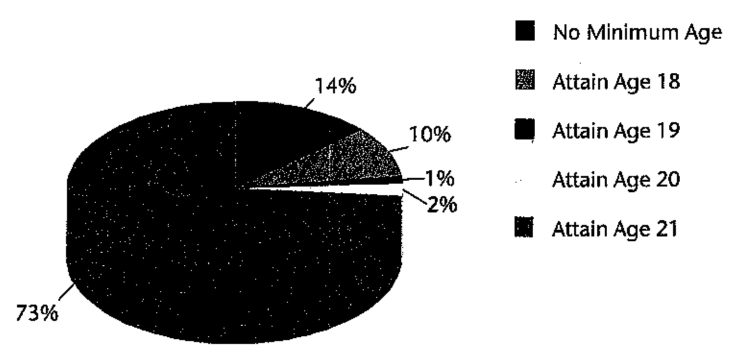
Financial Hardship Withdrawals

- Elective deferral contributions will be suspended for six months following the date of the withdrawal.

Entry Requirements

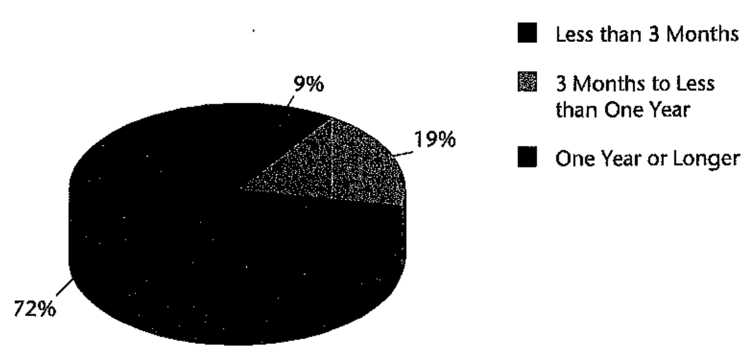
- A minimum age is not required.
- Service is not required.
- Monthly entry date

Average Age Requirements[1]



[1] Principal Financial Group study of 401(k)/PS plans within the other services industries.

Average Service Requirements[1]

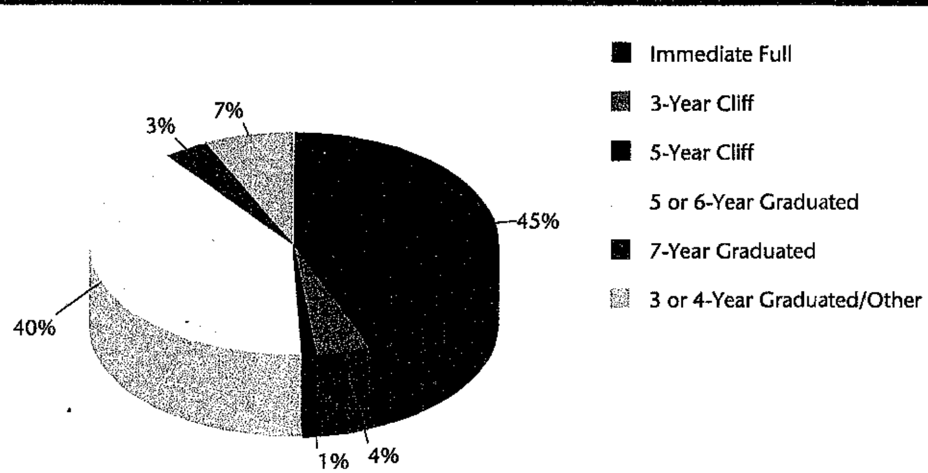


[1] Principal Financial Group study of 401(k)/PS plans within the other services industries.

Plan Vesting

- 100% vested immediately

Vesting Schedules Among Plan Sponsors[1]

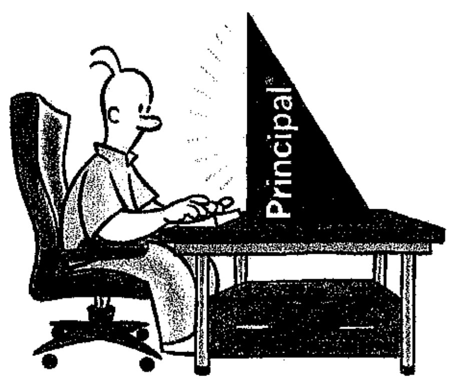


[1] Principal Financial Group study of 401(k)/PS plans within the other services industries.

Plan analysis and trends - helping achieve desired outcomes

Insight you value - outcome you seek

We are dedicated to helping you provide a retirement program that does what it's supposed to: prepare your participants for retirement. By opening the door to all we've learned over the years we put our expertise to work helping you and your participants realize more successful long-term outcomes.



Our desire is to help you and your participants realize the full potential of your retirement program and achieve the long-term outcome you seek.

Plan Participants

Breakdown of Plan Participants

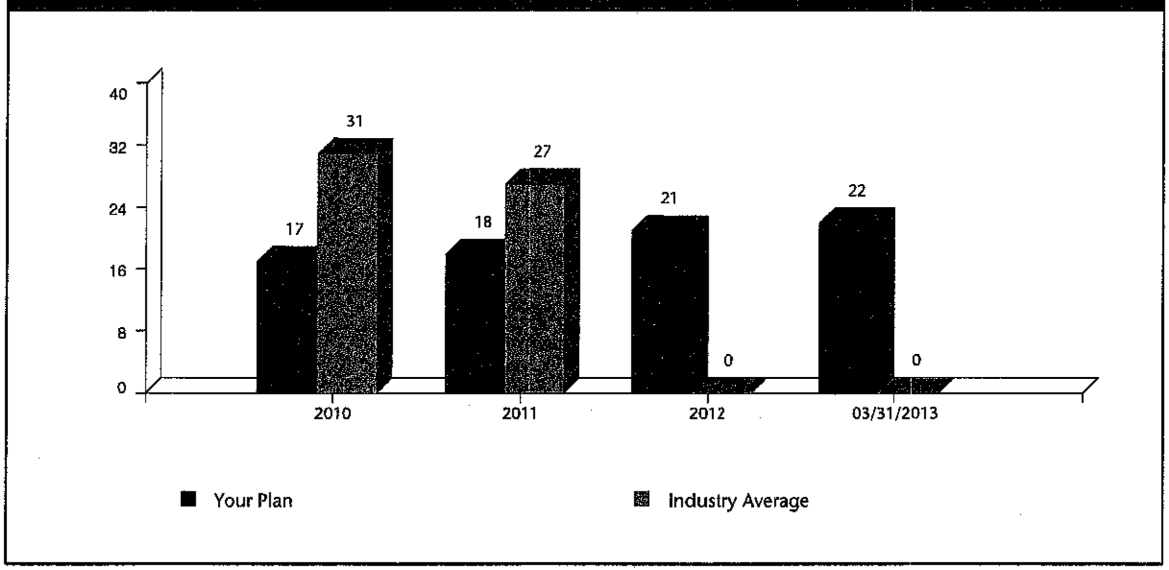
This chart shows the active, terminated, retired, and total plan participants.

Breakdown of Participants				
	2010	2011	2012	2013
Active Participants	2087	2095	2101	2096
Terminated Participants	50	47	50	48
Retired Participants (Data Available 2007 Forward)	0	0	0	0
Total Plan Participants	2137	2142	2151	2144

Average Account Balance per Active Participant

This chart shows the average account balance of active participants in your plan compared to the industry average.

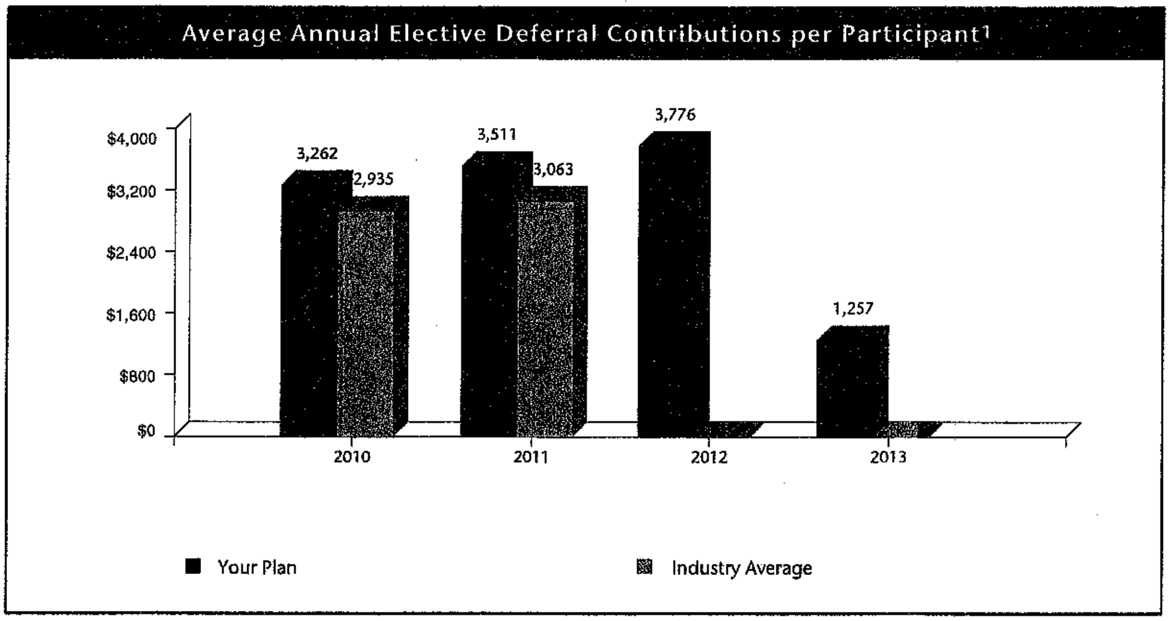
Average Account Balance per Active Participant (in thousands)[1]



[1]Principal Financial Group study of 401(k)/PS plans within the other services industries.

Average Annual Elective Deferral Contributions per Participant

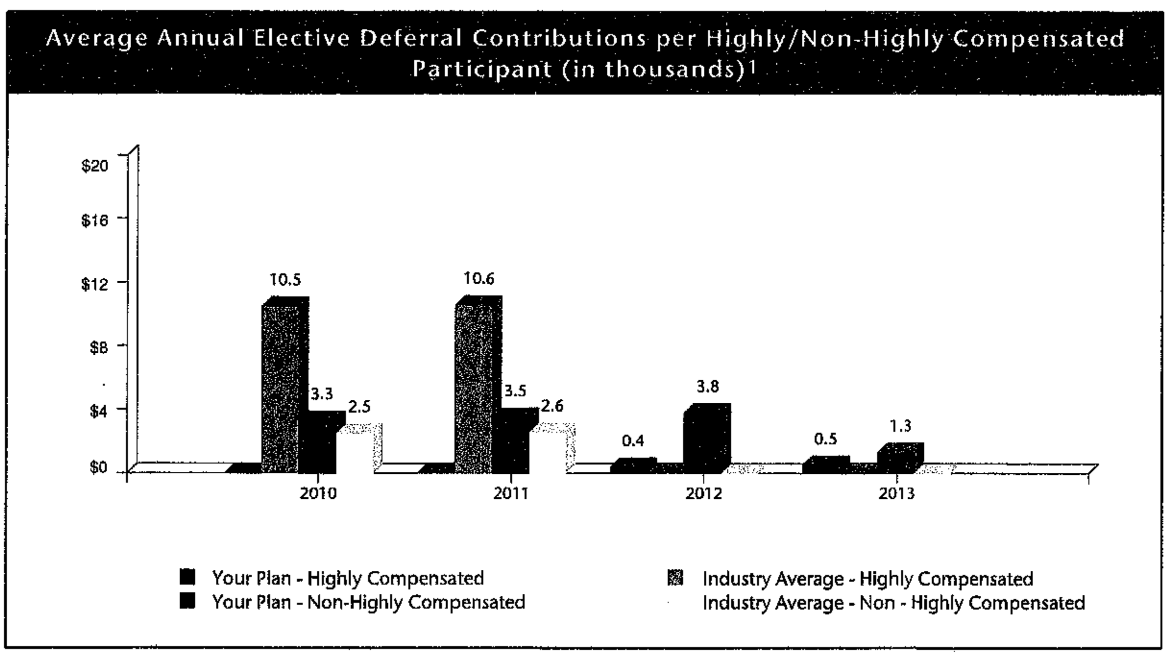
This chart shows the average annual elective deferral contributions per participant in your plan compared to the industry.



[1]Principal Financial Group study of 401(k)/PS plans within the other services industries.

Average Annual Elective Deferral Contributions per Highly/Non-Highly Compensated Participant

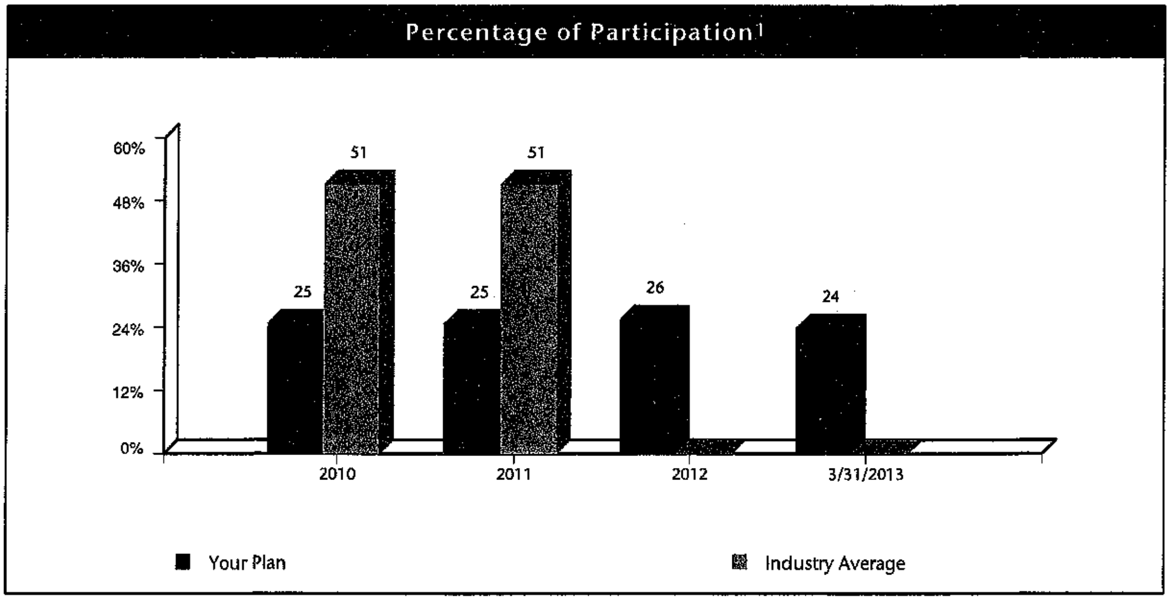
This chart shows the average annual elective deferral contributions per participant broken down by highly and non-highly compensated participants in your plan compared to the industry.



[1]Principal Financial Group study of 401(k)/PS plans within the other services industries.

Percentage of Participation

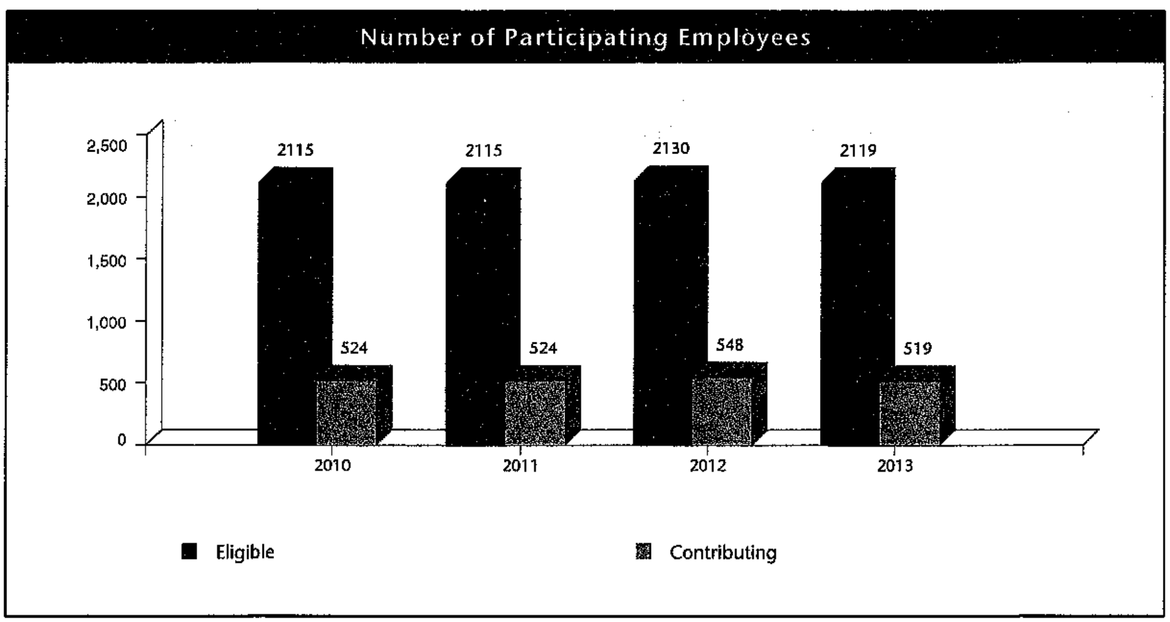
This chart shows the percentage of participation in your plan compared to the percentage of participation in the industry.



[1]Principal Financial Group study of 401(k)/PS plans within the other services industries.

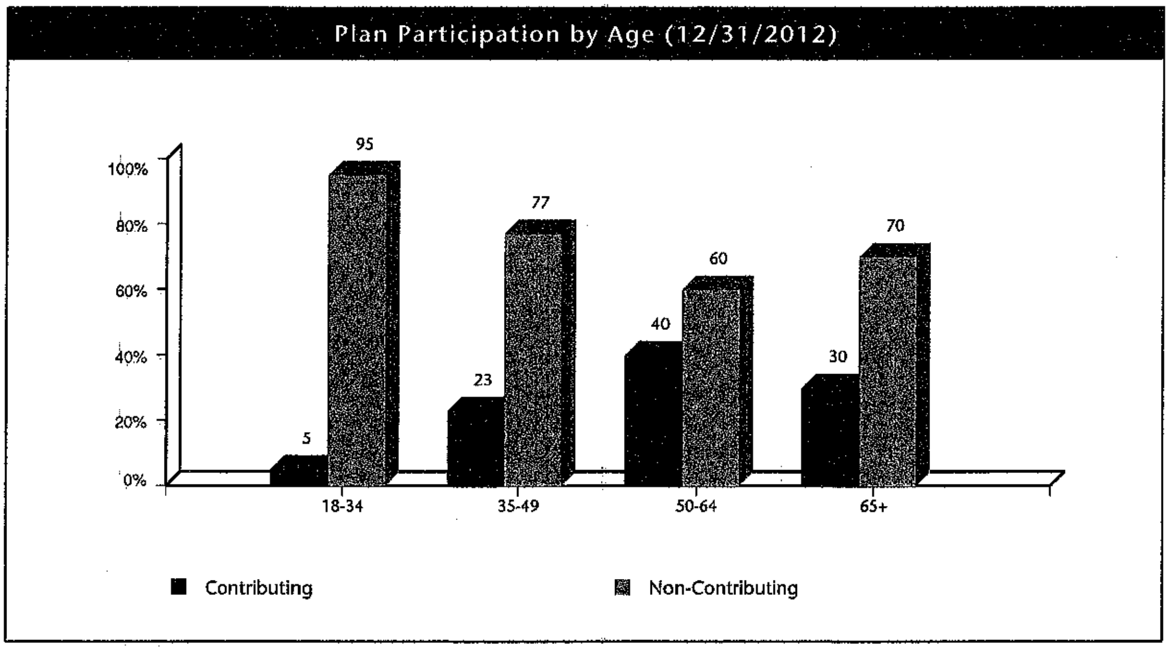
Number of Participating Employees

This chart shows the number of eligible employees compared to the number of employees participating in the plan.



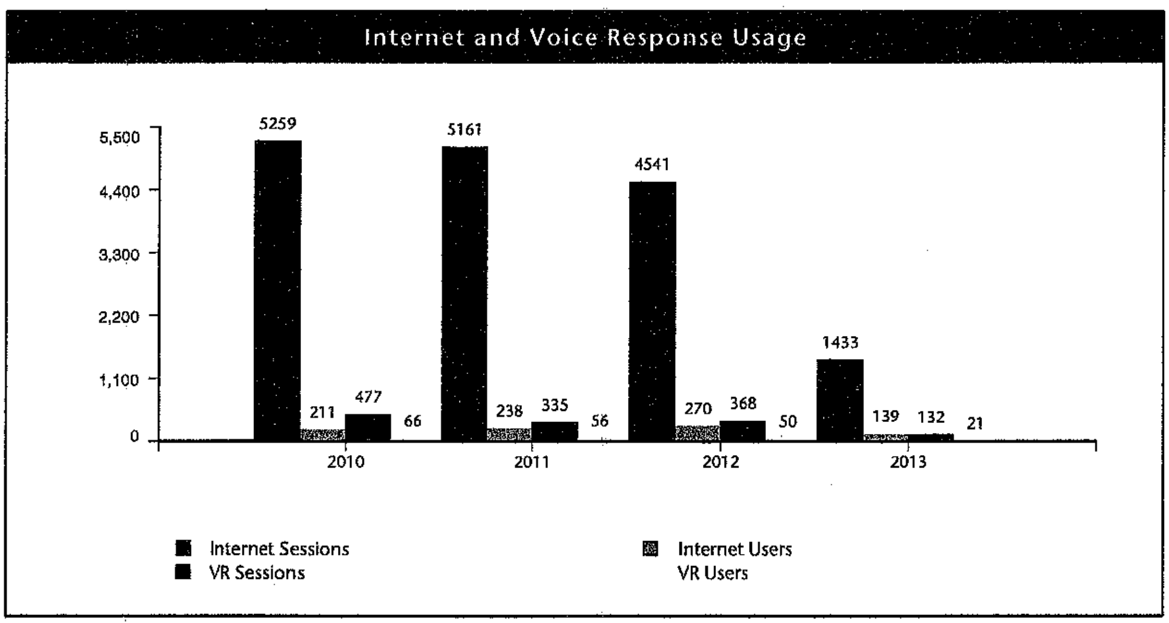
Plan Participation by Age

This chart shows the percentage of contributing employees by age compared to the percentage of non-contributing employee by age in the plan.



Internet and Voice Response Usage

This chart shows how many times the internet and voice response system has been accessed by plan participants and the total number of participants and the total number of participants that have accessed the information.

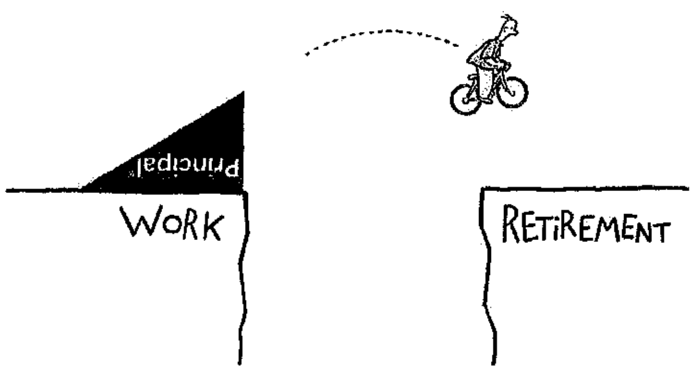


Frequently Accessed Information (Number of Times Accessed)	Internet-2012	Internet-2013	Voice Response-2012	Voice Response-2013
Account Balance	2,321	710	359	132
Activity Detail	269	195	N/A	N/A
Activity Summary	0	0	N/A	N/A
Benefit Estimator	0	0	N/A	N/A
Check Status	N/A	N/A	33	9
Investment Options	78	55	N/A	N/A
Investment Performance	704	591	0	0
Loan Information	0	0	2	0
Loan Quote	0	0	N/A	N/A
Personal Information	290	135	N/A	N/A
Personalized Rate of Return	2,506	1,180	N/A	N/A
Review Allocation of Future Contributions	126	86	1	0
Review Contribution Rates	0	0	0	0
Rollover Information	80	38	N/A	N/A
Tax Information	N/A	N/A	0	0

Top Transactions Conducted Online (Number of Times Accessed)	Internet-2012	Internet-2013	Voice Response-2012	Voice Response-2013
Address Change	4	2	N/A	N/A
Beneficiary Change	27	20	N/A	N/A
Change Allocation of Future Contributions	16	18	0	0
Change Contribution Rates	0	0	0	0
Investment Transfer	40	17	0	0
Rebalance	5	9	N/A	N/A
Reinvest Maturing Funds	0	0	0	0
Request Loan	0	0	N/A	N/A

Investment Demographics

Selecting and monitoring investment options is a complicated process and fulfilling your fiduciary obligations is one of your biggest challenges in managing your organization's retirement program. We offer extensive choice and flexibility, investment expertise with every step, and a level of indemnification protection so you can build an investment platform best suited to your retirement program.



Investment Option Balances						
					03/31/2013	
Investment Advisor	Investment Option Name	12/31/2010	12/31/2011	12/31/2012	Total	%
Capital Research and Mgmt Co	American Funds Growth Fund of America R3 Fund	$695,348.89	$705,217.98	$0.00	$0.00	0.00%
OppenheimerFunds, Inc.	Oppenheimer Equity Income A Fund	$0.00	$47,977.92	$0.00	$0.00	0.00%
Principal Global Investors	LargeCap S&P 500 Index Separate Account	$651,609.10	$673,679.03	$831,383.73	$960,244.63	4.70%
T.Rowe/Clearbridge Investments	LargeCap Blend II Separate Account	$724,863.31	$741,026.67	$876,503.17	$972,230.91	4.80%
Touchstone	Touchstone Sands Capital Institutional Growth Fund	$0.00	$0.00	$926,577.83	$1,004,139.73	4.90%
TS&W / Herndon	LargeCap Value I Separate Account	$39,018.45	$0.00	$0.00	$0.00	0.00%
Vanguard Group	Vanguard Equity-Income Fund	$0.00	$0.00	$65,263.21	$152,943.58	0.80%
AllianceBern / CCI / Brown	SmallCap Growth I Separate Account	$169,922.82	$176,739.70	$215,577.06	$120,392.37	0.60%
Goldman Sachs Asset Mgt	Goldman Sachs Small Cap Value Inst Fund	$0.00	$0.00	$0.00	$17,803.47	0.10%
Goldman Sachs/LA Capital Mgmt	MidCap Value I Separate Account	$74,702.40	$87,897.77	$73,793.66	$102,053.46	0.50%
Principal Global Investors	MidCap S&P 400 Index Separate Account	$0.00	$0.00	$5,023.69	$7,967.35	0.00%
Principal Global Investors	MidCap Separate Account	$814,761.83	$915,990.34	$1,042,744.67	$1,165,630.96	5.70%
Principal Global Investors	SmallCap Blend Separate Account	$426,603.57	$0.00	$63,039.19	$226,841.71	1.10%
Principal Global Investors	SmallCap S&P 600 Index Separate Account	$0.00	$448,883.24	$532,951.43	$604,818.46	3.00%
Principal Global Investors	SmallCap Value Separate Account	$58,285.04	$56,400.22	$0.00	$0.00	0.00%
Prudential Investments, LLC	Prudential Jennison Mid Cap Growth Z Fund	$0.00	$0.00	$565,142.19	$611,979.21	3.00%
Turner / Jacobs Levy	MidCap Growth III Separate Account	$549,855.09	$555,924.54	$0.00	$0.00	0.00%
Capital Research and Mgmt Co	American Funds EuroPacific Growth R3 Fund	$101,438.64	$90,566.80	$0.00	$0.00	0.00%
Capital Research and Mgmt Co	American Funds EuroPacific Growth R6 Fund	$0.00	$0.00	$126,524.42	$128,423.95	0.60%

(continued on next page)

Investment Option Balances (continued)

Investment Advisor	Investment Option Name	12/31/2010	12/31/2011	12/31/2012	03/31/2013 Total	03/31/2013 %
Principal Global Investors/DFA	International SmallCap Separate Account	$864,313.62	$721,002.22	$823,290.23	$926,550.51	4.50%
Virtus Investment Advisers,Inc	Virtus Emerging Markets Opportunities I Fund	$0.00	$0.00	$2,389.72	$2,421.78	0.00%
Multiple Sub-Advisors	Principal LifeTime Strategic Income Separate Account	$100,573.36	$121,465.05	$157,140.43	$168,622.27	0.80%
Multiple Sub-Advisors	Principal LifeTime 2010 Separate Account	$845,720.78	$894,401.93	$1,066,713.88	$1,101,587.30	5.40%
Multiple Sub-Advisors	Principal LifeTime 2020 Separate Account	$1,272,130.95	$1,472,854.32	$1,673,464.77	$1,802,089.68	8.80%
Multiple Sub-Advisors	Principal LifeTime 2030 Separate Account	$1,030,794.02	$1,108,170.82	$1,631,630.70	$1,775,126.07	8.70%
Multiple Sub-Advisors	Principal LifeTime 2040 Separate Account	$148,742.94	$141,036.67	$241,142.98	$275,075.67	1.40%
Multiple Sub-Advisors	Principal LifeTime 2050 Separate Account	$27,368.20	$47,549.09	$73,595.23	$87,099.15	0.40%
Principal Financial Advisors	Bond Emphasis Balanced Sep Acct	$0.15	$0.15	$0.00	$0.00	0.00%
Principal Financial Advisors	Stock Emphasis Balanced Sep Acct	$0.41	$0.41	$0.00	$0.00	0.00%
Principal Global Investors	Money Market Sep Acct	$5,709,089.35	$5,736,840.04	$5,797,992.21	$5,486,177.30	26.80%
Fidelity Management & Research	Fidelity Advisor High Income Advant I Fund	$0.00	$0.00	$516,445.03	$579,070.27	2.80%
Fidelity Management & Research	Fidelity Advisor High Income Advant T Fund	$253,860.50	$324,835.80	$0.00	$0.00	0.00%
Principal Global Investors	Bond and Mortgage Sep Acct	$1,281,367.84	$1,404,879.99	$1,708,249.00	$1,706,419.85	8.30%
Principal Real Estate Inv	U.S. Property Sep Acct	$216,307.47	$274,794.51	$302,659.83	$315,185.90	1.50%
PIMCO	Core Plus Bond I Separate Account	$71,202.03	$85,198.97	$0.00	$0.00	0.00%
PIMCO	PIMCO Total Return Instl Fund	$0.00	$0.00	$143,207.82	$159,123.06	0.80%

(continued on next page)

Investment Option Balances (continued)

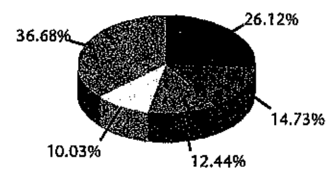
Investment Advisor	Investment Option Name	12/31/2010	12/31/2011	12/31/2012	03/31/2013 Total	03/31/2013 %
Vanguard Group	Vanguard Inflation-Protection Securities Inv Fund	$0.00	$0.00	$0.00	$4,017.72	0.00%
	Totals	**$16,127,880.76**	**$16,833,334.18**	**$19,462,446.08**	**$20,464,036.32**	**100.00 %**

- Large U.S. Equity
- Small/Mid U.S. Equity
- International Equity
- Balanced/Asset Allocation
- Short-Term Fixed Income
- Fixed Income

Investment Option Balances by Asset Class

Asset Class	12/31/2010	12/31/2011	12/31/2012	03/31/2013 Total	03/31/2013 %
Large U.S. Equity	$2,110,839.75	$2,167,901.60	$2,699,727.94	$3,089,558.85	15.10%
Small/Mid U.S. Equity	$2,094,130.75	$2,241,835.81	$2,498,271.89	$2,857,486.99	14.00%
International Equity	$965,752.26	$811,569.02	$952,204.37	$1,057,396.24	5.20%
Balanced/Asset Allocation	$3,425,330.81	$3,785,478.44	$4,843,687.99	$5,209,600.14	25.40%
Short-Term Fixed Income	$5,709,089.35	$5,736,840.04	$5,797,992.21	$5,486,177.30	26.80%
Fixed Income	$1,822,737.84	$2,089,709.27	$2,670,561.68	$2,763,816.80	13.50%
Totals	**$16,127,880.76**	**$16,833,334.18**	**$19,462,446.08**	**$20,464,036.32**	**100.00%**

Investment Option Statistics

How many participants hold:	Your Plan
	
1 Investment Option	26.12%
2 Investment Options	14.73%
3 Investment Options	12.44%
4 Investment Options	10.03%
5 or more Investment Options	36.68%
Average # of investment options held:	4.1 funds

Single Investment Option Holder by Age

Funds held as a single investment

Investment Advisor	Investment Option Name	18-34	35-49	50-64	65+	Total
Principal Global Investors	LargeCap S&P 500 Index Separate Account	0	0	1	1	2
Touchstone	Touchstone Sands Capital Institutional Growth Fund	0	1	0	0	1
AllianceBern / CCI / Brown	SmallCap Growth I Separate Account	0	0	1	0	1
Principal Global Investors	MidCap Separate Account	0	0	1	1	2
Principal Global Investors	SmallCap Blend Separate Account	0	3	0	0	3
Prudential Investments, LLC	Prudential Jennison Mid Cap Growth Z Fund	0	1	1	0	2
Multiple Sub-Advisors	Principal LifeTime Strategic Income Separate Account	0	2	1	1	4
Multiple Sub-Advisors	Principal LifeTime 2010 Separate Account	0	2	6	19	27
Multiple Sub-Advisors	Principal LifeTime 2020 Separate Account	0	2	35	1	38
Multiple Sub-Advisors	Principal LifeTime 2030 Separate Account	1	28	15	1	45
Multiple Sub-Advisors	Principal LifeTime 2040 Separate Account	4	17	0	0	21
Multiple Sub-Advisors	Principal LifeTime 2050 Separate Account	9	1	0	0	10

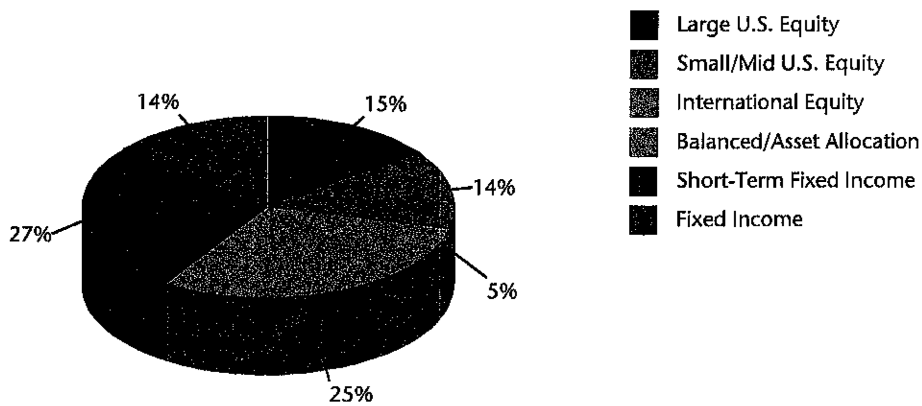
(continued on next page)

Single Investment Option Holder by Age (continued)

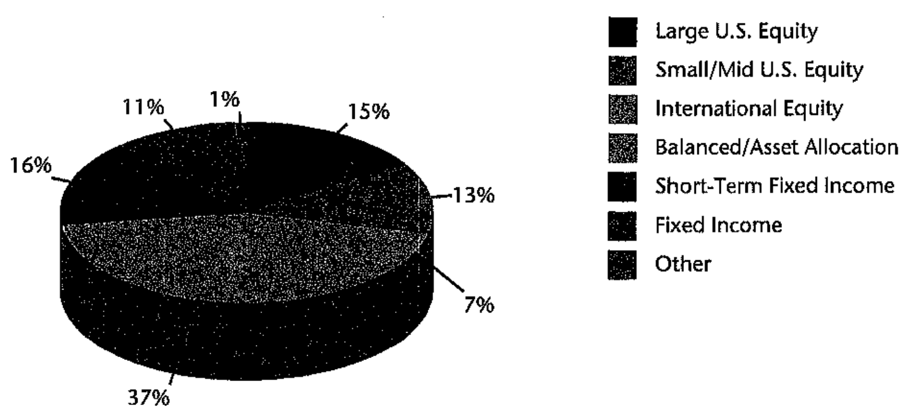
Funds held as a single investment						
Investment Advisor	**Investment Option Name**	**18-34**	**35-49**	**50-64**	**65+**	**Total**
Principal Global Investors	Money Market Sep Acct	3	15	52	12	82
Fidelity Management & Research	Fidelity Advisor High Income Advant I Fund	0	0	1	0	1
Principal Global Investors	Bond and Mortgage Sep Acct	0	2	2	2	6
Principal Real Estate Inv	U.S. Property Sep Acct	0	1	0	0	1
PIMCO	PIMCO Total Return Instl Fund	0	0	1	0	1
Vanguard Group	Vanguard Inflation-Protection Securities Inv Fund	0	1	0	0	1
Overall		**17**	**76**	**117**	**38**	**248**

- Large U.S. Equity
- Small/Mid U.S. Equity
- Balanced/Asset Allocation
- Short-Term Fixed Income
- Fixed Income

Investment Allocation for Period Ending 03/31/2013

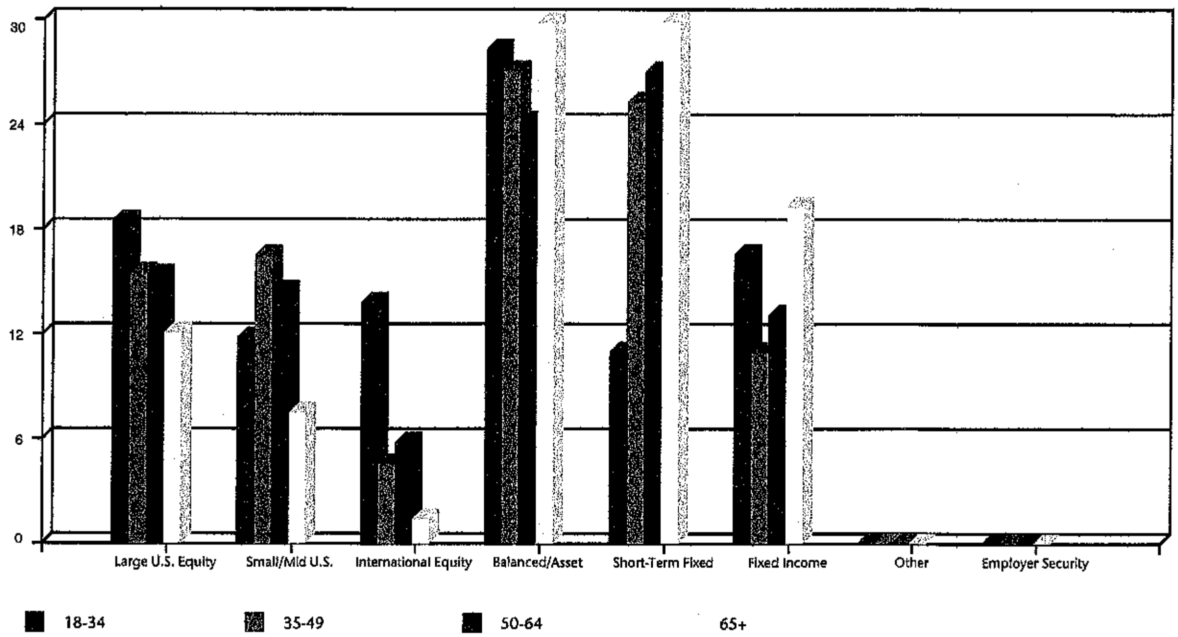


Investment Allocation & Industry Comparison for Period Ending 12/31/2011[1]



[1]Principal Financial Group study of 401(k)/PS plans within the other services industries.

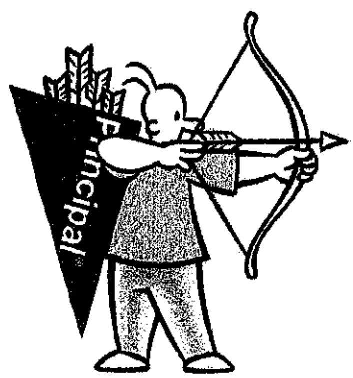
Participant Investments by Age (03/31/2013)



Age	Large U.S. Equity	Small/Mid U.S. Equity	International Equity	Balanced/Asset Allocation	Short-Term Fixed Income	Fixed Income	Other	Employer Security
18-34	18.5%	11.8%	13.8%	28.3%	11.0%	16.6%	0.0%	0.0%
35-49	15.5%	16.5%	4.6%	27.1%	25.3%	11.0%	0.0%	0.0%
50-64	15.4%	14.5%	5.8%	24.2%	27.0%	13.1%	0.0%	0.0%
65+	12.1%	7.5%	1.4%	29.8%	29.9%	19.3%	0.0%	0.0%

Providing indemnification protection and supporting you as a plan fiduciary

Selecting and monitoring investment options is a complicated process and fulfilling your fiduciary obligations is one of your biggest challenges in managing your organization's retirement program.



We offer extensive choice and flexibility, investment expertise with every step, and a level of indemnification protection so you can build an investment platform best suited to your retirement program.

Understanding your Fiduciary Obligations

As a fiduciary for your retirement program, some of your responsibilities include:

- Using a prudent process and documenting all investment-related activity.
- Diversifying plan investment options with different objectives and characteristics.
- Offering your plan participants a broad range of investment options.

The due diligence process helps you make informed investment decisions because it:

- Provides a reliable, documented process for sub-advised investment options.
- Helps you manage your fiduciary obligations through our selection, monitoring and retention process.[1]
- Provides a diverse array of investment options from which you can select.

Principal Life, as an investment manager is a fiduciary with respect to the:

Initial selection | Ongoing monitoring | Retention/ replacement

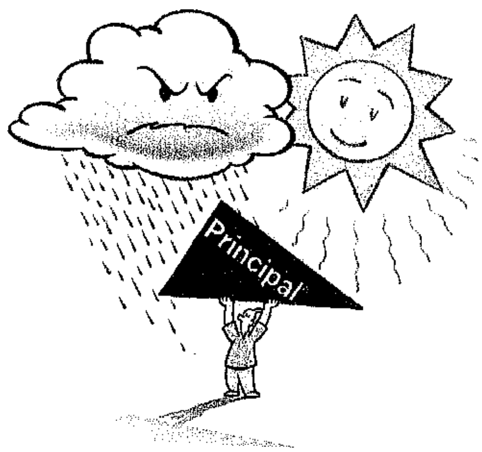
of the portfolio managers for our Separate Accounts. We will indemnify the plan fiduciary as set out in our written agreement.

[1] Principal Life Insurance Company, as an investment manager, is a fiduciary with regard to the selection, monitoring and retention of the portfolio managers for its Separate Accounts. Principal Life is not a fiduciary in the broader context of operating your plan. This discussion is only about our fiduciary responsibility for our Separate Accounts. Standards and expectations for one Separate Account may be different from those for other Separate Accounts.

[2] Sub-Advised Investment Options include Separate Accounts 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. Certain investment options may not be available in all states or U.S. commonwealths.

Economy & Markets

No person can predict what the stock market will do next. However history can be an incredible teacher and trends and patterns do emerge over time. The result isn't a magic formula but rather time-tested principles at best and educated guesses at worst.



Whether it's inflation, interest rates, or the declining dollar, we offer analysis of the impact, in terms you can understand. You can count on us to help keep you informed about the economy and markets at large.

GLOBAL INVESTMENT MANAGEMENT • ASSET ALLOCATION EXPERTISE • RETIREMENT LEADERSHIP

On The Other Hand

1Q 2013 ECONOMIC COMMENTARY • PRINCIPAL GLOBAL INVESTORS

By Bob Baur, Robin Anderson and the Principal Global Investors Economic Committee

COVERING THE QUARTER ENDED March 29, 2012 — PUBLISHED ON APRIL 9, 2013

Bob Baur
Chief Global Economist,
Principal Global Investors

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Economist

Weekly Headlines:

- **U.S. data points to a robust quarter:** Strong additions to inventories, solid consumer spending, and much better capital spending suggest first quarter growth could be in the 3% range.
- **Is Japan really back?** That was the message from Prime Minister Abe to President Obama on a recent visit to Washington. The Bank of Japan is set to radically ease monetary policy at its next meeting. The weakening yen and soaring stock market are at least improving confidence.
- **An update on Cyprus:** Last week's column was written before the final bailout deal was announced. Stockholders, creditors, and some depositors will all face substantial losses, a necessity for the Troika to provide €10 billion for bank recapitalization and other funding. The deal has several consequences.
- **Lingering EU recession:** Much of the gain in the data since last fall was given back in March, signaling that the recession may linger into the second quarter. German and U.K. economies seem to be picking up, but France languishes. Better global growth, though, may help the recession ease and growth return in the second half.
- **China equities fall on regulation fears:** Data improved after the volatility of the New Year holiday as the soft landing continues. Fears of excessive regulation hit the stock market, but what has been proposed seems more likely to lessen risk than to be a huge drag on growth.
- **Fed easing continues:** U.S. bond yields rose early in the quarter as the worries of 2012 faded, but eased back due to concerns about Cyprus and the Italian elections. While faster U.S. growth should boost ten-year Treasury yields to 2.25% by year-end, the Federal Reserve's (the Fed's) downward pressure on yields will persist.
- **Asset Allocation Corner: the tyranny of noise.** After a record stock market quarter, what themes cut through the daily investment noise? The economic stage seems set for the upward trend of stock prices to continue for the next year or more.

Is the U.S. Getting Its Mojo Back?

That's how it appears. Economic growth was revised for the fourth quarter of 2012 from 0.1% to 0.4%. That's very slow, but inventory additions and government expenditures subtracted 1.5% and 1.4%, respectively. The private sector is doing much better than the headline, as private spending and net exports added 3.3% to growth. The large drag on GDP from inventories last quarter suggests that inventory additions will be positive for growth this quarter. In the latest data, inventories jumped for the December to January period by the most since May 2011. Negative revisions for last quarter were in consumer spending, while positive ones came from fixed

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investment and net exports. Corporate profits as a percentage of GDP reached the second highest level on record as they rose an annualized 9.6% in the fourth quarter, and are 22% above the 2006 peak.

Consumers are holding up pretty well even with tax increases and Sequestration. Spending in February rose 0.7%, the best since September. Data for December and January were revised higher, implying that consumption accelerated in spite of the drags. First quarter real consumer spending is tracking above 3%, the strongest since 2010. The final Michigan Consumer Confidence reading for March bounced up since its preliminary estimate to 78.6. And why wouldn't sentiment improve? Gas prices are down, at least temporarily, the stock market is hitting record highs, and the housing market is recovering. Households are cleaning up their balance sheets as well. At the end of 2012, the financial obligations ratio (the percentage of total income going to fixed financial payments) was the lowest since 1981.

Home sales were a bit soft in February. Pending home sales dropped 0.4% month over month and new home sales fell by the most in two years, after a huge 13% surge in January. Inventories of homes for sale are near historic lows, thereby constraining buyers. For now, though, the dip in sales growth is likely the "pause that refreshes."

Manufacturing surveys robust: Only two out of the six regional surveys were below 50 on an Institute of Supply Management (ISM) weighted basis (a reading below 50 signals contraction). The Chicago index did fall from 56 to 52.4, suggesting a little drop in the March ISM survey, which was quite strong last month. The February durable goods report was solid below the headline though. Overall, durable goods orders rose 5.7%, with a big jump in aircraft orders. Orders, ex-transportation, fell 0.5%, and core cap-ex orders dropped 2.7%. But unfilled orders, which lead future orders, did increase after a flat year; shipments of core capital goods jumped 1.9%; and overall shipments rose 1.0%, foretelling strong capital spending.

Conclusion: We expect U.S. economic growth to jump from 0.4% last quarter to the 3% range for the first quarter of 2013. Consumer spending, inventory additions, business investment, and residential construction should be robust.

There may be a drag from Sequestration in the second quarter and growth could drop to 2% or less from less government and consumer spending as furloughs modestly hit paychecks. Still, our base case is that sustained housing and labor market recoveries push growth above potential to 3.5% by the first half of next year. Table 1 shows our quarterly updates. The details of our GDP plus other forecasts are in the tables at the end of the commentary.

Table I

U.S. Forecast Table	2012(A)	2013(E)	2014(E)
Real GDP	+2.2%	+2.2%	+3.0%
Domestic Final Sales	+1.9%	+2.2%	+2.8%
U.S. Auto Sales (units)	14.4M (+13.4%)	15.3M (+6.3%)	16.1M (+5.0%)
Industrial Production	+3.7%	+3.0%	+3.0%
Housing Starts	779.9 (+28.1%)	975.6 (+25.0%)	1,220.0 (+25.0%)
After-Tax Corporate Profits (National Income and Products Accounts Basis)	+15.04%	+8.0%	+8.0%
Federal Budget Balance (Fiscal Years)	-$1.1T (that's a T!)	-$0.8T	-$0.6T
Civilian Unemployment Rate	8.1%	7.4%	6.6%
Consumer Price Index – Overall	+2.1%	+1.8%	+2.2%
Consumer Price Index – ex Food & Energy	+2.1%	+2.0%	+2.1%
GDP Price Index	+1.8%	+1.8%	+2.0%

A – Actual E – Estimated

Sources: Bloomberg, Barclays Capital Live.

Return of the Samurai?
Prime Minister Shinzo Abe's message to President Obama at his recent visit was "Japan is back!" Is that possible after two decades of malaise, deflation, and meager growth? That's a promise that may be hard to keep. Still, Abe is the first leader in a decade who saw his approval rating go up after he took office, 69% in March.

The 44% surge in the Nikkei 225 Index since mid-November took it to its highest point since September 2008. Household wealth is rising along with the stock market, pushing consumer confidence to a five and a half year high in February. The Shoko Chukin index of small business sentiment leapt to its highest level since March 2007.

This attitude change is due to Abe's stern talk of defeating Japan's deflation and malaise through easier monetary policy and public investment. Abe's new appointments to the Bank of Japan (BoJ) governing body have promised to take the challenge. The first meeting of the new board is April 3 and 4 and expectations for change are high. Bank of Japan Governor Haruhiko Kuroda has borrowed language from European Central Bank (ECB) President Mario Draghi, stating that the Bank would do "whatever it takes" to reach a 2% inflation target within two years.

What will they do? Take pages from the Book of Bernanke. Open-ended asset purchases by the BoJ are scheduled to begin next year. At a minimum, that start date will be pulled forward. Secondly, the rate of asset purchases will surely be raised above the current plan. They will extend the maturity of bonds purchased from a focus on short-term to perhaps very long-term, maybe up to thirty years. The BoJ could also begin to purchase unconventional securities such as foreign bonds, Japanese REITs, or corporate bonds. Last, the BoJ could initiate forward guidance in the Bernanke style by stating that the new policy would stay in effect until a specific target is reached.

With the stock market soaring and the currency having fallen from 77¥/$ to 95¥/$ or so, markets are primed for significant action. Any disappointment will be severely punished.

With Europe still in recession, the world wishes them well as a new source of global growth would be very welcome.

Cyprus... Again
Last week's commentary was written prior to the final deal announced between Cyprus and its lenders. The agreement keeps Cyprus in the Eurozone, but wipes out the second largest bank and destroys confidence in the banking system. The specifics of the deal are as follows:

- The second largest bank, Laiki or Cyprus Popular, will be shut down and restructured, and its assets will be divided into a good bank and bad bank; uninsured depositors will face very large losses.
- The largest bank, Bank of Cyprus, will absorb the good Laiki assets and leftover deposits; the bank will be recapitalized by wiping out shareholders, bondholders, and uninsured depositors, with the uninsured depositors facing up to a 40% loss.
- Capital controls will be imposed, at least "temporarily." Recall that the temporary capital controls set up in Iceland in 2008 are still in place. Temporary controls imposed in the U.K. post-World War II stayed in place until 1979.

There are several implications, or conclusions, to draw from this deal and the reaction to it:

The Cyprus recession will get worse. The Cyprus banking system is much larger than the overall economy; thus, the bailout means that banking and borrowing will be much more difficult as liquidity disappears, lending standards soar, and businesses find it much harder to borrow.

No one wants an exit. It is uncharted territory for politicians in both the Union and the country exiting. Some say the costs of staying in the Union may be greater than the costs of leaving. A Cypriot exit would not stave off a steep economic contraction and severe loss of wealth, but the recovery could be faster as competitiveness might be more easily restored through currency devaluation than steep wage declines. However, no one wants to take the risk of finding out how bad it would be. The capital controls in Cyprus essentially mean a partial exit already, as a euro in Cyprus now is worth a lot less than a euro elsewhere...

Creditor attitudes are hardening. Haircuts for depositors are clearly on the table, a blow to confidence in the periphery and for depositors of weaker banks. Not all countries are treated equally as too big to fail holds. For example, Spain's banking system was bailed out without depositors taking any hit. The willingness of the Troika to let Cyprus fail adds to the political turmoil already brewing between the periphery and core Europe.

It raises systemic risk of contagion. Is Slovenia next? It's a small open economy with a troubled banking system. The International Monetary Fund (IMF) estimates that 20% of the loans in Slovenia's three largest banks are not performing. Slovenia does not have the deficit problems of Greece or a banking system as outsized as Cyprus. Still, with a new Prime Minister more concerned with growth than austerity, sovereign bond yields have spiked, which is a real problem as Slovenia needs access to bond markets.

Bank bond yields have to rise. Now that bank creditors have lost their bonds, investors in bank credit will want to look more carefully at the asset quality of each bank. It's not unlikely that yields on bonds of even strong banks will rise even further than they have this week.

Markets don't seem to care, at least yet. There has not been a dramatic selloff in broad stock market indices. In fact, several U.S. indices made new all-time record highs on Friday even in the face of the Cyprus problems and a failure to form a new Italian government. Markets may be looking at the positives, though. After all, Draghi will do "whatever it takes" to keep the euro viable; Cyprus is very small relative to the Eurozone; and with growth picking up in China and the United States, that's a plus for Europe.

EU Recession Lingers; but Some Progress

Continuing problems in the Eurozone's banking and financial sectors keep lending news very weak. With lending standards tight, banks dealing with non-performing loans, and loan demand sluggish, private sector loans barely edged up in February. Even before the Cyprus brouhaha, Euro area PMIs fell in March. The composite PMI fell sharply to 46.5, indicating the recession may drag on into the second quarter, and most of the improvement since last fall has disappeared. The French index fell to a new low for the cycle of 42.1 and is mirrored in consumer confidence as the Insee measure fell to 84 in March, well below the long-term average of 100.

There are brighter spots. Although the German PMI fell 2.3 points to 51, it still shows expansion, and investor sentiment hit a three-year high. German retail sales rose for a second month, up 0.4% from January after a 3.0% surge that month. While the number of Germans unemployed rose a bit in March, the unemployment rate is now at 6.9%, near a two-decade low. U.K. retails sales and consumer confidence also made gains in recent data and the labor market there shows improvement.

The problems in Cyprus and Italy, plus the lingering recession, are all manifestations of the long, slow, and painful process of resolving the debt crisis. The long-term issue is that many European Union (EU) countries created a social welfare state that is too large for their tax base, thereby making their countries uncompetitive with the rest of the world.

Some progress, though, is being made. Spanish unit labor costs are 10% below their 2009 peak and competitiveness is gaining in Ireland and Portugal. With growth picking up in the U.S., China, and perhaps Japan, the global economic backdrop for the Eurozone is improving and could help lead the area out of recession later this year.

The Year of the Snake

With the data perturbations of the Chinese New Year holidays behind us, recent reports confirm our view that the economy is steadily expanding. The March Markit manufacturing PMI bounced back 1.3 points to 51.7, and the output index rose to a reasonably solid 52.8. House prices rose further, up in 66 of the 70 cities in the National Bureau of Statistics (NBS) survey. The Leading Economic Index of the Conference Board rose 1.3% in February and is now up 12.7% over the prior year. China also cut its fuel prices 3.2%.

The Chinese stock market has fallen about 9% since early February on fears officials were about to tighten policy and clamp down, once again, on the real estate sector, a key driver of growth. While that has happened, so far it doesn't seem too onerous. The banking regulator has stiffened regulations on wealth management products, requiring matching assets, higher reserves, and an overall limit as a percent of assets. These new regulations have been in the works and communicated to banks for some time, their purpose being to limit the risk that banks can take with those products, a good thing.

In addition, certain cities have instituted curbs on residential purchases, such as banning single-person households from buying more than one home in Beijing and raising down-payments and interest rates on loans for second homes in Shanghai. Several cities will also enforce a 20% capital gains tax in property sales. These restrictions may be a drag on growth, but they limit potential financial risks. We expect 7% to 8% economic growth to continue in China for the intermediate future.

The Fed Says "Easy Does It"

In early 2013, the worries of 2012 faded and prospects for U.S. growth brightened, sending U.S. interest rates up for a time. Yields on 10-year Treasury bonds pushed above 2%, only to fade as concerns about U.S. budget issues, confused Italian elections, and now Cyprus combined to bring back risk aversion and dampen rates once again. U.S. Treasury rates through the end of March are shown in the following table:

Interest Rates	12/31/2010	12/31/2011	12/31/2012	04/03/2012 (High)*	07/24/2012 (Low)*	03/29/2013 Current
2-year	0.60%	0.24%	0.26%	0.37%	0.22%	0.24%
10-year	3.30%	1.88%	1.76%	2.30%	1.39%	1.85%
10-2 spread	2.70%	1.64%	1.64%	1.93%	1.17%	1.61%

*Based on the 10-year Treasury bond, over the prior 12 months.
Source: Bloomberg

As last year, these worries may dissipate and the return of faster growth in the second half should bring higher Treasury yields by year-end. In the interim, any upward trend will be dampened by the Fed's ultra-easy policies. At its March meeting, the Fed reaffirmed its intention to buy $85 billion of bonds each month and made no change in guidance. The Fed is keeping its options open and may adjust the size, pace, and composition of its bond purchases based on economic conditions, but will likely keep its program in place all year. Purchases could be scaled back in the second half if the economy performs, but a reduction in early 2014 may be more likely. In any event, the updated projections of FOMC members show that it is not until 2015 that a majority favors raising the Fed Funds target.

All the Fed speakers at the lectern this week repeated the dovish mantra. Federal Reserve Bank presidents Dudley (New York), Evans (Chicago), Rosengren (Boston), and Kocherlakota (Minneapolis) all noted that policy will stay easy and bond purchases will continue until economic conditions improve. In fact, "a highly accommodative stance of monetary policy will remain appropriate for a considerable time after the asset purchase program ends and the economic recovery strengthens" (emphasis added).

Other worries: The Fed will be consistent, but investors are less sure about policymakers as the Cyprus bank failure and the initial bailout plan that called for losses by small depositors changed the rules. Even though Cyprus is a tiny country with economic output of only $23 billion, the precedent of depositor losses in an official rescue raises the level of systemic risk beyond what is justified by the size of the Cypriot economy. It is also a factor keeping U.S. rates low, at least for a time.

U.S. fiscal issues linger: The tax part of the fiscal cliff was corrected on January 2, but Sequestration has started and the budget debates seem endless. As noted before, the impact of Sequestration on actual outlays and economic growth should be limited and the continuing resolution to fund spending has been extended through September 30. This offers some optimism that budget issues won't derail the economy. Still, the debt ceiling will be reached again in late May or June and must be raised at some point. Debates over next year's budget will also gather steam later this year. So, investors may stay a bit nervous that these issues will stay messy.

Higher rates by year-end: Despite these drags on yields, investors remain optimistic and committed to seeking yield. The Fed will stay supportive as inflation seems well into the future and Bernanke is not worried about exceeding his 2.5% inflation limit. U.S. budget issues will likely get resolved, and Eurozone officials should be able to contain the Cyprus crisis. Growth prospects will be the key driver of Treasury rates. Faster growth is in our forecasts and interest rates should trend higher, even with a supportive Fed. Policy will keep a ceiling on short-term yields so we've lowered our expectations of two-year rates, resulting in a steeper yield curve. Based on this analysis, our forecast for future yields is:

	2013	2014
Federal Funds Target	0.0-0.25%	0.0-0.25%
2-year Treasury Rate	0.30%	0.75%
10-year Treasury Rate	2.25%	3.00%
2-10 year spread	1.95%	2.25%

Asset Allocation Corner

A Quarter for the Record Books

With fears of a Eurozone collapse and a hard landing in China fading, U.S. growth on the rise, and fiscal cliff worries over, the stage was set for a good stock market quarter. And was it ever, at least in the U.S. and Japan. The Dow Jones Industrials soared 11.25% to an all-time record high on the last day of trading for the quarter. Other indices also hit records including the Russell 1000®, Russell 2000®, Value Line, Wilshire Total Market, Dow Jones Transports, and S&P 500, just to list a few. Both consumer sectors, discretionary and staples, of the S&P 500 also hit new highs. The outperformance of U.S. equities and an improving economy are attracting investors. The Bloomberg U.S. dollar index rose in the quarter, up 4%.

The excitement noted above in Japan gave that market one of the strongest regional returns. The MSCI Japan Index soared 20.4% and the Japan Small Cap Index, the JASDAQ, surged 41.6%. Even U.S. investors, who would have experienced a 9% currency loss during the quarter, were highly rewarded.

One surprise was the significant struggle of emerging market stocks, with the MSCI Emerging Index off 1.9% for both the quarter and month. Beyond that, the performance of aggressive versus non-cyclical equity groups was more balanced. U.S. small-cap stocks outperformed large caps, but value compared to growth depended on the cap size. Both cyclical and non-cyclical sectors were in the top half of sector performance.

No one has been talking about the stock market at cocktail parties, as all the conversation has been about bonds. But the more that stock market risks fade, the more that bond market risks rise. And bonds generally had a losing quarter. Both the Barclays Global and U.S. Aggregate indices fell 2.1% and 0.1% respectively, while the Barclays Long-Term Treasury Index dropped 2.4%. Barclays U.S. corporate high yield index returned 2.9% for the quarter, and 1.0% during March. Returns to stocks and bonds have been positively correlated since the March 2009 low in financial markets. That similarity is likely over as faster economic growth should push yields higher, keeping bond market returns under pressure. Eventually, cocktail party chatter will turn to stocks.

The Tyranny of Noise

The tragedy and despair of the Great Recession and the ongoing debt crisis in Europe, punctuated with calamities like record gas prices in early 2011 and double-dip economic fears around the globe, taught investors to expect disaster at every turn and black swan tail risks behind every rock. As a result, each day's news is endlessly dissected for signs of impending doom, and long-term investment themes get lost in run-of-the-mill noise. What are some of these themes?

The U.S. ends its five-year slump: The economic locomotive is gearing up. Rising stock and house prices mean household net wealth will soon surpass its pre-recession peak, thereby raising confidence and supporting consumption. Better job growth provides the wherewithal for that spending. The drag from state and local government layoffs and spending cuts is winding down. Household formation should reach 1.25 million this year, back to the long-term average, providing the basis for strong growth in residential construction and related consumer spending. Rising house prices have eliminated the risk of U.S. deflation while less uncertainty and low productivity growth should bring a renewed burst in investment and hiring. Oil output is the highest in fifteen years, investment and job growth in shale gas and oil is booming, and re-shoring is bringing back U.S. manufacturing. The U.S. economy is in the best relative growth position around the world.

The world rebalances: The big story of the first quarter was the dramatic underperformance of emerging market (EM) equities. The boom in EM is nearing its fifteenth year. Since the depression of the Asian currency crisis of the late 1990s, emerging markets have brought a decade plus of amazing growth and very high absolute and relative stock market returns. Commodity prices have soared to one record level after another, driven by huge investment growth in China, abetting the boom. With the U.S. economy under pressure as the financial crisis took hold, the consensus, for a time, even put forth the notion that emerging markets and commodities would be safe havens in the investment storm, and that the future belonged to China. That thrill is gone.

The boom is winding down. Fifteen years of export-driven growth brought a need for rebalancing and it's beginning to happen naturally. Fast rising wages, especially in China, and higher inflation than in developed economies is causing real exchange rates to appreciate, reducing competitiveness. With costs rising, profits under pressure, and productive capacity in over-supply, it's not surprising that EM stocks underperformed. Mexico and the United States are key beneficiaries of those trends as they were the source of the vanishing manufacturing jobs.

Record commodity prices enticed producers to bring more supply to market. Farmers, oil drillers, and miners are finding more acres, wells, and mines from which to produce. With investment growth slowing in China, demand growth for commodities is weakening just as supply is ramping up. As a result, the 2011 inflation-adjusted peak in commodity prices may be the top for years to come. EM commodity producers will not fare as well as in the past decade.

Europe will benefit from these trends: Europe needs growth, and help may be on the way. Not only are the EU political winds shifting toward growth and away from strict austerity, faster U.S. growth will be supportive for Europe. Furthermore, higher inflation, appreciating currencies, and more costly production in emerging markets improve EU competitiveness. If the Eurozone can muddle through a little longer, time may be on its side. Its way out of the crisis is for the external world to return to growth.

Bonds may need life support, but not for a little while yet. At some point, faster growth will lead to higher interest rates, as would more inflation, but the latter shouldn't enter the picture in developed economies for some time. Deflation risk is still the watchword in Europe. There is plenty of slack in the U.S., especially in labor markets; therefore, commodity prices likely won't be pushing inflation up. Central banks are not alone in keeping interest rates low as investors are overpaying for safety and security, while demand for business loans is weak.

So, the investment story: Overall, it looks like we are in the second half of an equity bull market that corresponds to the U.S. business cycle. The first half began in March 2009 and was born out of the collapse of the Great Recession and financial crisis. It lasted into July 2011 when the Eurozone debt crisis boiled over into fears of collapse and exit. About the same time, record gasoline prices cut U.S. growth prospects and worries soared about a double-dip recession. China's economy began to slow then, too, and a hard landing scenario made the media rounds.

The pause or correction in the bull market lasted into mid-2012. It was ECB President Draghi's words that he would do "whatever it takes" to defend the euro, "and believe me, it will be enough," that brought the bull back. U.S. housing hit its stride about the same time and the rise in house prices put paid to any deflation risk. The Fed's Operation Twist morphed into QEternity, stifling any remaining risk of deflation. China's economy bottomed in the third quarter and the many disaster scenarios of mid-2012 quietly waned. The tax part of the U.S. fiscal cliff was resolved January 2, and the third dramatic risk to global growth faded away.

Further, QE3 is not causing commodity prices to soar as QE2 did, nor is it creating the same rush of money into emerging markets. The U.S. is the world's relative growth leader and a destination for investment, while emerging markets struggle with structural issues from their long boom.

There are still plenty of risks, though, including growing conflict in the Middle East, escalating spats over access to various islands in the China Sea, and policy uncertainty in the Eurozone. But, peering through the daily noise, the economic stage seems set for the upward trend in stock prices to continue over the next year to eighteen months or so. The rally can't progress at the same fast pace of the first quarter so there will be setbacks, pauses, and corrections. Volatility from sundry worries might be good times to rebalance or add to positions. The next tail risk may be when the Fed tries to exit its ultra-easy monetary policy in mid-2015 or so. More on that in a future Asset Allocation Corner...

Information provided by Principal Global Investors

Indices at a Glance

Index	Close (as of 3/29/2013)	12 Month Low	12 Month High	% Change Week	% Change 12 month
Dow Jones Industrial Average	14,578.54	12,101.46	14,578.54	0.46%	10.90%
NASDAQ	3,267.52	2,747.48	3,267.52	0.69%	5.56%
S&P MidCap 400	1,153.68	891.32	1,153.68	1.23%	15.99%
S&P 500	1,569.19	1,278.04	1,569.19	0.79%	11.82%
S&P SmallCap 600	531.38	414.87	531.73	0.52%	14.36%
MSCI EAFE (Intl.)	1,674.30	1,308.01	1,713.66	-0.74%	7.78%

Performance of indices reflects the unmanaged result for the market segment the selected index represents. The index is not available for direct investment.

Robert F. Baur, Ph.D. – Bob is a Managing Director and Chief Global Economist for Principal Global Investors. In this capacity, he establishes and directs global economic policy and strategy, oversees and conducts macroeconomic and quantitative research, forecasts economic trends and anticipates market movements, and advises the investment staff in making economically sound investment decisions. Bob also serves as chair of the firm's Economic Resource Group. He joined The Principal® in 1995, and prior to assuming his current role, oversaw equity, fixed income and currency trading. Bob received a Ph.D. in Economics and a Bachelor's Degree in Mathematics from Iowa State University. Bob also completed post-doctoral study in finance and economics at the University of Minnesota. Principal Global Investors and its affiliates are sub-advisors to many of the Principal Funds.

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The S&P MidCap 400 Index includes approximately 10% of the capitalization of U.S. equity securities. These are comprised of stocks in the middle capitalization range.

The S&P SmallCap 600 Index is a small-cap index that consists of 600 domestic stocks chosen for market size, liquidity, and industry group representation.

The Dow Jones Industrial Average is an index of 30 blue-chip U.S. stocks.

The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada.

The NASDAQ Composite Index is a broad-based index that measures all NASDAQ domestic and international based common type stocks listed on the NASDAQ Stock Market.

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Principal Financial Group

Investment Review

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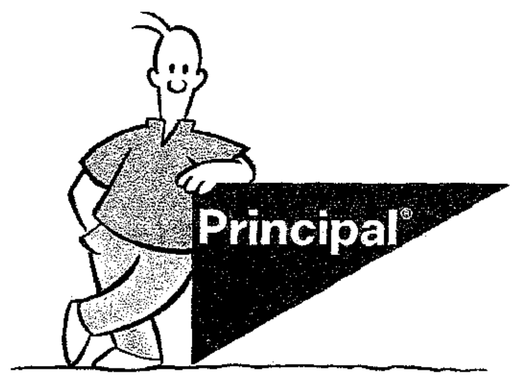

Portfolio Review

Investment Review - Allocation 01/01/2013 through 03/31/2013

Inv Manager or Sub-Advisor Investment Option	Beginning Balance	Breakdown %	Contributions/ Additions	Breakdown %	Withdrawals/ Deductions	Breakdown %	Ending Balance	Breakdown %
Large U.S. Equity								
Large Value								
Vanguard Group Vanguard Equity-Income Fund	$65,263	0.34%	$2,578	0.50%	$433	0.11%	$152,944	0.75%
Large Blend								
Principal Global Investors LargeCap S&P 500 Index Separate Account-R6 [A, 2, 9, 38]	$831,384	4.27%	$23,879	4.63%	$11,317	3.00%	$960,245	4.69%
T.Rowe/Clearbridge Investments LargeCap Blend II Separate Account-R6 [A, 3, 28, 30]	$876,503	4.50%	$15,661	3.04%	$4,886	1.29%	$972,231	4.75%
Large Growth								
Touchstone Touchstone Sands Capital Institutional Growth Fund	$926,578	4.76%	$26,782	5.20%	$6,986	1.85%	$1,004,140	4.91%
Small/Mid U.S. Equity								
Mid Cap Value								
Goldman Sachs/LA Capital Mgmt MidCap Value I Separate Account-R6 [A, 1, 18, 28]	$73,794	0.38%	$3,556	0.69%	$115	0.03%	$102,053	0.50%
Mid Cap Blend								
Principal Global Investors MidCap S&P 400 Index Separate Account-R6 [A, 1, 2, 11, 38]	$5,024	0.03%	$1,175	0.23%	$0	0.00%	$7,967	0.04%
Mid Cap Growth								
Principal Global Investors MidCap Separate Account-R6 [A, 1]	$1,042,745	5.36%	$6,484	1.26%	$786	0.21%	$1,165,631	5.70%
Prudential Investments, LLC Prudential Jennison Mid Cap Growth Z Fund [1]	$565,142	2.90%	$14,812	2.87%	$8,039	2.13%	$611,979	2.99%

Portfolio Review

Investment Review - Allocation 01/01/2013 through 03/31/2013

Inv Manager or Sub-Advisor / Investment Option	Beginning Balance	Breakdown %	Contributions/ Additions	Breakdown %	Withdrawals/ Deductions	Breakdown %	Ending Balance	Breakdown %
Small Blend								
Goldman Sachs Asset Mgt Goldman Sachs Small Cap Value Inst Fund [1, 36]	$0	0.00%	$83	0.02%	$0	0.00%	$17,803	0.09%
Principal Global Investors SmallCap Blend Separate Account-R6 [A, 1]	$63,039	0.32%	$4,705	0.91%	$0	0.00%	$226,842	1.11%
Principal Global Investors SmallCap S&P 600 Index Separate Account-R6 [A, 1, 2, 10, 38]	$532,951	2.74%	$12,790	2.48%	$2,243	0.59%	$604,818	2.96%
Small Growth								
AllianceBern / CCI / Brown SmallCap Growth I Separate Account-R6 [A, 1, 3, 28, 33]	$215,577	1.11%	$5,213	1.01%	$1,090	0.29%	$120,392	0.59%
International Equity								
Diversified Emerging Markets								
Virtus Investment Advisers,Inc Virtus Emerging Markets Opportunities I Fund	$2,390	0.01%	$0	0.00%	$0	0.00%	$2,422	0.01%
Foreign Large Blend								
Capital Research and Mgmt Co American Funds EuroPacific Growth R6 Fund [4, 36]	$126,524	0.65%	$5,501	1.07%	$1,868	0.49%	$128,424	0.63%
Foreign Small/Mid Blend								
Principal Global Investors/DFA International SmallCap Separate Account-R6 [A, 1, 4, 20]	$823,290	4.23%	$19,309	3.75%	$4,060	1.08%	$926,551	4.53%
Balanced/Asset Allocation								
Retirement Income								
Multiple Sub-Advisors Principal LifeTime Strategic Income Separate Account-R6 [A, 21, 24, 31, 32]	$157,140	0.81%	$7,631	1.48%	$4,683	1.24%	$168,622	0.82%
Target Date 2000-2010								
Multiple Sub-Advisors Principal LifeTime 2010 Separate Account-R6 [A, 21, 24, 31, 32]	$1,066,714	5.48%	$40,507	7.86%	$44,603	11.82%	$1,101,587	5.38%

Portfolio Review

Investment Review - Allocation 01/01/2013 through 03/31/2013

Inv Manager or Sub-Advisor Investment Option	Beginning Balance	Breakdown %	Contributions/ Additions	Breakdown %	Withdrawals/ Deductions	Breakdown %	Ending Balance	Breakdown %
Target Date 2016-2020								
Multiple Sub-Advisors Principal LifeTime 2020 Separate Account-R6 [A, 21, 24, 31, 32]	$1,673,465	8.60%	$62,135	12.06%	$28,194	7.47%	$1,802,090	8.81%
Target Date 2026-2030								
Multiple Sub-Advisors Principal LifeTime 2030 Separate Account-R6 [A, 21, 24, 31, 32]	$1,631,631	8.38%	$58,485	11.35%	$13,472	3.57%	$1,775,126	8.67%
Target Date 2036-2040								
Multiple Sub-Advisors Principal LifeTime 2040 Separate Account-R6 [A, 21, 24, 31, 32]	$241,143	1.24%	$18,179	3.53%	$3,525	0.93%	$275,076	1.34%
Target Date 2046-2050								
Multiple Sub-Advisors Principal LifeTime 2050 Separate Account-R6 [A, 21, 24, 31, 32]	$73,595	0.38%	$6,335	1.23%	$2,160	0.57%	$87,099	0.43%
Short-Term Fixed Income								
Money Market								
Principal Global Investors Money Market Separate Account-R6 [A, 6, 37]	$5,797,992	29.79%	$110,056	21.36%	$201,526	53.39%	$5,486,177	26.81%
Fixed Income								
High Yield Bond								
Fidelity Management & Research Fidelity Advisor High Income Advant I Fund [5, 23, 24]	$516,445	2.65%	$20,604	4.00%	$16,137	4.28%	$579,070	2.83%
Intermediate-Term Bond								
PIMCO PIMCO Total Return Instl Fund [23, 24]	$143,208	0.74%	$3,216	0.62%	$0	0.00%	$159,123	0.78%
Principal Global Investors Bond and Mortgage Separate Account-R6 [A, 23, 24, 38]	$1,708,249	8.78%	$35,720	6.93%	$20,212	5.35%	$1,706,420	8.34%
Inflation-Protected Bond								
Vanguard Group Vanguard Inflation-Protection Securities Inv Fund [23, 24]	$0	0.00%	$4,208	0.82%	$0	0.00%	$4,018	0.02%

Portfolio Review

Investment Review - Allocation 01/01/2013 through 03/31/2013								
Inv Manager or Sub-Advisor Investment Option	Beginning Balance	Breakdown %	Contributions/ Additions	Breakdown %	Withdrawals/ Deductions	Breakdown %	Ending Balance	Breakdown %
Owned Real Estate								
Principal Real Estate Inv U.S. Property Separate Account-R6 [A, 34]	**$302,660**	**1.56%**	**$5,659**	**1.10%**	**$1,139**	**0.30%**	**$315,186**	**1.54%**
TOTAL	$19,462,446	100%	$515,263	100%	$377,474	100%	$20,464,036	100%

Contributions/Additions reflect contributions, negative contributions, loan payments, etc. Withdrawal/Deductions reflect distribution requests such as terminations, death, disability, and loans. Participant and Employer level investment transfers are not included in these columns.

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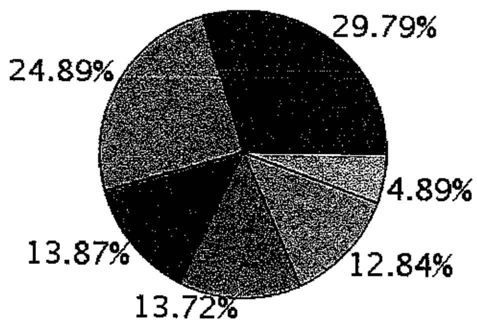
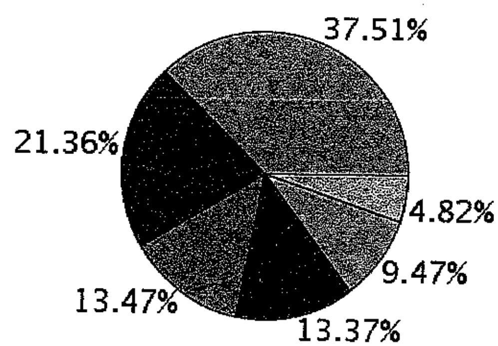
Portfolio Review

Asset Class Breakdown

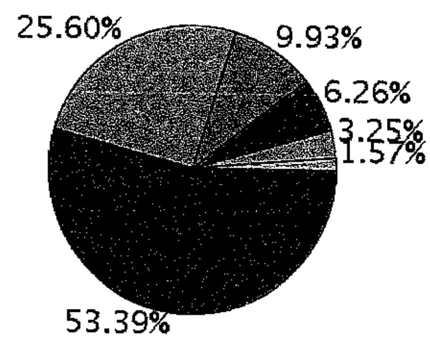
Beginning % As Of 01/01/2013



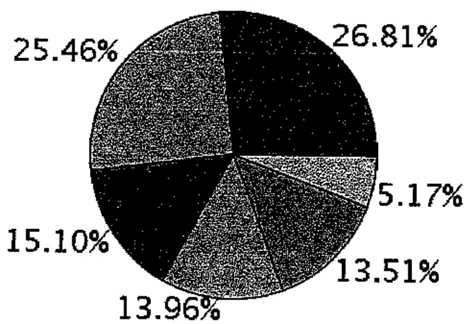
Contributions/Additions % 01/01/2013 - 03/31/2013



Withdrawals/Deductions % 01/01/2013 - 03/31/2013



Ending % As Of 03/31/2013



- Short-Term Fixed Income
- Balanced/Asset Allocation
- Large U.S. Equity
- Small/Mid U.S. Equity
- Fixed Income
- International Equity

Style Grid

Large U.S. Equity		
Large Value	**Large Blend**	**Large Growth**
Vanguard Equity-Income Fund	LargeCap S&P 500 Index Separate Account-R6 [2, 9, 38] ++ LargeCap Blend II Separate Account-R6 [3, 28, 30]	Touchstone Sands Capital Institutional Growth Fund
Small/Mid U.S. Equity		
Mid Cap Value	**Mid Cap Blend**	**Mid Cap Growth**
MidCap Value I Separate Account-R6 [1, 18, 28]	MidCap S&P 400 Index Separate Account-R6 [1, 2, 11, 38] ++	MidCap Separate Account-R6 [1] Prudential Jennison Mid Cap Growth Z Fund [1]
Small Value	**Small Blend**	**Small Growth**
	Goldman Sachs Small Cap Value Inst Fund [1, 36] SmallCap Blend Separate Account-R6 [1] SmallCap S&P 600 Index Separate Account-R6 [1, 2, 10, 38] ++	SmallCap Growth I Separate Account-R6 [1, 3, 28, 33]

Style Grid

International Equity	Balanced/Asset Allocation	Short-Term Fixed Income
American Funds EuroPacific Growth R6 Fund [4, 36] American Funds International SmallCap Separate Account-R6 [1, 4, 20] Principal Global Investors · Dimensional Virtus Emerging Markets Opportunities I Fund VIRTUS INVESTMENT PARTNERS	Principal LifeTime Strategic Income Separate Account-R6 [21, 24, 31, 32] Principal LifeTime 2010 Separate Account-R6 [21, 24, 31, 32] Principal LifeTime 2020 Separate Account-R6 [21, 24, 31, 32] Principal LifeTime 2030 Separate Account-R6 [21, 24, 31, 32] Principal LifeTime 2040 Separate Account-R6 [21, 24, 31, 32] Principal LifeTime 2050 Separate Account-R6 [21, 24, 31, 32] Multiple Sub-Advisors	Money Market Separate Account-R6 [6, 37] Principal Global Investors

Style Grid

Fixed Income

Fidelity Advisor High Income Advant I Fund [5, 23, 24]

PIMCO Total Return Instl Fund [23, 24]

Bond and Mortgage Separate Account-R6 [23, 24, 38]

U.S. Property Separate Account-R6 [34]

Vanguard Inflation-Protection Securities Inv Fund [23, 24]

You are responsible for the selection of specific investment options for your retirement plan. While the investment options above provide a starting point for you to consider, we also offer additional investment options other than those illustrated above.

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Investment 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 Call Center at 1-800-547-7754.

	Average Annual Total Returns through 03/31/2013						Percentile Rankings as of 03/31/2013					
Inv Manager or Sub-Advisor Investment Option Large U.S. Equity	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	1 yr.	3 yr.	5 yr.	10 yr.	Total Inv. Exp. Net / Gross	Contractual Cap/Waiver Expire Date
Large Value												
Vanguard Group Vanguard Equity-Income Fund	16.51	15.34	6.99	9.95	9.97	03/21/1988	25	2	8	10	0.30 / 0.30	- -
Russell 1000 Value Index	*18.77*	*12.74*	*4.85*	*9.18*	-		-	-	-	-		
Morningstar Category Average - Large Value	*14.92*	*10.97*	*4.49*	*8.36*	*Total Funds in Category*		*1203*	*1045*	*927*	*589*	-	
Large Blend												
Principal Global Investors LargeCap S&P 500 Index Separate Account-R6 A, 2, 9, 38	13.59	12.32	5.51	8.20	8.56	01/01/1990	38	23	37	46	0.31 / 0.31	- -
T.Rowe/Clearbridge Investments LargeCap Blend II Separate Account-R6 [A, 3, 28, 30]	12.61	10.77	5.27	7.87	3.87	12/29/2000	59	55	42	59	0.91 / 0.93	02/28/2014 02/28/2014
Standard & Poor's 500 Index	*13.96*	*12.67*	*5.81*	*8.53*	-		-	-	-	-		
Morningstar Category Average - Large Blend	*12.98*	*10.84*	*4.80*	*8.12*	*Total Funds in Category*		*1663*	*1474*	*1325*	*820*	-	
Large Growth												
Touchstone Touchstone Sands Capital Institutional Growth Fund	6.71	18.27	12.17	-	8.76	01/21/2005	66	1	1	-	0.80 / 0.80	- -
Russell 1000 Growth Index	*10.09*	*13.06*	*7.30*	*8.62*	-		-	-	-	-		
Morningstar Category Average - Large Growth	*8.43*	*10.82*	*5.42*	*8.23*	*Total Funds in Category*		*1669*	*1482*	*1278*	*856*	-	

Investment Performance

Inv Manager or Sub-Advisor / Investment Option	Average Annual Total Returns through 03/31/2013						Percentile Rankings as of 03/31/2013				Total Inv. Exp. Net / Gross	Contractual Cap/Waiver Expire Date
	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	1 yr.	3 yr.	5 yr.	10 yr.		
Small/Mid U.S. Equity												
Mid Cap Value												
Goldman Sachs/LA Capital Mgmt MidCap Value I Separate Account-R6 [A, 1, 18, 28]	18.99	13.39	8.12	11.83	8.10	07/01/1999	29	32	43	32	1.15 / 1.17	02/28/2014 02/28/2014
Russell Midcap Value Index	*21.49*	*14.96*	*8.53*	*12.57*	-		-	-	-	-		
Morningstar Category Average - Mid Cap Value	*17.18*	*12.22*	*7.48*	*11.05*	*Total Funds in Category*		*427*	*362*	*314*	*176*	-	
Mid Cap Blend												
Principal Global Investors MidCap S&P 400 Index Separate Account-R6 [A, 1, 2, 11, 38]	17.40	14.71	9.45	12.05	9.10	08/31/1999	32	18	12	21	0.31 / 0.31	- -
Standard & Poor's 400 MidCap Stock Index	*17.83*	*15.12*	*9.85*	*12.45*	-		-	-	-	-		
Morningstar Category Average - Mid Cap Blend	*15.79*	*12.25*	*6.81*	*10.69*	*Total Funds in Category*		*410*	*348*	*312*	*199*	-	
Mid Cap Growth												
Principal Global Investors MidCap Separate Account-R6 [A, 1]	19.99	18.60	10.84	12.96	11.86	01/01/1991	4	3	6	6	0.81 / 0.81	- -
Prudential Investments, LLC Prudential Jennison Mid Cap Growth Z Fund [1]	10.21	13.44	9.39	13.76	10.19	12/31/1996	50	39	17	2	0.76 / 0.76	- -
Russell Midcap Growth Index	*12.76*	*14.23*	*7.98*	*11.53*	-		-	-	-	-		
Russell Midcap Index	*17.30*	*14.62*	*8.37*	*12.27*	-		-	-	-	-		
Morningstar Category Average - Mid Cap Growth	*10.40*	*12.54*	*6.62*	*10.38*	*Total Funds in Category*		*714*	*645*	*564*	*417*	-	
Small Blend												
Goldman Sachs Asset Mgt Goldman Sachs Small Cap Value Inst Fund [1, 36]	17.75	15.22	10.18	12.40	9.42	08/15/1997	26	18	10	18	0.96 / 1.04	12/29/2012 12/29/2013
Principal Global Investors SmallCap Blend Separate Account-R6 [A, 1]	17.45	14.33	6.89	10.77	10.87	01/01/1991	29	33	68	60	0.91 / 0.91	- -
Principal Global Investors SmallCap S&P 600 Index Separate Account-R6 A, 1, 2, 10, 38	15.76	14.74	8.88	12.02	9.07	08/31/1999	50	25	25	23	0.31 / 0.31	- -
Russell 2000 Index	*16.30*	*13.45*	*8.24*	*11.52*	-		-	-	-	-		
Standard & Poor's 600 Stock Index	*16.14*	*15.18*	*9.19*	*12.36*	-		-	-	-	-		
Morningstar Category Average - Small Blend	*15.68*	*13.29*	*7.67*	*11.15*	*Total Funds in Category*		*663*	*604*	*535*	*329*	-	

Investment Performance

Inv Manager or Sub-Advisor / Investment Option	Average Annual Total Returns through 03/31/2013 1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	Percentile Rankings as of 03/31/2013 1 yr.	3 yr.	5 yr.	10 yr.	Total Inv. Exp. Net / Gross	Contractual Cap/Waiver Expire Date
Small Growth												
AllianceBern / CCI / Brown SmallCap Growth I Separate Account-R6 [A, 1, 3, 28, 33]	10.87	16.52	10.39	12.14	3.63	12/29/2000	63	17	19	20	1.24 / 1.26	02/28/2014 02/28/2014
Russell 2000 Growth Index	*14.52*	*14.75*	*9.04*	*11.61*	-		-	-	-	-		
Morningstar Category Average - Small Growth	*11.57*	*13.42*	*8.20*	*10.96*	*Total Funds in Category*		*727*	*645*	*568*	*376*	-	
International Equity												
Diversified Emerging Markets												
Virtus Investment Advisers,Inc Virtus Emerging Markets Opportunities I Fund	8.30	13.64	6.75	18.58	8.41	10/20/1997	16	1	1	13	1.42 / 1.42	- -
MSCI - Emerging Markets NDTR D Index	*1.96*	*3.27*	*1.09*	*17.05*	-		-	-	-	-		
Morningstar Category Average - Diversified Emerging Markets	3.65	3.05	*0.16*	*16.14*	*Total Funds in Category*		*560*	*356*	*257*	*144*	-	
Foreign Large Blend												
Capital Research and Mgmt Co American Funds EuroPacific Growth R6 Fund [4, 36]	9.58	5.15	1.08	11.62	12.71	05/01/2009	44	41	13	9	0.50 / 0.50	- -
MSCI ACWI Ex USA Index	*8.36*	*4.41*	*-0.39*	*10.93*	-		-	-	-	-		
Morningstar Category Average - Foreign Large Blend	9.60	4.65	*-1.01*	9.22	*Total Funds in Category*		*776*	708	*599*	323	-	
Foreign Small/Mid Blend												
Principal Global Investors/DFA International SmallCap Separate Account-R6 [A, 1, 4, 20]	12.86	10.04	1.56	14.39	11.72	01/01/1995	33	33	44	31	1.46 / 1.46	- -
MSCI World Ex US Small Cap Index	*10.87*	*7.80*	2.05	*13.15*	-		-	-	-	-		
Morningstar Category Average - Foreign Small/Mid Blend	*11.32*	*7.86*	1.60	12.80	*Total Funds in Category*		*68*	*59*	*40*	*24*	-	

Investment Performance

Inv Manager or Sub-Advisor / Investment Option	Average Annual Total Returns through 03/31/2013						Percentile Rankings as of 03/31/2013				Total Inv. Exp. Net / Gross	Contractual Cap/Waiver Expire Date
	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	1 yr.	3 yr.	5 yr.	10 yr.		
Balanced/Asset Allocation												
Retirement Income												
Multiple Sub-Advisors Principal LifeTime Strategic Income Separate Account-R6 [A, 21, 24, 31, 32]	7.44	7.54	4.20	5.70	4.85	03/30/2001	38	33	65	25	0.79 / 0.79	- -
Principal LifeTime Strategic Income Blended Index	*6.38*	*7.21*	*5.67*	*7.03*	-		-	-	-	-		
Morningstar Category Average - Retirement Income	*6.83*	*6.86*	*4.48*	*5.29*	*Total Funds in Category*		*281*	*259*	*205*	*21*	-	
Target Date 2000-2010												
Multiple Sub-Advisors Principal LifeTime 2010 Separate Account-R6 [A, 21, 24, 31, 32]	8.81	8.54	4.33	6.54	5.27	03/30/2001	12	4	48	16	0.83 / 0.83	- -
Principal LifeTime 2010 Blended Index	*8.28*	*8.60*	*5.17*	*7.10*	-		-	-	-	-		
Morningstar Category Average - Target Date 2000-2010	*6.97*	*7.06*	*4.17*	*6.07*	*Total Funds in Category*		*146*	*139*	*122*	*14*	-	
Target Date 2016-2020												
Multiple Sub-Advisors Principal LifeTime 2020 Separate Account-R6 [A, 21, 24, 31, 32]	10.05	9.28	4.42	7.42	5.73	03/30/2001	8	10	40	15	0.88 / 0.88	- -
Principal LifeTime 2020 Blended Index	*10.36*	*9.28*	*4.96*	*7.63*	-		-	-	-	-		
Morningstar Category Average - Target Date 2016-2020	*8.36*	*8.09*	*4.18*	*6.88*	*Total Funds in Category*		*209*	*180*	*141*	*21*	-	
Target Date 2026-2030												
Multiple Sub-Advisors Principal LifeTime 2030 Separate Account-R6 [A, 21, 24, 31, 32]	10.50	9.55	4.22	7.77	5.64	03/30/2001	30	23	42	20	0.92 / 0.92	- -
Principal LifeTime 2030 Blended Index	*11.55*	*9.81*	*4.82*	*7.93*	-		-	-	-	-		
Morningstar Category Average - Target Date 2026-2030	*9.64*	*8.71*	*3.94*	*7.49*	*Total Funds in Category*		*209*	*180*	*141*	*16*	-	

Investment Performance

Inv Manager or Sub-Advisor Investment Option	Average Annual Total Returns through 03/31/2013 1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	Percentile Rankings as of 03/31/2013 1 yr.	3 yr.	5 yr.	10 yr.	Total Inv. Exp. Net / Gross	Contractual Cap/Waiver Expire Date
Target Date 2036-2040												
Multiple Sub-Advisors Principal LifeTime 2040 Separate Account-R6 A, 21, 24, 31, 32	11.24	9.84	4.01	7.96	5.70	03/30/2001	33	25	44	43	0.94 / 0.94	- -
Principal LifeTime 2040 Blended Index	*12.54*	*10.16*	*4.68*	*8.24*	-		-	-	-	-		
Morningstar Category Average - Target Date 2036-2040	*10.34*	*9.06*	*3.84*	*7.83*	*Total Funds in Category*		*205*	*176*	*134*	*16*	-	
Target Date 2046-2050												
Multiple Sub-Advisors Principal LifeTime 2050 Separate Account-R6 A, 21, 24, 31, 32	11.60	9.95	3.91	8.25	5.37	03/30/2001	28	21	57	20	0.95 / 0.95	- -
Principal LifeTime 2050 Blended Index	*13.05*	*10.26*	*4.56*	*8.64*	-		-	-	-	-		
Morningstar Category Average - Target Date 2046-2050	*10.69*	*9.16*	*3.98*	*7.91*	*Total Funds in Category*		*185*	*140*	*91*	*6*	-	
Short-Term Fixed Income												
Money Market												
Principal Global Investors Money Market Separate Account-R6 A, 6, 37	-0.31	-0.11	0.27	1.57	5.15	12/10/1980	-	-	-	-	0.56 / 0.56	- -
SEC 7-Day Yield as of 03/31/2013 is -0.35% ***	-	-	-	-	-		-	-	-	-		
Barclays Treasury Bellwethers 3 Month Index	*0.13*	*0.13*	*0.38*	*1.79*	-		-	-	-	-		
Morningstar Category Average - Money Market	*0.03*	*0.03*	*0.31*	*1.52*	*Total Funds in Category*		*959*	*906*	*837*	*626*	-	
Fixed Income												
High Yield Bond												
Fidelity Management & Research Fidelity Advisor High Income Advant I Fund 5, 23, 24	14.33	11.20	10.04	10.89	8.14	07/03/1995	10	12	31	1	0.78 / 0.78	- -
Merrill Lynch U.S. High Yield Master II Index	*13.06*	*10.89*	*11.32*	*9.94*	-		-	-	-	-		
Morningstar Category Average - High Yield Bond	*11.80*	*9.94*	*9.36*	*8.56*	*Total Funds in Category*		*612*	*518*	*462*	*324*	-	

Investment Performance

Inv Manager or Sub-Advisor / Investment Option	Average Annual Total Returns through 03/31/2013 1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	Percentile Rankings as of 03/31/2013 1 yr.	3 yr.	5 yr.	10 yr.	Total Inv. Exp. Net / Gross	Contractual Cap/Waiver Expire Date
Intermediate-Term Bond												
PIMCO PIMCO Total Return Instl Fund 23, 24	7.92	6.92	7.77	6.66	8.29	05/11/1987	15	26	12	6	0.46 / 0.46	- -
Principal Global Investors Bond and Mortgage Separate Account-R6 A, 23, 24, 38	5.93	7.38	6.69	5.04	8.21	02/01/1983	42	18	29	45	0.71 / 0.71	- -
Barclays Aggregate Bond Index	3.77	5.52	5.47	5.02	-		-	-	-	-		
Barclays U.S. Government/Credit 5-10 Year Index	6.70	8.42	7.16	6.12	-		-	-	-	-		
Morningstar Category Average - Intermediate-Term Bond	5.67	6.19	5.97	4.96	*Total Funds in Category*		1157	1004	877	605	-	
Inflation-Protected Bond												
Vanguard Group Vanguard Inflation-Protection Securities Inv Fund 23, 24	5.70	8.43	5.51	6.08	7.32	06/29/2000	18	13	30	26	0.20 / 0.20	- -
Barclays US Treas TIPS Index	5.68	8.57	5.89	6.32	-		-	-	-	-		
Morningstar Category Average - Inflation-Protected Bond	4.78	7.27	4.91	5.74	*Total Funds in Category*		197	179	147	40	-	
Owned Real Estate												
Principal Real Estate Inv U.S. Property Separate Account-R6 A, 34	11.93	15.27	-2.02	5.24	6.21	01/01/1982	-	-	-	-	1.15 / 1.15	- -
NFI-ODCE Equal-Weight	-	-	-	-	-		-	-	-	-		

Please see important disclosures at the end of this presentation.

Calendar Year Performance

For performance information, including most recent month-end performance, visit www.principal.com, contact your representative of The Principal, or call our Participant Call Center at 1-800-547-7754.

Inv Manager or Sub-Advisor / Investment Option	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	Inception Date
Large U.S. Equity											
Large Value											
Vanguard Group Vanguard Equity-Income Fund	13.49	10.60	14.88	17.10	-30.95	4.86	20.62	4.37	13.57	25.14	03/21/1988
Russell 1000 Value Index	17.51	0.39	15.51	19.69	-36.85	-0.17	22.25	7.05	16.49	30.03	-
Morningstar Category Average - Large Value	14.57	-0.75	13.66	24.13	-37.09	1.42	18.15	5.95	12.97	28.44	
Total Funds in Category	1208	1258	1240	1272	1433	1432	1371	1296	1220	1050	
Large Blend											
Principal Global Investors LargeCap S&P 500 Index Separate Account-R6 A, 2, 9, 38	15.63	1.82	14.68	26.09	-37.10	5.18	15.46	4.58	10.49	28.18	01/01/1990
T.Rowe/Clearbridge Investments LargeCap Blend II Separate Account-R6 A, 3, 28, 30	15.23	-0.65	13.19	29.38	-36.59	5.60	15.75	4.62	10.25	23.93	12/29/2000
Standard & Poor's 500 Index	16.00	2.11	15.06	26.46	-37.00	5.49	15.79	4.91	10.88	28.68	-
Morningstar Category Average - Large Blend	14.96	-1.27	14.01	28.17	-37.79	6.16	14.17	5.88	10.02	27.05	
Total Funds in Category	1686	1786	2010	2027	2086	2090	1980	1743	1611	1526	
Large Growth											
Touchstone Touchstone Sands Capital Institutional Growth Fund	23.75	2.28	26.26	71.08	-48.45	18.74	-5.85	-	-	-	01/21/2005
Russell 1000 Growth Index	15.26	2.64	16.71	37.21	-38.44	11.81	9.07	5.26	6.30	29.75	-
Morningstar Category Average - Large Growth	15.34	-2.46	15.53	35.68	-40.67	13.35	7.05	6.71	7.81	28.66	
Total Funds in Category	1681	1683	1718	1796	1809	1748	1642	1495	1400	1311	
Small/Mid U.S. Equity											
Mid Cap Value											
Goldman Sachs/LA Capital Mgmt MidCap Value I Separate Account-R6 A, 1, 18, 28	17.66	-4.09	24.11	33.62	-35.88	2.32	15.63	12.31	24.19	28.57	07/01/1999
Russell Midcap Value Index	18.51	-1.38	24.75	34.21	-38.44	-1.42	20.22	12.65	23.71	38.07	-
Morningstar Category Average - Mid Cap Value	16.60	-3.96	21.92	35.41	-36.77	0.83	15.87	8.82	17.85	33.85	
Total Funds in Category	425	422	420	416	442	405	375	310	320	331	

Inv Manager or Sub-Advisor Investment Option	Calendar Year Performance 2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	Inception Date
Mid Cap Blend											
Principal Global Investors MidCap S&P 400 Index Separate Account-R6 [A, 1, 2, 11, 38]	17.46	-2.05	26.12	36.69	-36.32	7.66	10.04	12.20	16.00	34.87	08/31/1999
Standard & Poor's 400 MidCap Stock Index	*17.88*	*-1.73*	*26.64*	*37.38*	*-36.23*	*7.98*	*10.32*	*12.56*	*16.48*	*35.62*	-
Morningstar Category Average - Mid Cap Blend	*16.15*	*-3.81*	*22.52*	*37.39*	*-39.18*	*4.85*	*14.03*	*9.25*	*16.30*	*36.28*	
Total Funds in Category	*412*	*424*	*433*	*451*	*512*	*494*	*464*	*459*	*426*	*421*	
Mid Cap Growth											
Principal Global Investors MidCap Separate Account-R6 [A, 1]	19.11	7.89	23.70	32.95	-34.12	9.22	13.97	9.02	17.57	32.86	01/01/1991
Prudential Investments, LLC Prudential Jennison Mid Cap Growth Z Fund [1]	16.24	2.42	20.32	41.04	-36.01	16.42	9.74	17.51	19.56	43.33	12/31/1996
Russell Midcap Growth Index	*15.81*	*-1.65*	*26.38*	*46.29*	*-44.32*	*11.43*	*10.66*	*12.10*	*15.48*	*42.71*	-
Russell Midcap Index	*17.28*	*-1.55*	*25.48*	*40.48*	*-41.46*	*5.60*	*15.26*	*12.65*	*20.22*	*40.06*	-
Morningstar Category Average - Mid Cap Growth	*14.07*	*-3.96*	*24.61*	*39.11*	*-43.77*	*15.09*	*9.00*	*9.84*	*13.23*	*35.96*	
Total Funds in Category	*737*	*751*	*759*	*812*	*934*	*967*	*994*	*936*	*903*	*890*	
Small Blend											
Goldman Sachs Asset Mgt Goldman Sachs Small Cap Value Inst Fund [1, 36]	16.54	0.81	26.37	28.34	-26.91	-5.33	17.78	3.61	19.43	43.85	08/15/1997
Principal Global Investors SmallCap Blend Separate Account-R6 [A, 1]	14.93	-1.75	24.23	22.28	-36.78	1.77	14.38	9.98	17.30	42.69	01/01/1991
Principal Global Investors SmallCap S&P 600 Index Separate Account-R6 [A, 1, 2, 10, 38]	15.95	0.56	25.83	25.36	-31.08	-0.51	14.84	7.29	22.08	38.27	08/31/1999
Russell 2000 Index	*16.35*	*-4.18*	*26.85*	*27.17*	*-33.79*	*-1.57*	*18.37*	*4.55*	*18.33*	*47.25*	-
Standard & Poor's 600 Stock Index	*16.33*	*1.02*	*26.31*	*25.57*	*-31.07*	*-0.30*	*15.12*	*7.68*	*22.65*	*38.79*	-
Morningstar Category Average - Small Blend	*15.46*	*-4.07*	*25.61*	*31.80*	*-36.56*	*-1.10*	*15.03*	*6.75*	*18.94*	*43.41*	
Total Funds in Category	*662*	*650*	*649*	*649*	*670*	*645*	*608*	*563*	*521*	*446*	

Inv Manager or Sub-Advisor / Investment Option	Calendar Year Performance 2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	Inception Date
Small Growth											
AllianceBern / CCI / Brown SmallCap Growth I Separate Account-R6 [A, 1, 3, 28, 33]	14.44	0.38	35.78	42.69	-45.25	13.79	10.26	5.40	14.47	47.36	12/29/2000
Russell 2000 Growth Index	*14.59*	*-2.91*	*29.09*	*34.47*	*-38.54*	*7.05*	*13.35*	*4.15*	*14.31*	*48.54*	-
Morningstar Category Average - Small Growth	*13.15*	*-3.55*	*26.98*	*35.46*	*-41.55*	*7.59*	*10.81*	*6.02*	*12.41*	*45.54*	
Total Funds in Category	*743*	*764*	*758*	*778*	*834*	*829*	*763*	*723*	*711*	*696*	
International Equity											
Diversified Emerging Markets											
Virtus Investment Advisers,Inc Virtus Emerging Markets Opportunities I Fund	19.88	-2.92	28.15	48.52	-45.90	37.39	29.60	31.23	20.04	51.11	10/20/1997
MSCI - Emerging Markets NDTR D Index	*18.22*	*-18.42*	*18.88*	*78.51*	*-53.33*	*39.42*	*32.14*	*34.00*	*25.55*	*55.82*	-
Morningstar Category Average - Diversified Emerging Markets	*18.15*	*-19.86*	*19.26*	*73.81*	*-54.44*	*36.68*	*32.06*	*31.54*	*23.54*	*55.19*	
Total Funds in Category	*552*	*458*	*386*	*367*	*312*	*274*	*242*	*212*	*202*	*196*	
Foreign Large Blend											
Capital Research and Mgmt Co American Funds EuroPacific Growth R6 Fund [4, 36]	19.64	-13.31	9.76	39.35	-40.53	18.96	21.87	21.12	19.69	32.91	05/01/2009
MSCI ACWI Ex USA Index	*16.83*	*-13.71*	*11.15*	*41.45*	*-45.53*	*16.65*	*26.65*	*16.62*	*20.91*	*40.83*	-
Morningstar Category Average - Foreign Large Blend	*18.29*	*-13.97*	*10.24*	*31.24*	*-43.99*	*12.71*	*24.77*	*14.72*	*17.39*	*33.58*	
Total Funds in Category	*786*	*817*	*829*	*823*	*778*	*743*	*657*	*608*	*551*	*504*	
Foreign Small/Mid Blend											
Principal Global Investors/DFA International SmallCap Separate Account-R6 [A, 1, 4, 20]	18.60	-13.42	27.16	35.71	-48.52	9.53	29.87	29.20	30.47	54.76	01/01/1995
MSCI World Ex US Small Cap Index	*17.48*	*-15.81*	*24.51*	*50.82*	*-48.03*	*3.28*	*19.46*	*25.04*	*29.40*	*61.81*	-
Morningstar Category Average - Foreign Small/Mid Blend	*18.99*	*-14.41*	*21.01*	*42.79*	*-45.45*	*5.64*	*27.35*	*23.57*	*28.74*	*54.37*	
Total Funds in Category	*68*	*64*	*59*	*54*	*45*	*29*	*27*	*24*	*24*	*24*	

Inv Manager or Sub-Advisor Investment Option	Calendar Year Performance 2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	Inception Date
Balanced/Asset Allocation											
Retirement Income											
Multiple Sub-Advisors Principal LifeTime Strategic Income Separate Account-R6 A, 21, 24, 31, 32	9.29	3.39	11.01	18.34	-22.42	1.57	8.95	3.96	10.92	15.29	03/30/2001
Principal LifeTime Strategic Income Blended Index	*7.05*	*5.97*	*8.92*	*11.80*	*-6.49*	*7.10*	*6.90*	*3.48*	*6.15*	*10.74*	-
Morningstar Category Average - Retirement Income	*9.01*	*1.60*	*8.94*	*18.36*	*-18.06*	*4.46*	*7.34*	*3.30*	*6.46*	*13.04*	
Total Funds in Category	*281*	*260*	*162*	*134*	*122*	*107*	*84*	*57*	*40*	*21*	
Target Date 2000-2010											
Multiple Sub-Advisors Principal LifeTime 2010 Separate Account-R6 A, 21, 24, 31, 32	11.86	1.00	13.73	24.72	-30.38	3.44	11.84	5.40	11.62	18.79	03/30/2001
Principal LifeTime 2010 Blended Index	*9.41*	*4.50*	*11.32*	*18.41*	*-20.76*	*7.02*	*8.73*	*4.11*	*7.92*	*14.89*	-
Morningstar Category Average - Target Date 2000-2010	*9.61*	*0.91*	*10.68*	*22.42*	*-22.46*	*5.22*	*8.58*	*3.68*	*6.82*	*13.67*	
Total Funds in Category	*145*	*167*	*179*	*201*	*304*	*266*	*188*	*126*	*88*	*43*	
Target Date 2016-2020											
Multiple Sub-Advisors Principal LifeTime 2020 Separate Account-R6 A, 21, 24, 31, 32	14.53	-1.27	14.68	27.25	-33.81	5.08	14.03	7.49	12.19	21.58	03/30/2001
Principal LifeTime 2020 Blended Index	*12.87*	*0.63*	*12.40*	*21.91*	*-26.44*	*7.00*	*11.30*	*5.12*	*9.54*	*17.64*	-
Morningstar Category Average - Target Date 2016-2020	*11.68*	*-0.22*	*12.27*	*24.25*	*-29.46*	*6.02*	*11.95*	*5.80*	*9.61*	*21.84*	
Total Funds in Category	*208*	*205*	*203*	*212*	*186*	*134*	*91*	*62*	*42*	*24*	
Target Date 2026-2030											
Multiple Sub-Advisors Principal LifeTime 2030 Separate Account-R6 A, 21, 24, 31, 32	15.48	-2.38	15.34	28.62	-36.36	6.08	15.13	8.20	12.68	23.33	03/30/2001
Principal LifeTime 2030 Blended Index	*13.85*	*-0.25*	*13.04*	*24.25*	*-30.22*	*6.94*	*12.72*	*5.65*	*10.42*	*20.51*	-
Morningstar Category Average - Target Date 2026-2030	*13.59*	*-2.26*	*13.47*	*28.87*	*-36.04*	*6.50*	*13.60*	*6.81*	*10.95*	*23.89*	
Total Funds in Category	*208*	*205*	*200*	*200*	*169*	*130*	*87*	*58*	*36*	*18*	

Inv Manager or Sub-Advisor Investment Option	Calendar Year Performance 2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	Inception Date
Target Date 2036-2040											
Multiple Sub-Advisors Principal LifeTime 2040 Separate Account-R6 A, 21, 24, 31, 32	16.47	-3.54	15.66	29.26	-38.20	6.80	15.43	8.65	12.86	24.49	03/30/2001
Principal LifeTime 2040 Blended Index	14.78	-1.22	13.48	25.98	-32.87	6.88	14.26	6.21	11.37	23.42	-
Morningstar Category Average - Target Date 2036-2040	14.64	-3.49	14.37	30.90	-37.94	6.21	14.67	7.41	11.71	26.65	
Total Funds in Category	204	202	194	193	151	111	77	53	36	18	
Target Date 2046-2050											
Multiple Sub-Advisors Principal LifeTime 2050 Separate Account-R6 A, 21, 24, 31, 32	17.23	-4.17	15.83	29.56	-39.14	6.96	15.96	9.17	13.15	26.44	03/30/2001
Principal LifeTime 2050 Blended Index	15.49	-2.14	13.77	27.10	-34.23	6.89	15.81	6.79	12.29	25.94	-
Morningstar Category Average - Target Date 2046-2050	15.07	-3.82	14.53	32.02	-38.67	5.91	15.51	8.76	12.60	25.73	
Total Funds in Category	177	168	150	139	86	28	16	7	6	6	
Short-Term Fixed Income											
Money Market											
Principal Global Investors Money Market Separate Account-R6 A, 6, 37	-0.26	0.00	0.03	0.19	2.42	4.86	4.55	2.72	0.87	0.76	12/10/1980
Barclays Treasury Bellwethers 3 Month Index	0.12	0.11	0.15	0.23	2.24	5.11	4.87	3.07	1.30	1.14	-
Morningstar Category Average - Money Market	0.03	0.02	0.04	0.17	2.00	4.63	4.42	2.59	0.78	0.60	
Total Funds in Category	960	1016	986	1005	1054	1015	1001	960	965	932	
Fixed Income											
High Yield Bond											
Fidelity Management & Research Fidelity Advisor High Income Advant I Fund 5, 23, 24	18.20	0.08	18.18	69.98	-38.85	2.43	15.95	4.85	15.01	43.93	07/03/1995
Merrill Lynch U.S. High Yield Master II Index	15.59	4.38	15.19	57.51	-26.39	2.24	11.72	2.74	10.87	28.15	-
Morningstar Category Average - High Yield Bond	14.67	2.83	14.24	46.70	-26.41	1.47	10.14	2.59	9.99	24.36	
Total Funds in Category	598	573	574	543	559	542	549	518	493	455	

Inv Manager or Sub-Advisor / Investment Option	Calendar Year Performance 2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	Inception Date
Intermediate-Term Bond											
PIMCO PIMCO Total Return Instl Fund [23, 24]	10.36	4.16	8.83	13.83	4.82	9.07	3.99	2.89	5.14	5.56	05/11/1987
Principal Global Investors Bond and Mortgage Separate Account-R6 [A, 23, 24, 38]	7.58	6.84	11.59	21.61	-13.20	3.67	4.56	2.48	4.85	5.04	02/01/1983
Barclays Aggregate Bond Index	*4.21*	*7.84*	*6.54*	*5.93*	*5.24*	*6.97*	*4.33*	*2.43*	*4.34*	*4.10*	-
Barclays U.S. Government/Credit 5-10 Year Index	*7.21*	*10.79*	*9.42*	*6.50*	*5.06*	*7.55*	*3.81*	*1.83*	*5.30*	*5.97*	-
Morningstar Category Average - Intermediate-Term Bond	*7.01*	*5.86*	*7.72*	*13.97*	*-4.70*	*4.70*	*4.15*	*1.80*	*3.91*	*5.10*	
Total Funds in Category	*1165*	*1195*	*1164*	*1123*	*1135*	*1097*	*1092*	*1043*	*1035*	*952*	
Inflation-Protected Bond											
Vanguard Group Vanguard Inflation-Protection Securities Inv Fund [23, 24]	6.78	13.24	6.17	10.80	-2.85	11.59	0.43	2.59	8.27	8.00	06/29/2000
Barclays US Treas TIPS Index	*6.98*	*13.56*	*6.31*	*11.41*	*-2.35*	*11.64*	*0.41*	*2.84*	*8.46*	*8.40*	-
Morningstar Category Average - Inflation-Protected Bond	*6.45*	*10.93*	*5.94*	*10.88*	*-4.08*	*9.86*	*0.09*	*2.09*	*7.48*	*7.15*	
Total Funds in Category	*198*	*193*	*162*	*158*	*160*	*156*	*140*	*109*	*69*	*44*	
Owned Real Estate											
Principal Real Estate Inv U.S. Property Separate Account-R6 [A, 34]	11.47	15.34	15.93	-31.59	-13.23	13.42	15.14	18.61	12.52	8.26	01/01/1982
NFI-ODCE Equal-Weight	*9.93*	*15.00*	*15.10*	*-31.30*	-	-	-	-	-	-	-

Please see important disclosures at the end of this presentation.

Calendar Year Percentile Ranks

For performance information, including most recent month-end performance, visit www.principal.com, contact your representative of The Principal, or call our Participant Call Center at 1-800-547-7754.

Inv Manager or Sub-Advisor / Investment Option	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	Inception Date
Large U.S. Equity											
Large Value											
Vanguard Group Vanguard Equity-Income Fund	67	2	29	85	11	25	19	67	40	76	03/21/1988
Large Blend											
Principal Global Investors LargeCap S&P 500 Index Separate Account-R6 [A, 2, 9, 38]	43	20	36	59	40	55	29	64	43	33	01/01/1990
T.Rowe/Clearbridge Investments LargeCap Blend II Separate Account-R6 [A, 3, 28, 30]	51	48	61	36	32	47	21	62	48	76	12/29/2000
Large Growth											
Touchstone Touchstone Sands Capital Institutional Growth Fund	3	12	2	1	93	21	99	-	-	-	01/21/2005
Small/Mid U.S. Equity											
Mid Cap Value											
Goldman Sachs/LA Capital Mgmt MidCap Value I Separate Account-R6 [A, 1, 18, 28]	36	47	28	53	40	39	50	18	8	74	07/01/1999
Mid Cap Blend											
Principal Global Investors MidCap S&P 400 Index Separate Account-R6 [A, 1, 2, 11, 38]	38	34	20	37	32	31	73	22	49	46	08/31/1999
Mid Cap Growth											
Principal Global Investors MidCap Separate Account-R6 [A, 1]	9	2	48	61	21	21	43	52	33	62	01/01/1991
Prudential Investments, LLC Prudential Jennison Mid Cap Growth Z Fund [1]	27	12	78	46	9	42	42	6	8	17	12/31/1996

Inv Manager or Sub-Advisor Investment Option	Calendar Year Percentile Ranks 2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	Inception Date
Small Blend											
Goldman Sachs Asset Mgt Goldman Sachs Small Cap Value Inst Fund [1, 36]	33	9	41	54	15	43	44	79	66	33	08/15/1997
Principal Global Investors SmallCap Blend Separate Account-R6 [A, 1]	57	29	60	86	58	26	57	21	63	49	01/01/1991
Principal Global Investors SmallCap S&P 600 Index Separate Account-R6 [A, 1, 2, 10, 38]	41	12	48	76	16	38	51	43	22	69	08/31/1999
Small Growth											
AllianceBern / CCI / Brown SmallCap Growth I Separate Account-R6 [A, 1, 3, 28, 33]	39	20	6	23	79	20	51	54	38	34	12/29/2000
International Equity											
Diversified Emerging Markets											
Virtus Investment Advisers,Inc Virtus Emerging Markets Opportunities I Fund	35	1	5	96	3	46	70	56	74	70	10/20/1997
Foreign Large Blend											
Capital Research and Mgmt Co American Funds EuroPacific Growth R6 Fund [4, 36]	26	40	54	-	-	-	-	-	-	-	05/01/2009
Foreign Small/Mid Blend											
Principal Global Investors/DFA International SmallCap Separate Account-R6 [A, 1, 4, 20]	64	30	1	68	61	18	39	26	52	39	01/01/1995
Balanced/Asset Allocation											
Retirement Income											
Multiple Sub-Advisors Principal LifeTime Strategic Income Separate Account-R6 [A, 21, 24, 31, 32]	46	19	12	46	69	90	19	22	3	12	03/30/2001
Target Date 2000-2010											
Multiple Sub-Advisors Principal LifeTime 2010 Separate Account-R6 [A, 21, 24, 31, 32]	11	42	1	27	91	84	18	7	2	6	03/30/2001
Target Date 2016-2020											
Multiple Sub-Advisors Principal LifeTime 2020 Separate Account-R6 [A, 21, 24, 31, 32]	3	66	3	34	70	67	14	4	12	37	03/30/2001

Inv Manager or Sub-Advisor / Investment Option	Calendar Year Percentile Ranks 2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	Inception Date
Target Date 2026-2030											
Multiple Sub-Advisors Principal LifeTime 2030 Separate Account-R6 [A, 21, 24, 31, 32]	13	45	12	50	50	58	23	4	18	53	03/30/2001
Target Date 2036-2040											
Multiple Sub-Advisors Principal LifeTime 2040 Separate Account-R6 [A, 21, 24, 31, 32]	11	39	22	60	53	41	36	5	30	67	03/30/2001
Target Date 2046-2050											
Multiple Sub-Advisors Principal LifeTime 2050 Separate Account-R6 [A, 21, 24, 31, 32]	8	46	20	69	53	34	14	17	20	1	03/30/2001
Short-Term Fixed Income											
Money Market											
Principal Global Investors Money Market Separate Account-R6 [A, 6, 37]	-	-	-	-	-	-	-	-	-	-	12/10/1980
Fixed Income											
High Yield Bond											
Fidelity Management & Research Fidelity Advisor High Income Advant I Fund [5, 23, 24]	8	88	5	2	95	33	1	5	4	1	07/03/1995
Intermediate-Term Bond											
PIMCO PIMCO Total Return Instl Fund [23, 24]	12	87	26	46	11	1	47	5	12	29	05/11/1987
Principal Global Investors Bond and Mortgage Separate Account-R6 [A, 23, 24, 38]	38	33	4	11	89	80	24	15	18	36	02/01/1983
Inflation-Protected Bond											
Vanguard Group Vanguard Inflation-Protection Securities Inv Fund [23, 24]	28	10	37	35	57	10	21	22	22	30	06/29/2000
Owned Real Estate											
Principal Real Estate Inv U.S. Property Separate Account-R6 [A, 34]	-	-	-	-	-	-	-	-	-	-	01/01/1982

Please see important disclosures at the end of this presentation.

Scores: Sub-Advised Investment Options as of 03/31/2013

Inv Manager or Sub-Advisor / Investment Option	Qualitative Investment Advisor(s) Score	Qualitative Grade	Qualitative Cautionary Status	Quantitative Investment Option Score	Quantitative Grade	Quantitative Cautionary Status	Comments
Large U.S. Equity							
Large Blend							
Principal Global Investors LargeCap S&P 500 Index Separate Account-R6 [A, 2, 9, 38]	1.00	Favorable		2.00	Favorable		
T.Rowe/Clearbridge Investments LargeCap Blend II Separate Account-R6 [A, 3, 28, 30]	2.01	Favorable		2.77	Neutral		Clearbridge was added as a sub-advisor in October 2009.
Morningstar Total Funds in Category - Large Blend				*3 Year: 1474; 5 Year: 1325*			
Small/Mid U.S. Equity							
Mid Cap Value							
Goldman Sachs/LA Capital Mgmt MidCap Value I Separate Account-R6 [A, 1, 18, 28]	1.77	Favorable		2.48	Favorable		
Morningstar Total Funds in Category - Mid Cap Value				*3 Year: 362; 5 Year: 314*			
Mid Cap Blend							
Principal Global Investors MidCap S&P 400 Index Separate Account-R6 [A, 1, 2, 11, 38]	1.00	Favorable		2.00	Favorable		
Morningstar Total Funds in Category - Mid Cap Blend				*3 Year: 348; 5 Year: 312*			
Mid Cap Growth							
Principal Global Investors MidCap Separate Account-R6 [A, 1]	2.03	Favorable		1.06	Favorable		
Morningstar Total Funds in Category - Mid Cap Growth				*3 Year: 645; 5 Year: 564*			
Small Blend							
Principal Global Investors SmallCap Blend Separate Account-R6 [A, 1]	2.06	Favorable		2.29	Favorable		As of 03/31/2013 Quantitative Grade changed to Favorable as three-year information ratio and three-year percentile ranking improved.
Principal Global Investors SmallCap S&P 600 Index Separate Account-R6 [A, 1, 2, 10, 38]	1.00	Favorable		2.00	Favorable		
Morningstar Total Funds in Category - Small Blend				*3 Year: 604; 5 Year: 535*			
Small Growth							
AllianceBern / CCI / Brown SmallCap Growth I Separate Account-R6 [A, 1, 3, 28, 33]	1.91	Favorable		1.34	Favorable		CCI was added as a sub-advisor in May 2009. Brown Advisory was added as a sub-advisor in September 2010.

Scores: Sub-Advised Investment Options as of 03/31/2013

Inv Manager or Sub-Advisor / Investment Option	Qualitative Investment Advisor(s) Score	Grade	Cautionary Status	Quantitative Investment Option Score	Grade	Cautionary Status	Comments
Morningstar Total Funds in Category - Small Growth				*3 Year: 645; 5 Year: 568*			
International Equity							
Foreign Small/Mid Blend							
Principal Global Investors/DFA International SmallCap Separate Account-R6 [A, 1, 4, 20]	1.92	Favorable		1.84	Favorable		
Morningstar Total Funds in Category - Foreign Small/Mid Blend				*3 Year: 59; 5 Year: 40*			
Short-Term Fixed Income							
Money Market							
Principal Global Investors Money Market Separate Account-R6 [A, 6, 37]	1.71	Favorable		1.71	Favorable		
Morningstar Total Funds in Category - Money Market				*3 Year: 906; 5 Year: 837*			
Fixed Income							
Intermediate-Term Bond							
Principal Global Investors Bond and Mortgage Separate Account-R6 [A, 23, 24, 38]	1.82	Favorable		1.50	Favorable		
Morningstar Total Funds in Category - Intermediate-Term Bond				*3 Year: 1004; 5 Year: 877*			
Owned Real Estate							
Principal Real Estate Inv U.S. Property Separate Account-R6 [A, 13, 34]	1.71	Favorable		2.00	Favorable		

Please see important disclosures at the end of this presentation.

WL denotes applicable Watch List status.

PR denotes Probation status.

Balanced/Asset Allocation investment options will not be scored using our methodology. Instead, our review for these investment strategies focuses on the structure and consistency of the underlying asset allocation models and the capital market assumptions used to support them. Therefore, no Balanced/Asset Allocation options are displayed here. However, Sub-Advised Balanced/Asset Allocation investment options are still subject to the oversight of our due diligence process.

The Money Market investment option sub-advised by Principal Global Investors utilizes the iMoneyNet peer group rather than a Morningstar peer group in the calculation of quantitative score.

Due to the unique composition of the Principal U.S. Property Separate Account among our Sub-Advised Investment Options, the quantitative score displayed is based solely on its risk adjusted performance relative to an index because a suitable peer group is not available to properly score this investment option. Returns of this index for this quarter are not available for several weeks after each quarter end, therefore the quantitative score for this option is for the previous quarter. The quantitative score is weighted as follows: 20% based on three-year performance, 60% based on five-year performance and 20% based on ten-year performance.

Sub-Advised Investment OptionQuantitative Scores - Last Four Quarters

Inv Manager or Sub-Advisor / Investment Option	03/31/2013 Investment Option		12/31/2012 Investment Option		09/30/2012 Investment Option		06/30/2012 Investment Option	
	Score	Grade	Score	Grade	Score	Grade	Score	Grade
Large U.S. Equity								
Large Blend								
Principal Global Investors LargeCap S&P 500 Index Separate Account-R6 [A, 2, 9, 38]	2.00	Favorable	2.00	Favorable	2.00	Favorable	2.00	Favorable
T.Rowe/Clearbridge Investments LargeCap Blend II Separate Account-R6 [A, 3, 28, 30]	2.77	Neutral	2.71	Neutral	2.66	Neutral	2.79	Neutral
Morningstar Total Funds in Category - Large Blend	*3 year: 1474; 5 year: 1325*		*3 year: 1506; 5 year: 1324*		*3 year: 1524; 5 year: 1328*		*3 year: 1539; 5 year: 1346*	
Small/Mid U.S. Equity								
Mid Cap Value								
Goldman Sachs/LA Capital Mgmt MidCap Value I Separate Account-R6 [A, 1, 18, 28]	2.48	Favorable	2.29	Favorable	2.03	Favorable	1.98	Favorable
Morningstar Total Funds in Category - Mid Cap Value	*3 year: 362; 5 year: 314*		*3 year: 357; 5 year: 311*		*3 year: 347; 5 year: 296*		*3 year: 336; 5 year: 296*	
Mid Cap Blend								
Principal Global Investors MidCap S&P 400 Index Separate Account-R6 [A, 1, 2, 11, 38]	2.00	Favorable	2.00	Favorable	2.00	Favorable	2.00	Favorable
Morningstar Total Funds in Category - Mid Cap Blend	*3 year: 348; 5 year: 312*		*3 year: 352; 5 year: 309*		*3 year: 373; 5 year: 316*		*3 year: 385; 5 year: 311*	
Mid Cap Growth								
Principal Global Investors MidCap Separate Account-R6 [A, 1]	1.06	Favorable	1.04	Favorable	1.08	Favorable	1.11	Favorable
Morningstar Total Funds in Category - Mid Cap Growth	*3 year: 645; 5 year: 564*		*3 year: 671; 5 year: 591*		*3 year: 673; 5 year: 597*		*3 year: 678; 5 year: 598*	
Small Blend								
Principal Global Investors SmallCap Blend Separate Account-R6 [A, 1]	2.29	Favorable	2.66	Neutral	2.32	Favorable	2.66	Neutral
Principal Global Investors SmallCap S&P 600 Index Separate Account-R6 [A, 1, 2, 10, 38]	2.00	Favorable	2.00	Favorable	2.00	Favorable	2.00	Favorable
Morningstar Total Funds in Category - Small Blend	*3 year: 604; 5 year: 535*		*3 year: 607; 5 year: 527*		*3 year: 597; 5 year: 513*		*3 year: 598; 5 year: 518*	
Small Growth								
AllianceBern / CCI / Brown SmallCap Growth I Separate Account-R6 [A, 1, 3, 28, 33]	1.34	Favorable	1.46	Favorable	1.39	Favorable	1.22	Favorable
Morningstar Total Funds in Category - Small Growth	*3 year: 645; 5 year: 568*		*3 year: 658; 5 year: 570*		*3 year: 671; 5 year: 582*		*3 year: 662; 5 year: 574*	

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Sub-Advised Investment OptionQuantitative Scores - Last Four Quarters

Inv Manager or Sub-Advisor / Investment Option	03/31/2013 Investment Option Score	03/31/2013 Investment Option Grade	12/31/2012 Investment Option Score	12/31/2012 Investment Option Grade	09/30/2012 Investment Option Score	09/30/2012 Investment Option Grade	06/30/2012 Investment Option Score	06/30/2012 Investment Option Grade
International Equity								
Foreign Small/Mid Blend								
Principal Global Investors/DFA International SmallCap Separate Account-R6 [A, 1, 4, 20]	1.84	Favorable	2.09	Favorable	2.25	Favorable	2.36	Favorable
Morningstar Total Funds in Category - Foreign Small/Mid Blend	*3 year: 59; 5 year: 40*		*3 year: 58; 5 year: 38*		*3 year: 58; 5 year: 44*		*3 year: ; 5 year:*	
Short-Term Fixed Income								
Money Market								
Principal Global Investors Money Market Separate Account-R6 [A, 6, 37]	1.71	Favorable	1.68	Favorable	1.68	Favorable	1.68	Favorable
Morningstar Total Funds in Category - Money Market	*3 year: 906; 5 year: 837*		*3 year: 911; 5 year: 839*		*3 year: 925; 5 year: 835*		*3 year: 918; 5 year: 845*	
Fixed Income								
Intermediate-Term Bond								
Principal Global Investors Bond and Mortgage Separate Account-R6 [A, 23, 24, 38]	1.50	Favorable	1.76	Favorable	1.95	Favorable	2.01	Favorable
Morningstar Total Funds in Category - Intermediate-Term Bond	*3 year: 1004; 5 year: 877*		*3 year: 1001; 5 year: 874*		*3 year: 1019; 5 year: 888*		*3 year: 1015; 5 year: 880*	
Owned Real Estate								
Principal Real Estate Inv U.S. Property Separate Account-R6 [A, 13, 34]	2.00	Favorable	2.00	Favorable	2.00	Favorable	2.00	Favorable

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Balanced/Asset Allocation investment options will not be scored using our methodology. Instead, our review for these investment strategies focuses on the structure and consistency of the underlying asset allocation models and the capital market assumptions used to support them. Therefore, no Balanced/Asset Allocation options are displayed here. However, Sub-Advised Balanced/Asset Allocation investment options are still subject to the oversight of our due diligence process.

The Money Market investment option sub-advised by Principal Global Investors utilizes the iMoneyNet peer group rather than a Morningstar peer group in the calculation of quantitative score.

Due to the unique composition of the Principal U.S. Property Separate Account among our Sub-Advised Investment Options, the quantitative score displayed is based solely on its risk adjusted performance relative to an index because a suitable peer group is not available to properly score this investment option. Returns of this index for this quarter are not available for several weeks after each quarter end, therefore the quantitative score for this option is for the previous quarter. The quantitative score is weighted as follows: 20% based on three-year performance, 60% based on five-year performance and 20% based on ten-year performance.

Sub-Advised Investment Option Scoring Criteria

As part of the due diligence process of Principal Life Insurance Company (Principal Life), we provide a rigorous and disciplined framework for identifying, selecting and monitoring premier investment management firms as sub-advisors for each asset class and investment style for our Sub-Advised Investment Options[1]. This innovative approach gives plan sponsors and participants access to investment options and investment managers that are typically only available to large, institutional retirement plans. It also helps control consistency in investment mandates and conduct seamless manager transitions when necessary.

We also conduct a comprehensive and continuous review of all investment managers of our Sub-Advised Investment Options using advanced analytical tools and research from independent third-party firms, in addition to the research provided by our due diligence team, which averages more than 13 years[2] of industry experience.

As part of this continuous review, we evaluate and score each Sub-Advised Investment Option quarterly as we review the underlying investment manager(s)[3], using both qualitative and quantitative analysis.

Through this methodology, Principal Life scores Sub-Advised Investment Options on a scale of 1.0 – 4.0 (with 1.0 being the best possible score). The quantitative and qualitative scores, grades, and explanations are as follows:

Score	Grade	Explanation
1.00 - 2.50	Favorable	Meeting or exceeding our expectations
2.51 – 3.00	Neutral	Not exceeding expectations but still in good standing
3.01 – 4.00	Less Favorable	Significantly below our expectations

Qualitative Score

To ensure an investment manager retains the same organizational and investment characteristics on which Principal Life based its selection, we continue to evaluate their ability to add value in the future based on the firm's organization, investment philosophy and process, and people/resources. These factors are perhaps the most critical aspect of our monitoring process. The Qualitative Score is comprised of the following elements and weightings:

Qualitative Score		
30% Organization	50% Investment Philosophy and Process	20% People

For multi-manager investment options, the Qualitative Score is based on a weighted average of scores for all managers using end-of-quarter market values.

Quantitative Score

We also score each Sub-Advised Investment Option on a quantitative basis, focusing on elements that can be measured objectively and compared to certain benchmarks or peer groups, using historical performance. By analyzing historical performance, we can determine whether the investment option has delivered top-tier investment results and the manager(s) have demonstrated skill in the process of delivering that performance. The Quantitative Score is comprised of the following elements and weightings:

Quantitative Score				
35% Risk-Adjusted Passive Index Performance		50% Peer Performance		15% Consistency
50% Three-year Returns	50% Five-year Returns	50% Three-year Returns	50% Five-year Returns	100% Three-year Returns

When evaluating the Quantitative Score, please keep in mind the following:

- We typically score a Sub-Advised Investment Option's gross performance based on its three- and five-year risk-adjusted excess returns relative to a passive index (i.e. Information Ratio) and on a net basis for the three-year consistency of performance relative to that same index[4]. For example, if an option is a large-growth investment option, we will typically use the Russell 1000 Growth Index for comparison.

- We score a Sub-Advised Investment Option's performance net of expenses (typically using the Institutional share class of Principal Funds) based on three- and five-year Morningstar percentile rankings within an appropriate peer group. For example, if an option is a large-growth oriented, we will typically compare it to the Morningstar Large Growth Category.

- If a Sub-Advised Investment Option has at least a three-year performance record, but not a five-year performance record, we will weight 50% of the historical performance score based on three-year performance and 50% based on inception-to-date performance. If an investment option does not have at least a three-year performance record, we will weight 100% of the historical performance score based on inception-to-date performance. However, an investment option must at least have 12 months of performance to be scored.

[1] Sub-Advised Investment Options include the Principal Stable Value Fund, Principal Funds, the Principal Trust[SM] Target Date Collective Investment Funds, and the Principal Life Separate Accounts available through a group annuity contract with Principal Life Insurance Company, Des Moines, IA 50392. References to Principal Life's responsibility to retain and/or replace the portfolio managers are specific to the Principal Life Separate Accounts.
[2] As of December 31, 2011
[3] The term "manager" or "investment manager" used in this material may also refer to an investment advisor or sub-advisor of an underlying mutual fund.
[4] Gross performance returns are not indicative of the returns for any specific rate level or share class available to the public. Performance and expenses for other share classes or rate levels may differ.

Decisive Courses of Action

When the due diligence process uncovers a significant issue or event, we may apply Cautionary Status in the form of Watch List, which means we believe there is an increased level of concern about a particular issue or event that, if left unresolved, could endanger the investment manager's status on our platform for the specific investment option:

- **Qualitative Watch List** – A Sub-Advised Investment Option may be placed on the Watch List due to an issue affecting the investment manager(s), such as replacement of the portfolio management team, a sudden change in investment process, or significant compliance and ethical concerns at the firm or strategy level.
- **Quantitative Watch List** – A Sub-Advised Investment Option may be placed on the Watch List when long-term performance is significantly below our expectations. For active investment strategies, an investment option is placed on the Watch List if its grade is "Less Favorable" for two of three consecutive quarters. However, for newly hired investment managers, they will be given approximately two to three years before the investment option is placed on the Watch List for performance reasons to prevent unnecessary action immediately after hiring a new investment manager.

A Sub-Advised Investment Option can be placed on the Watch List for no more than 12 months. If the due diligence process determines removal from the Quantitative Watch List is appropriate, the investment option may be placed in the Cautionary Status of Probation until the performance of the relevant manager(s) improves. Please see the Glossary of Terms for more information about the factors that trigger Probation.

Why is this important?

Your fiduciary obligation centers on documenting a process to choose your retirement plan's investment options. Our due diligence process can help you make informed decisions and help you manage your fiduciary responsibilities because it is a reliable, documented process for selecting and monitoring Sub-Advised Investment Options.

The rigorous selection and monitoring process of our due diligence is also backed by a level of indemnification protection for plan sponsors and their financial professionals.

- Principal Life acts prudently in making available a platform of Sub-Advised Investment Options to Qualified Retirement Plan fiduciaries for the fiduciary to select one or more Sub-Advised Investment Option for their plan.
- Principal Life provides ongoing monitoring for those Sub-Advised Investment Options.

Because these actions described above do not give Principal Life any authority or control over the management of plan assets or constitute the provision of investment advice, they are not fiduciary activities. That said, Principal Life performs these services in a prudent, diligent and professional manner and stands behind its actions as if it were a fiduciary under ERISA section 3(21).

- Principal Life serves as an investment manager as outlined in ERISA 3(38) with respect to assets held in its Separate Accounts.

Retirement plan sponsors and their financial professionals have a lot of responsibilities—especially when it comes to selecting and monitoring investment options. The Principal® can help.

Mutual Fund Network Quantitative Scores as of 03/31/2013

Inv Manager or Sub-Advisor / Investment Option	Quantitative Score	Quantitative Grade
Large U.S. Equity		
Large Value		
Vanguard Group Vanguard Equity-Income Fund	1.22	Favorable
Morningstar Total Funds in Category - Large Value	*3 Year: 1045; 5 Year: 927*	
Large Growth		
Touchstone Touchstone Sands Capital Institutional Growth Fund	1.09	Favorable
Morningstar Total Funds in Category - Large Growth	*3 Year: 1482; 5 Year: 1278*	
Small/Mid U.S. Equity		
Mid Cap Growth		
Prudential Investments, LLC Prudential Jennison Mid Cap Growth Z Fund [1]	1.97	Favorable
Morningstar Total Funds in Category - Mid Cap Growth	*3 Year: 645; 5 Year: 564*	
Small Blend		
Goldman Sachs Asset Mgt Goldman Sachs Small Cap Value Inst Fund [1, 36]	1.29	Favorable
Morningstar Total Funds in Category - Small Blend	*3 Year: 604; 5 Year: 535*	
International Equity		
Diversified Emerging Markets		
Virtus Investment Advisers,Inc Virtus Emerging Markets Opportunities I Fund	1.02	Favorable
Morningstar Total Funds in Category - Diversified Emerging Markets	*3 Year: 356; 5 Year: 257*	
Foreign Large Blend		
Capital Research and Mgmt Co American Funds EuroPacific Growth R6 Fund [4, 36]	1.63	Favorable
Morningstar Total Funds in Category - Foreign Large Blend	*3 Year: 708; 5 Year: 599*	
Fixed Income		
High Yield Bond		
Fidelity Management & Research Fidelity Advisor High Income Advant I Fund [5, 23, 24]	2.00	Favorable
Morningstar Total Funds in Category - High Yield Bond	*3 Year: 518; 5 Year: 462*	

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Mutual Fund Network Quantitative Scores as of 03/31/2013

Inv Manager or Sub-Advisor Investment Option	Quantitative Score	Quantitative Grade
Intermediate-Term Bond		
PIMCO PIMCO Total Return Instl Fund [23, 24]	2.12	Favorable
Morningstar Total Funds in Category - Intermediate-Term Bond	*3 Year: 1004; 5 Year: 877*	
Inflation-Protected Bond		
Vanguard Group Vanguard Inflation-Protection Securities Inv Fund [23, 24]	2.13	Favorable
Morningstar Total Funds in Category - Inflation-Protected Bond	*3 Year: 179; 5 Year: 147*	

Please see important disclosures at the end of this presentation.

Balanced/Asset Allocation investment options will not be scored using our quantitative methodology. Instead, these investment strategies focus on the structure and consistency of the underlying asset allocation models and the capital market assumptions used to support them. Therefore, no Balanced/Asset Allocation investment options are displayed here.

Effective April 30, 2011, Mutual Fund Network investment options are compared to Morningstar's Category Index. Historical quantitative scores prior to this change have not been restated.

Mutual Fund Network Scores - Last Four Quarters

Inv Manager or Sub-Advisor Investment Option	03/31/2013 Score	03/31/2013 Grade	12/31/2012 Score	12/31/2012 Grade	09/30/2012 Score	09/30/2012 Grade	06/30/2012 Score	06/30/2012 Grade
Large U.S. Equity								
Large Value								
Vanguard Group Vanguard Equity-Income Fund	1.22	Favorable	1.71	Favorable	1.18	Favorable	1.22	Favorable
Morningstar Total Funds in Category - Large Value	*3 year: 1045; 5 year: 927*		*3 year: 1051; 5 year: 930*		*3 year: 1063; 5 year: 938*		*3 year: 1082; 5 year: 955*	
Large Growth								
Touchstone Touchstone Sands Capital Institutional Growth Fund	1.09	Favorable	1.15	Favorable	1.05	Favorable	1.02	Favorable
Morningstar Total Funds in Category - Large Growth	*3 year: 1482; 5 year: 1278*		*3 year: 1503; 5 year: 1301*		*3 year: 1514; 5 year: 1311*		*3 year: 1510; 5 year: 1297*	
Small/Mid U.S. Equity								
Mid Cap Growth								
Prudential Investments, LLC Prudential Jennison Mid Cap Growth Z Fund [1]	1.97	Favorable	2.45	Favorable	1.39	Favorable	1.36	Favorable
Morningstar Total Funds in Category - Mid Cap Growth	*3 year: 645; 5 year: 564*		*3 year: 671; 5 year: 591*		*3 year: 673; 5 year: 597*		*3 year: 678; 5 year: 598*	
Small Blend								
Goldman Sachs Asset Mgt Goldman Sachs Small Cap Value Inst Fund [1, 36]	1.29	Favorable	1.24	Favorable	1.07	Favorable	1.17	Favorable
Morningstar Total Funds in Category - Small Blend	*3 year: 604; 5 year: 535*		*3 year: 607; 5 year: 527*		*3 year: 597; 5 year: 513*		*3 year: 598; 5 year: 518*	
International Equity								
Diversified Emerging Markets								
Virtus Investment Advisers,Inc Virtus Emerging Markets Opportunities I Fund	1.02	Favorable	1.02	Favorable	1.03	Favorable	1.06	Favorable
Morningstar Total Funds in Category - Diversified Emerging Markets	*3 year: 356; 5 year: 257*		*3 year: 358; 5 year: 250*		*3 year: 354; 5 year: 242*		*3 year: 353; 5 year: 243*	
Foreign Large Blend								
Capital Research and Mgmt Co American Funds EuroPacific Growth R6 Fund [4, 36]	1.63	Favorable	1.56	Favorable	1.49	Favorable	1.46	Favorable
Morningstar Total Funds in Category - Foreign Large Blend	*3 year: 708; 5 year: 599*		*3 year: 713; 5 year: 589*		*3 year: 734; 5 year: 593*		*3 year: 733; 5 year: 582*	
Fixed Income								
High Yield Bond								
Fidelity Management & Research Fidelity Advisor High Income Advant I Fund [5, 23, 24]	2.00	Favorable	2.25	Favorable	2.41	Favorable	2.14	Favorable
Morningstar Total Funds in Category - High Yield Bond	*3 year: 518; 5 year: 462*		*3 year: 517; 5 year: 459*		*3 year: 512; 5 year: 448*		*3 year: 512; 5 year: 449*	

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Mutual Fund Network Scores - Last Four Quarters

Inv Manager or Sub-Advisor / Investment Option	03/31/2013		12/31/2012		09/30/2012		06/30/2012	
	Score	Grade	Score	Grade	Score	Grade	Score	Grade
Intermediate-Term Bond								
PIMCO PIMCO Total Return Instl Fund [23, 24]	2.12	Favorable	2.09	Favorable	2.08	Favorable	2.10	Favorable
Morningstar Total Funds in Category - Intermediate-Term Bond	*3 year: 1004; 5 year: 877*		*3 year: 1001; 5 year: 874*		*3 year: 1019; 5 year: 888*		*3 year: 1015; 5 year: 880*	
Inflation-Protected Bond								
Vanguard Group Vanguard Inflation-Protection Securities Inv Fund [23, 24]	2.13	Favorable	2.39	Favorable	2.18	Favorable	2.22	Favorable
Morningstar Total Funds in Category - Inflation-Protected Bond	*3 year: 179; 5 year: 147*		*3 year: 159; 5 year: 149*		*3 year: 163; 5 year: 150*		*3 year: 158; 5 year: 146*	

Please see important disclosures at the end of this presentation.

Balanced/Asset Allocation investment options will not be scored using our quantitative methodology. Instead, these investment strategies focus on the structure and consistency of the underlying asset allocation models and the capital market assumptions used to support them. Therefore, no Balanced/Asset Allocation investment options are displayed here.

Effective April 30, 2011, Mutual Fund Network investment options are compared to Morningstar's Category Index. Historical quantitative scores prior to this change have not been restated.

Mutual Fund Network Scoring Criteria

The rigorous monitoring of the proprietary due diligence process extends to the investment options of the Mutual Fund Network with the quantitative scoring analysis. While this analysis is not intended to be investment advice, it is another way The Principal can provide support to help you with your fiduciary obligation to monitor your retirement plan's investment choices.

The Mutual Fund Network Scoring Criteria is based on the elements of a fund that can be measured objectively and compared to certain benchmarks and peer groups, such as historical performance. The purpose of analyzing historic performance is to measure whether the fund has delivered acceptable and consistent performance results over time. Keep in mind that past performance is no guarantee of future results.

Actively managed mutual funds strive to deliver excess return relative to their benchmarks. These mutual funds are also compared against a universe of similarly categorized mutual funds by Morningstar. Performance is measured over longer time horizons to capture both up and down market cycles and provide more accurate representations of fund manager skill. Finally, risk-adjusted performance is measured to gauge a fund's risk-reward profile.

As a retirement plan sponsor, you have a lot of responsibility – from increasing participation to tracking investment performance. We can help ease some of your burden when you select investment options from our Mutual Fund network. While not as rigorous as the due diligence monitoring process for our Sub-Advised Investment Options, the Mutual Fund Network Scoring Criteria will help you:

- Monitor Mutual Funds and identify any adverse changes in their performance results
- Review the performance score of each investment option on a quarterly basis

Mutual Fund Network Evaluation Criteria:

We make available mutual funds within various asset classes and investment styles. Our goal is to meet the following evaluation criteria.

Based on our quantitative methodology, we score each Mutual Fund Network investment option every quarter. Our methodology scores funds using third-party tools such as Zephyr, Morningstar, etc. We use the analytics from these third-party tools to compute a score reflected in a scale of 1.0–4.0 (with 1.0 being the best). The scores and explanations are as follows:

Score	Grade	Explanation
1.00 - 2.50	Favorable	Mutual Fund performance is meeting or exceeding our expectations
2.51 – 3.00	Neutral	Mutual Fund performance is not exceeding expectations but still in good standing
3.01 – 4.00	Less Favorable	Mutual Fund performance is significantly below our expectations

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Methodology

The purpose of analyzing historical performance is to determine whether a fund has delivered acceptable investment results. We score a fund's gross performance based on three- and five-year risk-adjusted excess returns relative to an index (i.e. information ratio), three- and five-year risk-adjusted peer performance (i.e. information ratio compared to the Morningstar peer group), three- and five-year Morningstar percentile rankings within an appropriate peer group, and three-year consistency of performance relative to an index[1]. If an investment manager has at least a three-year performance record, but not a five-year performance record, we will weight 100% of the historical performance score based on three-year performance. An investment manager must have at least three years of performance to be scored.

For example, if ABC Investment Option is a large growth investment option, we'll typically compare it to the Russell 1000 Growth Index. We'll then compare it to the Morningstar Large Growth Category for a peer group comparison.

Quantitative Score

Quantitative Score				
35% Risk-Adjusted Passive Index Performance		50% Peer Performance		15% Consistency
50% Three-year Returns	50% Five-year Returns	50% Three-year Returns	50% Five-year Returns	100% Three-year Returns

Course of Action

Investment performance is by nature cyclical through time. As such, plan sponsors can use the Mutual Fund Network Scores to help them monitor the funds they make available and make decisions accordingly.

Other Considerations

While the Mutual Fund Network Scores are based on a quantitative process, the plan sponsor is encouraged to conduct additional reviews and evaluations of the investment options under the Mutual Fund Network. You may want to check with your financial professional to determine if any additional factors should be considered.

Principal Life Insurance Company is not a fiduciary in the broader context of operating your retirement plan or in any manner not specifically assumed in writing.

If an investment manager has at least a three-year performance record, but not a five-year performance record, we will weight 100% of the historical performance score based on three-year performance. An investment manager must at least have 3 years of performance to be scored.

[1]Gross returns are not indicative of the returns for any specific rate level or share class available to the public. Performance and expenses for other share classes or rate levels may differ.

Balanced/Asset Allocation investment options will not be scored using our quantitative methodology. Instead, these investment strategies focus on the structure and consistency of the underlying asset allocation models and the capital market assumptions used to support them.

W Wilshire

Wilshire's 3(21) Fiduciary Service

You may be considering the 3(21) investment fiduciary service provided by Wilshire Associates Incorporated ("Wilshire®"); an explanation of this service follows. For full terms and conditions, visit principal.com/321terms.

Service basics: Wilshire reviews and monitors the nearly 4,000[1] investment options from the platform of the Principal Life Insurance Company (Principal Life) to assist plan sponsors with fiduciary obligations. Wilshire provides their "Select List" of investment options to plan fiduciaries. With education (or advice, if permitted) from the financial professional, the plan fiduciary can choose an investment lineup from the Select List. Wilshire will stand behind investment options chosen from the Select List and assume 3(21) investment fiduciary responsibility for those investment options. The plan fiduciary has the flexibility to choose investments that are not on the Select List, but only those investment options on the Select List are considered for 3(21) investment fiduciary coverage.

Indemnification: Wilshire's 3(21) fiduciary service makes available a level of indemnification protection. Subject to certain limits and conditions more fully set forth in the written agreement the plan fiduciary enters into with Wilshire, Wilshire agrees to indemnify, defend, and hold harmless the Plan from and against any and all third-party claims, demands, suits, actions and any and all damages, losses, liabilities, taxes, penalties, fines, charges, costs, and expenses, including reasonable attorneys' fees arising from Wilshire's breach of fiduciary duty[2]. Indemnification coverage also extends to the financial professional associated with a covered plan[3].

Wilshire Statuses: In the review and screening of the investment options on the platform of Principal Life, Wilshire assigns one of five statuses to each investment option: Covered; Covered – Watch Status; Not Covered; Pending Review; or Ineligible.

Covered: Investment options that meet the minimum quantitative and qualitative screening requirements of their 3(21) fiduciary service as of the most recent quarter end. Covered investment options comprise part of the 3(21) Select List.

Covered–Watch Status: If ongoing monitoring identifies material changes in any of the Covered investment options, Wilshire places these investment options in Watch Status. While investment options on the Watch Status remain on the 3(21) Select List, these investment options face additional scrutiny that could remove them from the Covered 3(21) Select List if conditions related to the Wilshire screening requirements do not improve.

Not Covered: Investment options that do not meet the minimum quantitative and/or qualitative screening requirements as of the most recent quarter end. These investment options do not qualify for the 3(21) Select List.

[1] As of December 31, 2011
[2] The indemnification to the plan provided in conjunction with ERISA 3(21) fiduciary services provided by Wilshire is subject to certain conditions and limitations. The complete terms and specific limitations on the indemnification to a plan receiving the Wilshire 3(21) service are set forth in the applicable agreement the plan sponsor enters into with Wilshire (the "Sponsor Agreement"). As set forth in the Sponsor Agreement, in certain cases the plan fiduciary, plan sponsor (if different), and to the extent permitted by applicable law, the Plan, are required to indemnify Wilshire. Please see the Sponsor Agreement for the complete terms and conditions.
[3] A level of indemnification protection to the financial professional is extended through Principal Life Insurance Company related to the Plan's use of the 3(21) service provided by Wilshire and subject to terms and limitations of the *Investment Fiduciary Services and Terms and Conditions* document.

Pending Review: Wilshire does not consider for the 3(21) Select List and assigns the status Pending Review to:

- Investment options with less than $75 million of assets under management ("AUM") (based on aggregation of all share classes/rate levels). For target-date investment options, assets are aggregated across the series for consideration.
- Investment options with a track record of less than one year. The track record of an entire series is considered when a newly launched target-date portfolio does not meet the one-year requirement.

Ineligible: Wilshire does not consider for the 3(21) Select List and assigns the status Ineligible to certain sector (asset classes defined by Morningstar), specialty and other similar strategies because the investment option's objective is so narrowly defined it does not allow for adequate diversification for the plan.

For more details on the Wilshire Statuses, refer to the Glossary of Terms. For additional details on the Wilshire screening methodology, visit principal.com/wilshire3-21.

Quarterly communication of status: As an investment option is monitored each quarter, its status can change. The Principal will deliver this information to financial professionals via the Principal eFinancial Professional℠ Dashboard and to the employer through the secure Principal Message Center℠. With this message, the plan sponsor will receive notification that an updated status is available through the employer login at principal.com. The expiration date will be 90-days after the message is placed in the plan sponsor's Message Center℠.

Changes in status: When an investment option moves from Covered or Covered–Watch Status to Not Covered, the plan sponsor will receive 90-days' advance notice of the Wilshire coverage end date, during which time the plan sponsor can make a change to the investment lineup if desired. The plan sponsor has flexibility and may opt to keep an investment option that is Not Covered, but that investment option is no longer covered by Wilshire under the 3(21) fiduciary service once the 90 days has expired.

The Principal automatically provides the due diligence process for selecting and monitoring investment managers for its Sub-Advised Investment Options and through that process assigns scores and statuses. Wilshire's 3(21) investment fiduciary service is an optional service that also provides a review process and resulting Status outcomes. The due diligence process of Principal Life and Wilshire's review as part of the 3(21) fiduciary service are unique and independent of each other. Sub-Advised Investment Options are always covered by our due diligence process with Principal Life standing behind the selection and monitoring of the investment managers chosen for these investment options. When Sub-Advised Investment Options are also covered by the 3(21) investment fiduciary service, you receive another layer of protection for the selection and monitoring of the investment options for your retirement plan by Wilshire.

When you elect the 3(21) investment fiduciary service, Wilshire assumes fiduciary responsibility for investment options on your plan's investment lineup, so long as those investment options are also on Wilshire's Select List (see the *Investment Fiduciary Support and Services Terms and Conditions* document at principal.com/321terms). But you still have the flexibility to build your investment lineup as you see fit. If interested, ask your representative of The Principal for complete documentation and an opt-in form.

Under the 3(21) investment fiduciary service, Wilshire – and no member company of The Principal – assumes 3(21) fiduciary responsibility for the selection and monitoring of investment options for your retirement plan.

W Wilshire

Wilshire's 3(21) Fiduciary Service Status
As of 03/31/2013

Inv Manager or Sub-Advisor Investment Option Large U.S. Equity	Wilshire's 3(21) Service Status	Wilshire's Coverage Expiration Date	Status Reason(s)
Large Value			
Vanguard Group Vanguard Equity-Income Fund	Covered		
Large Blend			
Principal Global Investors LargeCap S&P 500 Index Separate Account-R6 [A, 2, 9, 38]	Covered		
T.Rowe/Clearbridge Investments LargeCap Blend II Separate Account-R6 [A, 3, 28, 30]	Covered		
Large Growth			
Touchstone Touchstone Sands Capital Institutional Growth Fund	Covered		
Small/Mid U.S. Equity			
Mid Cap Value			
Goldman Sachs/LA Capital Mgmt MidCap Value I Separate Account-R6 [A, 1, 18, 28]	Covered		
Mid Cap Blend			
Principal Global Investors MidCap S&P 400 Index Separate Account-R6 [A, 1, 2, 11, 38]	Covered		
Mid Cap Growth			
Principal Global Investors MidCap Separate Account-R6 [A, 1]	Covered		
Prudential Investments, LLC Prudential Jennison Mid Cap Growth Z Fund [1]	Covered		
Small Blend			
Goldman Sachs Asset Mgt Goldman Sachs Small Cap Value Inst Fund [1, 36]	Covered		
Principal Global Investors SmallCap Blend Separate Account-R6 [A, 1]	Covered		
Principal Global Investors SmallCap S&P 600 Index Separate Account-R6 [A, 1, 2, 10, 38]	Covered		
Small Growth			
AllianceBern / CCI / Brown SmallCap Growth I Separate Account-R6 [A, 1, 3, 28, 33]	Covered		
International Equity			
Diversified Emerging Markets			
Virtus Investment Advisers,Inc Virtus Emerging Markets Opportunities I Fund	Covered		

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Inv Manager or Sub-Advisor Investment Option	Wilshire's 3(21) Service Status	Wilshire's Coverage Expiration Date	Status Reason(s)
Foreign Large Blend			
Capital Research and Mgmt Co American Funds EuroPacific Growth R6 Fund [4, 36]	Covered		
Foreign Small/Mid Blend			
Principal Global Investors/DFA International SmallCap Separate Account-R6 [A, 1, 4, 20]	Covered		
Balanced/Asset Allocation			
Retirement Income			
Multiple Sub-Advisors Principal LifeTime Strategic Income Separate Account-R6 [A, 16, 21, 24, 31, 32]	Covered		
Target Date 2000-2010			
Multiple Sub-Advisors Principal LifeTime 2010 Separate Account-R6 [A, 16, 21, 24, 31, 32]	Covered		
Target Date 2016-2020			
Multiple Sub-Advisors Principal LifeTime 2020 Separate Account-R6 [A, 16, 21, 24, 31, 32]	Covered		
Target Date 2026-2030			
Multiple Sub-Advisors Principal LifeTime 2030 Separate Account-R6 [A, 16, 21, 24, 31, 32]	Covered		
Target Date 2036-2040			
Multiple Sub-Advisors Principal LifeTime 2040 Separate Account-R6 [A, 16, 21, 24, 31, 32]	Covered		
Target Date 2046-2050			
Multiple Sub-Advisors Principal LifeTime 2050 Separate Account-R6 [A, 16, 21, 24, 31, 32]	Covered		
Short-Term Fixed Income			
Money Market			
Principal Global Investors Money Market Separate Account-R6 [A, 6, 37]	Covered		
Fixed Income			
High Yield Bond			
Fidelity Management & Research Fidelity Advisor High Income Advant I Fund [5, 23, 24]	Covered		
Intermediate-Term Bond			
PIMCO PIMCO Total Return Instl Fund [23, 24]	Covered		
Principal Global Investors Bond and Mortgage Separate Account-R6 [A, 23, 24, 38]	Covered		
Inflation-Protected Bond			
Vanguard Group Vanguard Inflation-Protection Securities Inv Fund [23, 24]	Covered		
Owned Real Estate			
Principal Real Estate Inv U.S. Property Separate Account-R6 [A, 13, 34]	Covered		

Please see important disclosures at the end of this presentation.

Disclosures

[A] Sub-advised Investment Options include Separate Accounts available through a group annuity contract with the Principal Life Insurance Company. Insurance products and plan administrative services, if applicable, 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 investment option is closed to new contributions.*

**** The 7-Day Yield % more closely reflects the current earnings of this money market investment option than the total return displayed.*

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

A mutual fund's share price and investment return will vary with market conditions, and the principal value of an investment when you sell your shares may be more or less than the original cost.

Percentile rankings are based on total returns in accordance with the appropriate Morningstar peer group.

Returns shown for periods of less than one year are not annualized. All returns displayed here are after Total Investment Expense of the investment option.

Insurance products and plan administrative services, if applicable, are provided by Principal Life Insurance Company. Securities are offered through Princor Financial Services Corporation, 1.800.547.7754, member SIPC and/or independent broker/dealers. Securities sold by a Princor® Registered Representative are offered through Princor. Princor and Principal Life are members of the Principal Financial Group®, Des Moines, IA 50392. 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.

Investors should carefully consider a mutual fund's investment objectives, risks, charges, and expenses prior to investing. A prospectus, or summary prospectus if available, containing this and other information can be obtained by contacting a financial professional, visiting principal.com, or calling 1-800-547-7754. Read the prospectus carefully before investing.

Before directing retirement funds to a separate account, investors should carefully consider the investment objectives, risks, charges and expenses of the separate account as well as their individual risk tolerance, time horizon and goals. For additional information contact us at 1-800-547-7754 or by visiting principal.com.

Past performance is not a guarantee of future results.

Disclosures

Wilshire® is a registered service mark of Wilshire Associates Incorporated, Santa Monica, California. All other trade names, trademarks, and/or service marks are the property of their respective holders.

Wilshire is not an affiliate of any member company of the Principal Financial Group®.

Principal Life does not act as an ERISA 3(21) or 3(38) fiduciary under the Wilshire-provided fiduciary services.

The investment fiduciary support and services apply to Qualified Retirement Plans record kept by Principal Life. These support and services are subject to all provisions contained in the applicable investment fiduciary support and services document(s). 404(c) and QDIA coverage applies only to plans subject to ERISA. No member company of The Principal assumes any additional fiduciary responsibility for any nonqualified deferred compensation plan. No part of the investment fiduciary support and services applies to nonqualified deferred compensation plans subject to 409(A), 457(f) or 457(b) plans for employers under §457(e)(1)(B). For purposes of plans not subject to ERISA, Principal Life indemnifies, where applicable, the Plan Representative who signs the Service Agreement.

References to prudence mean compliance with the prudent standard described in §404(a)(1)(b) of ERISA, including following prevailing industry standards and generally accepted investment theories. ERISA imposes on the plan administrator ongoing accountability for the selection and monitoring of those to whom specific fiduciary responsibilities have been delegated or on whom the plan administrator is depending for help in meeting its own fiduciary obligations.

Principal Life is not a fiduciary in the broader context of operating any plan. The selection of any investment options on behalf of a plan is the fiduciary responsibility of the appropriate plan fiduciary, which is not Principal Life, nor any affiliate. Principal Life does not guarantee performance of any investment option [other than the portion of a group annuity contract that constitutes a guaranteed benefit policy as described in ERISA §401(b)(2)]. Principal Life does not guarantee that any investment option will meet the criteria of any particular plan's investment policy statement, include reasonable fees, or otherwise be suitable for use by any specific plan. The fiduciary tasks undertaken by Principal Life do not eliminate all responsibilities of the relevant plan fiduciaries for the prudent selection of any investment option for a retirement plan. Plan fiduciaries remain subject to a varying amount of ongoing responsibility, depending on the structure of the plan the fiduciary serves and the nature of the plan fiduciary's position. Please consult with your counsel or other adviser as to the responsibility of a plan fiduciary with regard to the selection or retention of any plan investment option by a plan fiduciary.

While this communication may be used to promote or market a transaction or an idea that is discussed in the publication, it is intended to provide general information about the subject matter covered and is provided with the understanding that none of the member companies of The Principal is rendering legal, accounting, or tax advice. It is not a marketed opinion and may not be used to avoid penalties under the Internal Revenue Code. You should consult with appropriate counsel or other advisors on all matters pertaining to legal, tax, or accounting obligations and requirements.

Investment options are subject to investment risk. Shares or unit values will fluctuate and investments, when redeemed, may be worth more or less than their original cost. This does not apply, however, to the guaranteed portions of group annuity contracts issued by Principal Life that constitute guaranteed benefit policies as defined in ERISA §401(b)(2)(B).

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.

Disclosures

For a Mutual Fund investment option, Total Investment Expense gross equals the sum of (a) the total fund operating expenses plus (b) if the mutual fund invests in other mutual funds, the weighted-average management fee of those other mutual funds, as listed in the most recent prospectus. The actual Total Investment Expense may change if the mutual fund investment option's allocation of assets to other mutual funds changes.

For a Separate Account investment option, Total Investment Expense gross equals the sum of these expenses: (a) the amount of money, expressed as a percentage, deducted for the costs of managing a separate account and where applicable, fees for plan administrative services and agent compensation, plus (b) if the separate account invests in an underlying mutual fund, the total fund operating expenses of the underlying mutual fund, plus (c) if an underlying mutual fund invests in other mutual funds, the weighted-average management fee of those other mutual funds, as listed in the most recent prospectus. The actual Total Investment Expense may change if an underlying mutual fund's allocation of assets to other mutual funds changes.

Any operating expenses of a mutual fund or underlying mutual fund that are part of net Total Investment Expense are obtained from the mutual fund's most recent prospectus. The operating expenses shown as part of Total Investment Expense include voluntary expense limits and fee credit. These expense reductions are not reflected in the fund's prospectus.

Stable Value funds are not available for Not For Profit clients.

Compliance number: t12033003s

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.

Disclosures

9. 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.

10. S&P SmallCap 600 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.

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13. Due to the unique composition of this portfolio, the quantitative score displayed is based solely on its risk adjusted-performance relative to an index because a suitable peer group is not available to properly score this investment option.

16. Balanced/Asset Allocation investment options will not be scored using our current methodology. Instead, our review for these investment strategies focuses on the structure and consistency of the underlying asset allocation models and the capital market assumptions used to support them. Today, all of the Balanced/Asset Allocation options available on our investment platform meet our due diligence standards.

18. 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.

20. Effective November 13, 2006, Dimensional Fund Advisors (DFA) was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.

21. Equity investment options involve greater risk, including heightened volatility, than fixed-income investment options. Fixed-income investment options are subject to interest rate risk, and their value will decline as interest rates rise.

23. 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.

24. Fixed-income and asset allocation investment options that invest in mortgage securities are subject to increased risk due to real estate exposure.

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.

30. Effective October 1, 2009, ClearBridge Advisors was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.

Disclosures

31. Asset allocation does not guarantee a profit or protect against a loss. Investing in real estate, small-cap, international, and high-yield investment options involves additional risks. Additionally there is no guarantee this investment option will provide adequate income at or through retirement.

32. The Investment Advisor will display "Multiple Sub-Advisors" for certain target-date, target-risk and specialty investment options where the assets are directed by the Investment Manager to multiple underlying investment options. These underlying investment options may use multiple sub-advisors who are responsible for the day-to-day management responsibilities.

33. Effective September 20, 2010, Brown Advisory was added as an additional sub-advisor. Effective May 1, 2009, Columbus Circle Investors was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.

34. 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.

36. For Mutual Fund Network investment options, returns for all time periods, except the Since Inception time frame, may include 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. Since Inception returns display the actual return of this share class and do not reflect the adjusted returns of the oldest share class. 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.

37. 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.

38. 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.

Benchmark Descriptions

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. Government/Credit 5-10 Year Index tracks the return of the U.S. Government/Credit with a maturity window of 5-10 years.

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

Disclosures

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.

Merrill Lynch U.S. High Yield Master II Index measures the performance of high yield bonds.

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 World Ex US Small Cap Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. It offers an exhaustive representation of the Small Cap segment by targeting companies that are in the Investable Market Index but not in the Standard Index in a particular market.

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.

Principal LifeTime 2010 Blended Index is composed of underlying indexes that represent the target asset allocation weights of the Principal LifeTime 2010 portfolio. The index weightings adjust over time as the portfolio changes to become gradually more conservative. The weightings as of March 31, 2013 are 31.35% Russell 3000 Index, 11.15% MSCI EAFE Index, and 57.50% Barclays Aggregate Index.

Principal LifeTime 2020 Blended Index is composed of underlying indexes that represent the target asset allocation weights of the Principal LifeTime 2020 portfolio. The index weightings adjust over time as the portfolio changes to become gradually more conservative. The weightings as of March 31, 2013 are 45.95% Russell 3000 Index, 16.80% MSCI EAFE Index, and 37.25% Barclays Aggregate Index.

Principal LifeTime 2030 Blended Index is composed of underlying indexes that represent the target asset allocation weights of the Principal LifeTime 2030 portfolio. The index weightings adjust over time as the portfolio changes to become gradually more conservative. The weightings as of March 31, 2013 are 55.80% Russell 3000 Index, 20.45% MSCI EAFE Index, and 23.75% Barclays Aggregate Index.

Principal LifeTime 2040 Blended Index is composed of underlying indexes that represent the target asset allocation weights of the Principal LifeTime 2040 portfolio. The index weightings adjust over time as the portfolio changes to become gradually more conservative. The weightings as of March 31, 2013 are 62.45% Russell 3000 Index, 24.35% MSCI EAFE Index, and 13.20% Barclays Aggregate Index.

Disclosures

Principal LifeTime 2050 Blended Index is composed of underlying indexes that represent the target asset allocation weights of the Principal LifeTime 2050 portfolio. The index weightings adjust over time as the portfolio changes to become gradually more conservative. The weightings as of March 31, 2013 are 65.85% Russell 3000 Index, 27.10% MSCI EAFE Index, and 7.05% Barclays Aggregate Index.

Principal LifeTime Strategic Income Blended Index is composed of underlying indexes that represent the target asset allocation weights of the Principal LifeTime Strategic Income portfolio. The weightings as of March 31, 2013 are 19.45% Russell 3000 Index, 5.55% MSCI EAFE Index, and 75.00% Barclays Aggregate 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 Index consists of the smallest 2000 companies in the Russell 3000 Index, representing approximately 10% of the Russell 3000 total market capitalization.

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 400 MidCap Stock Index includes approximately 10% of the capitalization of U.S. equity securities. These are comprised of stocks in the middle capitalization range.

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.

Standard & Poor's 600 Stock Index is a small cap index that consists of 600 domestic stocks chosen for market size, liquidity, and industry group representation.

Glossary of Terms

7 Day Yield - The 7-Day Yield % more closely reflects the current earnings of this money market investment option than the total return displayed.

Category Average Return - Morningstar takes the average return of the funds that exist in a category for the time period and divide by the number of funds that exist for that time period. For calendar year category average returns, Morningstar includes funds that have merged, liquidated, or changed categories when calculating category averages.

Total Investment Expense Gross - The maximum expense ratio that can be applied to an investment option. This includes expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the investment option, except brokerage costs.

Morningstar Category - The Morningstar Category identifies investment options based on their actual investment styles as measured by their underlying portfolio holdings (portfolio statistics and compositions over the past three years).

Percentile Rankings - Each investment's total returns are compared to other investments in the same Morningstar category for various time periods. Total returns are ranked on a scale from 1 to 100 where 1 represents the highest-returning 1% of investments and 100 represents the lowest returning investments.

Scores - Comments - Provides additional information on Sub-Advised Investment Options that may be relevant to the sub-advisor, investment option, or both.

Scores - Qualitative Grade - Qualitative rating that is assigned to Sub-Advised investment managers based on organization, investment philosophy and process and resources. Scale is Favorable, Neutral, and Less Favorable.

Scores - Qualitative Score - Numerical qualitative rating that is assigned to Sub-Advised investment managers based on organization, investment philosophy and process and resources. Scale is 1.0 – 4.0 (with 1.0 being the best).

Scores - Qualitative Cautionary Status - If a Sub-Advised investment manager is on the Watch List for qualitative reasons, this will be indicated by WL, a cautionary status of a Sub-Advised Investment Option which is meant to communicate an increased level of concern.

Scores - Quantitative Grade - Numerical quantitative rating that is assigned to investment option based on risk-adjusted index performance, peer performance and consistency. Scale is Favorable, Neutral, and Less Favorable. See Performance Review sections for greater detail about computation methodology and additional factors.

Scores - Quantitative Score - Numerical quantitative rating that is assigned to investment option based on risk-adjusted index performance, peer performance and consistency. Scale is 1.0 – 4.0 (with 1.0 being the best). See Performance Review sections for greater detail about computation methodology and additional factors.

Scores - Quantitative Cautionary Status - If a Sub-Advised Investment Option is on the Watch List for quantitative reasons, this will be indicated by WL. If a Sub-Advised Investment Option is placed on Probation for quantitative reasons, this will be indicated by PR, a cautionary status of a Sub-Advised Investment Option when long-term performance is below expectations and requires additional monitoring.

Glossary of Terms

Information Ratio - The information ratio is a risk-adjusted measure commonly used to evaluate an active manager's investment skill. It is defined as the manager's excess return divided by the variability or standard deviation of the excess return. Information ratio is an excellent tool for evaluating a manager's level of skill because it simultaneously considers both the level of excess return as well as consistency in which the excess return was delivered to investors. Managers should strive for a positive information ratio, with higher numbers representing better results.

Consistency Ratio - A measure of how consistently the manager is able to exhibit positive excess returns. To calculate the consistency ratio, the number of months the manager had positive excess returns is divided by the total number of months. The higher the number, the better.

Up-Market Capture Ratio - A statistical measure of an investment option's performance relative to a comparative index in months in which that index has risen. An up-market capture ratio of greater than 100 would indicate that the investment option performed better than the comparative index during months in which the index had risen over a specified time period.

Down-Market Capture Ratio - A statistical measure of an investment option's performance relative to a comparative index in months in which that index has fallen. A down-market capture ratio of greater than 100 would indicate that the investment option performed worse than the comparative index during months in which the index had fallen over a specified time period.

Morningstar Category - The Morningstar Category identifies investment options based on their actual investment styles as measured by their underlying portfolio holdings (portfolio statistics and compositions over the past three years).

Cautionary Status - Our due diligence process has uncovered a concern with the investment option that requires further monitoring. For quantitative, or performance-related, concerns there are two levels of Cautionary Status: Watch List and Probation. For qualitative concerns, only Watch List status is applicable.

Probation - Probation may be assigned to an investment option for the following reasons:

- An investment option has been removed from the Quantitative Watch List because the due diligence process has determined that the manager(s) has made improvements in the short-term that have the potential to be sustainable over the long term. However, long-term performance is still below our expectations and requires additional monitoring.
- An investment option has been removed from the Quantitative Watch List because the due diligence process has determined that the underperformance that led to Watch List status is explainable in light of the process used by the manager(s) based on the market environment at that time. However, long-term performance is still below our expectations and requires additional monitoring.
- A manager(s) is removed from an investment option due to performance reasons but the investment option's long-term performance is still below our expectations and requires additional monitoring. In this situation, the due diligence process recognizes that while removal of the underperforming manager(s) has the potential to improve performance, the long-term performance history still reflects the manager(s) that have led to the underperformance.

The status of Probation is conferred on an investment option for an indefinite period of time. However, the due diligence process can remove a manager at any time, including while on Probation. Probation status is lifted only after the investment option scores "Favorable" for one quarter based on the quantitative scoring criteria of the due diligence process, which focuses on three- and five-year results.

Glossary of Terms

Wilshire's 3(21) fiduciary service related terms:

3(21) Select List - If a plan sponsor elects the 3(21) fiduciary service, Wilshire provides their "Select List" of investment options to plan fiduciaries. With education (or advice, if permitted) from the financial professional, the plan fiduciary can choose an investment lineup from the Select List. Wilshire will stand behind investment options chosen from the Select List and assume 3(21) investment fiduciary responsibility for those investment options.

Wilshire's 3(21) fiduciary service Status definitions: Following is a detailed description of each possible Status under their 3(21) fiduciary service. For additional details on the Wilshire screening methodology, see the *Wilshire Investment Fiduciary Oversight – ERISA 3(21) Services* document at principal.com/wilshire3-21.

Covered - Investment options that are made available by Principal Life and that meet the minimum quantitative and qualitative screening requirements of their 3(21) fiduciary service as of the most recent quarter end (i.e. have an Average or Above Average Fiduciary Score).

Covered–Watch Status - Wilshire's ongoing monitoring identifies investment options that have material changes since their initial review, resulting in below average minimum quantitative and/or qualitative screening requirements of their 3(21) fiduciary service. While investment options on the Covered–Watch Status are still Covered under their 3(21) fiduciary service, these investment options face additional scrutiny that could remove them from the Covered 3(21) Select List if conditions related to the Wilshire screening requirements do not improve.

Not Covered - Investment options that are made available by Principal Life and that do not meet the minimum quantitative and/or qualitative screening requirements of their 3(21) fiduciary service as of the most recent quarter end (i.e. have a Below Average Fiduciary Score and is Below Average on 3 or more Component Scores).

Pending Review - Investment options that are made available by The Principal and that do not meet the initial screening requirements of their 3(21) fiduciary service as of the most recent quarter end: assets, inclusive of all share classes/rate levels, is less than $75 million, and/or because the investment option has less than one year of performance history. Once these investment options meet the initial screening requirements, Wilshire will review these investment options for potential coverage under the 3(21) fiduciary service.

Ineligible - Investment options that are made available by Principal Life and that do not meet the eligible asset class requirements of their 3(21) fiduciary service as of the most recent quarter end (i.e. certain sector funds and single-country emerging market funds, self-directed brokerage accounts, employer securities, etc.).

Glossary of Terms

Wilshire's 3(21) fiduciary service Status Reasons - Through their 3(21) fiduciary service, Wilshire provides "Status Reasons", an explanation of why an investment option has a Status Reason other than "Covered" for those investment options they evaluate. Status Reasons consist of the following:

- Performance: below-average performance rating
- Risk: below-average risk rating
- Style Consistency: below-average style risk rating
- Total Investment Expense: below-average fee rating (based on total investment expense-net)
- Length of performance track record: below-average track record rating
- Organization: below-average organization rating
- Track record below threshold: insufficient track record
- Assets below threshold: insufficient asset level
- Not yet evaluated by Wilshire: for new investment options that are pending Wilshire's review

Investment Advisor - May include Registered Investment Advisers as defined in the Advisers Act of 1940, Investment Advisers as defined in the Investment Company Act of 1940, as well as a company employed by the investment option's advisor to handle the investment option's day-to-day management. In these instances, the portfolio manager generally works for the fund's subadvisor, and not the advisor. See definition of Multiple Sub-Advisor appearing elsewhere in this presentation for greater detail about Sub-Advisors.

Plan Level Rate of Return

To help you manage your fiduciary duties Principal Life Insurance Company is providing you with plan-level rates of return for your retirement plan. Plan level rates of return are based on the retirement plan's specific account activity. The plan level rate of return calculation takes into consideration contributions, transfers, withdrawals and expenses, as well as changes in value or earnings credited at the time of the calculation. Rates of return can be calculated at broad asset class, investment option, and overall plan level.

The plan level rate of return is calculated using a commonly-used formula called "the Modified Dietz Method." This formula evaluates returns using time-weighted analysis, which takes into consideration the timing of all cash flows into and out of the plan.

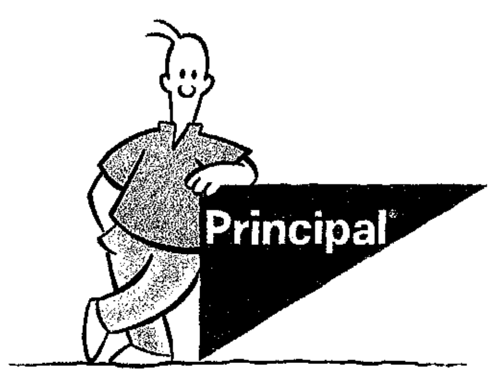
The basic formula is Net Earnings divided by Weighted Average Account Balance. Net Earnings are earnings after all expenses:

<u>Ending Balance - Beginning Balance - Net Transactions</u>
(Beginning Balance + Each Cash Flow * ((Calendar Days in Period – number of days since the beginning of the period in which cash flow occurred)/calendar days in period))

Note: Under certain circumstances, returns calculated using the Modified Dietz Method may be less reasonable because low beginning account balances, large cash flows, time invested, and extreme market fluctuations can have material effects on the return. In such cases, an * will appear by the return indicating to use caution when evaluating the plans rate of return.

Plan level rate of return is currently available for 1-month, 3-month, Year-to-date, 1-year, 3 year and 5 year time periods.

Plan Level Rates of Return displayed are net of the investment fees (which could include operating expenses and management fees), and plan level expenses, if applicable. Plan Level expenses include ongoing maintenance and administration of the plan.



The information presented in the chart below displays Plan Level Rate of Return based on each broad asset class represented by the investment options with an account balance in your retirement plan. This return is calculated for the time periods displayed in the columns below. To see which investment options are included in each broad asset class, please review the Investment Performance section of this report. Additionally, a benchmark is being shown that corresponds to each broad asset class represented. An industry standard weighted benchmark is being display to help with the overall plan level rate of return comparison.

Plan Level Rate of Return Comparison Summary through 03/31/2013

Asset Classes/Benchmarks	Year To Date	1 Year	3 Year	5 Year
Large U.S. Equity	9.21	11.18	9.55	3.88
Russell 1000 Index	10.96	14.43	12.93	6.15
Small/Mid U.S. Equity	11.35	13.50	13.69	7.34
Russell 2500 Index	12.85	17.73	14.59	9.02
International Equity	7.50	11.77	8.67	-0.09
MSCI - EAFE Index NDTR D	5.13	11.25	5.00	-0.89
Balanced/Asset Allocation	5.27	10.37	9.13	5.20
60% S&P 500/40% Barclays Aggregate Bond	6.24	9.95	10.10	6.13
Short-Term Fixed Income #	-0.09	-0.17	-0.50	-0.41
Barclays Treasury Bellwethers 3 Month Index	0.02	0.13	0.13	0.38
Fixed Income	1.01	6.76	7.57	3.67
Barclays Aggregate Bond Index	-0.12	3.77	5.52	5.47
	Year To Date	1 Year	3 Year	5 Year
Total Plan Level Rate Of Return	4.60	7.25	6.27	2.83
60/40 Weighted Benchmark Rate of Return	6.24	9.95	10.10	6.13

60/40 Weighted Benchmark is comprised of 60% S&P 500 Index and 40% Barclays Capital Aggregate Bond Index.

Total Plan Level Rate of Return is calculated using your retirement plan's specific account activity during the time period being measured. Account activity includes contributions, transfers, withdrawals and expenses. Please see prior page for additional information on plan level rate of return calculation. The calculated returns may be less reasonable because of low beginning account balances, large cash flows, time invested, and extreme market fluctuations.

Short-Term Fixed Income includes the Money Market investment option, if applicable. Money markets 7-Day Simple Yield % more closely reflects earnings than the total return displayed.

Disclosures

A mutual fund's share price and investment return will vary with market conditions, and the principal value of an investment when you sell your shares may be more or less than the original cost.

Insurance products and plan administrative services are provided by Principal Life Insurance Company. Securities are offered through Princor Financial Services Corporation, 800-547-7754, member SIPC and/or independent broker/dealers. Securities sold by a Princor® Registered Representative are offered through Princor. Princor and Principal Life are members of the Principal Financial Group®, Des Moines, IA 50392. Certain investment options may not be available in all states or U.S. commonwealths.

Before investing in mutual funds, investors should carefully consider the investment objectives, risks, charges and expenses of the funds. This and other information is contained in the free prospectus, which can be obtained from your local representative or by contacting us at 1-800-547-7754. Please read the prospectus carefully before investing.

Benchmark Descriptions

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.

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.

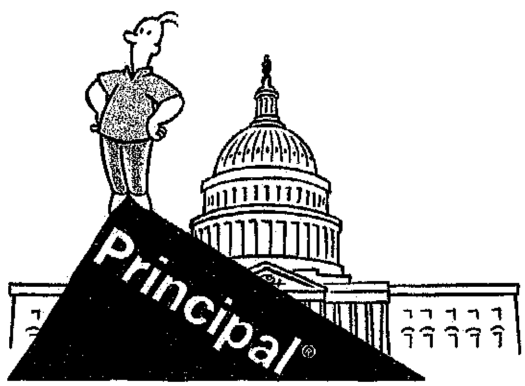
Barclays Aggregate Bond Index represents securities that are domestic, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These 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.

Russell 2500 Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as smid cap.

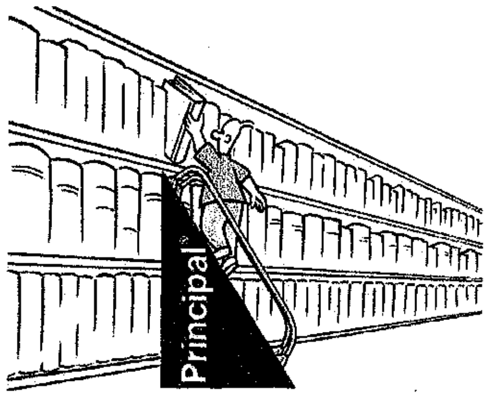
Compliance Update

The Principal Financial Group® has extensive experience helping you as the plan sponsor and your financial professional navigate the complexities of legislative and regulatory changes. Our goal is to make it easier for you to manage your retirement plan and for your employees to save for retirement.



We do this by:

- Monitoring and helping shape new legislation and regulations.
- Quickly analyzing legislation and regulations, and interpreting their potential impact.
- Reviewing the impact on plan documents and our administrative services.
- Communicating proposed changes and assisting with these changes.



Compliance Update

Compliance news that may affect your retirement program.

April 2013, In This Issue . . .

- PBGC Announces Plans to Provide More Frequent Statistical Information
  Beginning this year, the Pension Benefit Guaranty Corporation (PBGC) has announced plans to provide statistical information more frequently than annually.

- DOL Issued Model MAP-21 Language
  The Department of Labor (DOL) issued model language for Defined Benefit plans' Annual Funding Notice that contains specifics from MAP-21.

- The Shrinking Emergency Account Losses (SEAL) Act
  The SEAL Act was re-introduced to lessen the drainage of assets in individual retirement plan accounts.

- Target Date Fund 'Tip Sheet'
  Guidance for fiduciaries regarding the selection and monitoring of target date funds.

- ERISA Advisory Council – 2013 Focus Topics
  The group of benefits experts established by the Department of Labor (DOL) has released their topics of examination for 2013.

PBGC Announces Plans to Provide More Frequent Statistical Information

In the past, the Pension Benefit Guaranty Corporation (PBGC) published its statistical information surrounding single and multiemployer plans once a year. The information published includes the number of people and plans that are protected by the PBGC, claims against the PBGC, the funded status of PBGC-protected plans, as well as several other vital statistics.

New Timing

Beginning this year, the PBGC announced plans to update about 70 topics covered within the full annual report on a more frequent basis. Users such as researchers or journalists will now have the ability to access this online more frequently than once a year by choosing "Most Current Data."

How to Access

The PBGC publishes this information in a spreadsheet format. Users can access their tables online at www.pbgc.gov under the Open Government heading and can also request to be notified when new information is available.

DOL Issued Model MAP-21 Language

In an effort to provide relief for single-employer defined benefit (DB) pension plans, on July 6, 2012, Congress passed Moving Ahead for Progress in the 21st Century (MAP-21). Generally, this legislation was intended to stabilize interest rate averages which reduces required funding and could improve the funded status for many single-employer DB plans.

Changes to Annual Funding Notice

MAP-21 also added a new disclosure requirement that information regarding interest rate stabilization be disclosed in the plan's Annual Funding Notice (AFN). On March 8, 2013, the Department of Labor (DOL) issued Field Assistance Bulletin (FAB) 2013-01 which contains model language for the AFN for those DB plans that have utilized the alternative provided within MAP-21. The DOL does not require plan sponsors to use the model language outlined in FAB 2013-01 as long as plan administrators use another format that satisfies the additional disclosure requirement.

Deadlines

A plan's AFN must be distributed to participants no later than 120 days after the end of the plan year. Therefore, calendar year plans will be distributing their 2012 plan year AFN by April 30, 2013. For plans where Principal Financial Group provides this service, the AFN has already been updated to satisfy these latest requirements.

SEAL Act Reintroduced

The Shrinking Emergency Account Losses (SEAL) Act was originally introduced in May 2011, but was originally titled the Savings Enhancement by Alleviating Leakage in 401(k) Savings Act. It has recently been re-introduced in an effort to ensure assets are retained for participant retirements.

Background

The Senate Health, Education, Labor and Pension (HELP) Committee held a hearing to discuss loans and hardship withdrawals from participant retirement plan accounts. This hearing was a continuation of the previous discussions in 2011. The original Act intended to extend the period of time to repay loans after termination of employment and allow the continuation of employee contributions after taking a hardship withdrawal rather than requiring a six month suspension.

Reintroduction

The intent of the SEAL Act remains the same as the original proposal which is to alleviate 'leakage' from individual retirement plan accounts via loans and hardship withdrawals. Currently, employees terminating employment have only 60 days to repay loans following separation of service to avoid taxation. The Act would allow a former participant additional time to make their accounts whole. The Act, like the original proposal, would allow continued employee contributions after a hardship withdrawal. This would allow for continued savings as well as receipt of any company match contributions.

Target Date Fund 'Tip Sheet'

The Department of Labor (DOL) released guidance at the end of February for fiduciaries regarding the selection and monitoring of target date funds (TDFs) as investment options in participant-directed retirement plans. The 'Tip Sheet' explains the basics of TDFs and the selection as well as the analysis of them and associated fees.

Highlights

The guidance on the selection and monitoring of TDFs recommends the plan sponsor consider the following:

- Suggests the plan sponsor utilize commercially available resources to evaluate TDF options
- Determine if a provider offers a custom or non-proprietary target date fund
- Consider whether the TDFs are 'to' retirement or 'through' retirement
- Document the process for periodic review of TDFs

What's Next?

Comments were initially solicited on the proposed regulations, released in 2010, which would amend the final qualified default investment alternatives (QDIAs) of October 2007 and the October 2010 participant disclosure regulations. This comment period has been extended to November 2013 in response to a separate, ongoing initiative of the Securities and Exchange Commission (SEC).

More Information

The full document may be found at http://www.dol.gov/ebsa/pdf/fsTDF.pdf
Please see www.dol.gov/ebsa/compliance_assistance.html for more information on fiduciary responsibilities.

ERISA Advisory Council – 2013 Focus Topics

The ERISA Advisory Council (EAC) was established by the Department of Labor (DOL) to identify issues impacting benefits for employees. The Council advises the Secretary of Labor on retirement policy and released the 2013 topics of focus in March and is made up of employee organization representatives, employers, and the general public.

2013 Agenda

The EAC topics of focus for 2013 include:

- Vary education and communication plans by differing segments
- Defined benefit plan modifications; including lump-sum distributions
- Concentration on missing and lost participants

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Prepared by Retirement and Investor Services – Compliance.

PQ11297APR13

Retirement plan review meeting attendees

You may wish to file this verification for your records.

Name	Title	Date Reviewed