

Principal Financial Advisors, Inc.



Investment Advisory Report City of Hallandale Beach General Employees' Retirement Plan



Contract No. 4-45661
October 01, 2008 - March 31, 2009

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Principal Financial Advisors, Inc. Overview

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

For over 20 years, Principal Financial Advisors, Inc., a registered investment advisor, and a member company of the Principal Financial Group® has been providing asset allocation solutions for clients. Today, we manage over \$5.9 billion in assets overall and have over 400 clients using our advisory services for retirement plans.

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

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

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

Principal Financial Advisors, Inc., provides:

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

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

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

Portfolio and Strategic Asset Allocation Review

Investment Review - Allocation 10/01/2008 through 03/31/2009					
Investment Advisor	Investment Option	Beginning Balance	Breakdown %	Ending Balance	Breakdown %
Large U.S. Equity					
Large Value					
AllianceBernstein / Westwood	LargeCap Value III Separate Account-R6 ^{2, 16, 21, 31}	\$1,034,966	4.01%	\$815,857	4.08%
UBS Global Asset Mgmt (NY)	LargeCap Value I Separate Account-R6 ¹⁴	\$2,091,123	8.10%	\$1,527,091	7.64%
Large Blend					
Goldman Sachs Asset Mgt	LargeCap Blend I Separate Account-R6 ⁹	\$2,064,343	7.99%	\$1,536,728	7.69%
Large Growth					
Columbus Circle Investors	LargeCap Growth Separate Account-R6 ²³	\$1,567,235	6.07%	\$1,194,563	5.98%
T. Rowe Price Associates, Inc.	LargeCap Growth I Separate Account-R6 ²	\$1,536,618	5.95%	\$1,173,084	5.87%
Small/Mid U.S. Equity					
Mid Cap Value					
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 ^{1, 12, 24}	\$405,421	1.57%	\$301,836	1.51%
Mid Cap Growth					
Turner/Mellon Capital Mgmt	MidCap Growth III Separate Account-R6 ^{1, 11, 25}	\$368,984	1.43%	\$298,654	1.49%
Small Value					
JP Morgan/Mellon Capital Mgmt	SmallCap Value I Separate Account-R6 ^{1, 2, 15}	\$445,708	1.73%	\$301,041	1.51%
Small Growth					
UBS/Emerald/Essex	SmallCap Growth II Separate Account-R6 ^{1, 2, 7}	\$429,650	1.66%	\$301,858	1.51%
International Equity					
Diversified Emerging Markets					
Principal Global Investors	International Emerging Markets Separate Account-R6 ³	\$247,206	0.96%	\$241,097	1.21%
Foreign Large Value					
AXA Rosenberg/Causeway	International Value I Separate Account-R6 ^{3, 14}	\$0	0.00%	\$647,168	3.24%
Foreign Large Blend					
Fidelity (Pyramis Global Adv)	International I Separate Account-R6 ^{3, 14, 18, 29}	\$1,171,357	4.54%	\$669,399	3.35%
Foreign Large Growth					
Principal Global Investors	International Growth Separate Account-R6 ^{2, 3}	\$1,118,236	4.33%	\$647,170	3.24%
Real Estate					
Owned Real Estate					
Principal Real Estate Inv	U.S. Property Separate Account-R6 ⁵	\$1,556,705	6.03%	\$1,216,541	6.09%
Real Estate					
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 ^{2, 8}	\$475,956	1.84%	\$290,789	1.46%
Fixed Income					
High Yield Bond					
JP Morgan/Lehman Brothers	High Yield I Separate Account-R6 ^{4, 14, 17, 19, 20, 30}	\$1,483,740	5.75%	\$1,067,749	5.34%

Portfolio and Strategic Asset Allocation Review

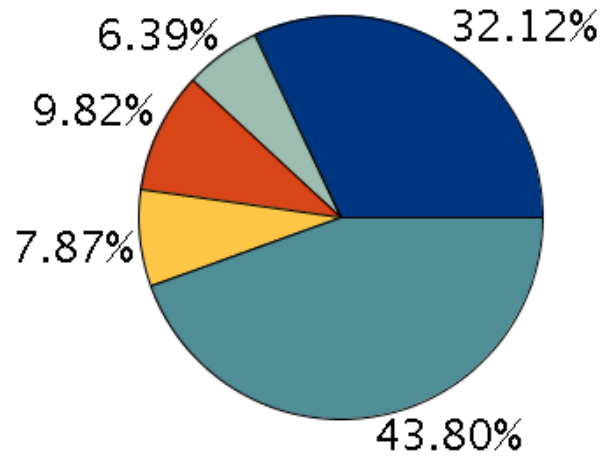
Investment Review - Allocation 10/01/2008 through 03/31/2009					
Investment Advisor	Investment Option	Beginning Balance	Breakdown %	Ending Balance	Breakdown %
Intermediate-Term Bond					
PIMCO	Core Plus Bond I Separate Account-R6 ^{14, 17, 20}	\$0	0.00%	\$3,206,268	16.05%
Principal Global Investors	Bond and Mortgage Separate Account-I2 ^{17, 20}	\$7,792,478	30.17%	\$3,245,084	16.24%
Spectrum	Preferred Securities Separate Account-R6 ^{2, 17, 20}	\$309,304	1.20%	\$0	0.00%
Inflation-Protected Bond					
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 ^{14, 17, 20, 32}	\$1,725,770	6.68%	\$1,297,966	6.50%
TOTAL		\$25,824,800	100%	\$19,979,943	100%

Please see important disclosures at the end of this presentation.

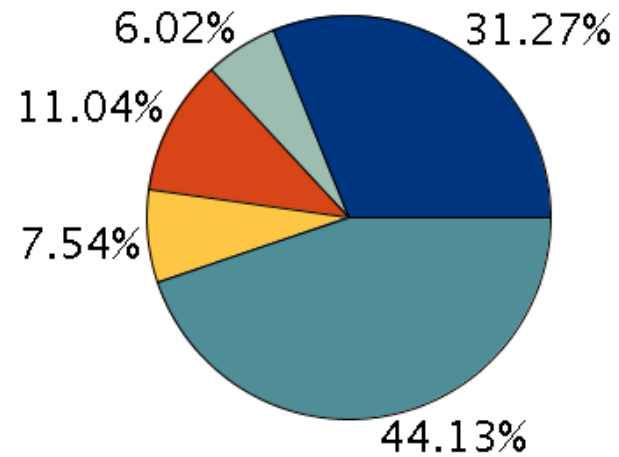
Portfolio and Strategic Asset Allocation Review

Asset Class Breakdown

Beginning % As Of 10/01/2008



Ending % As Of 03/31/2009



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

Portfolio and Strategic Asset Allocation Review

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

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

Target Allocation 10/01/2008 through 03/31/2009			
Investment Advisor	Investment Option	Beginning Allocation	Ending Allocation
	Large U.S. Equity	31.30%	31.30%
	Large Value		
AllianceBernstein / Westwood	LargeCap Value III Separate Account-R6 ^{2, 16, 21, 31}	4.10%	4.10%
UBS Global Asset Mgmt (NY)	LargeCap Value I Separate Account-R6 ¹⁴	7.70%	7.70%
	Large Blend		
Goldman Sachs Asset Mgt	LargeCap Blend I Separate Account-R6 ⁹	7.70%	7.70%
	Large Growth		
Columbus Circle Investors	LargeCap Growth Separate Account-R6 ²³	5.90%	5.90%
T. Rowe Price Associates, Inc.	LargeCap Growth I Separate Account-R6 ²	5.90%	5.90%
	Small/Mid U.S. Equity	6.00%	6.00%
	Mid Cap Value		
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 ^{1, 12, 24}	1.50%	1.50%
	Mid Cap Growth		
Turner/Mellon Capital Mgmt	MidCap Growth III Separate Account-R6 ^{1, 11, 25}	1.50%	1.50%
	Small Value		
JP Morgan/Mellon Capital Mgmt	SmallCap Value I Separate Account-R6 ^{1, 2, 15}	1.50%	1.50%
	Small Growth		
UBS/Emerald/Essex	SmallCap Growth II Separate Account-R6 ^{1, 2, 7}	1.50%	1.50%
	International Equity	11.20%	11.20%
	Diversified Emerging Markets		
Principal Global Investors	International Emerging Markets Separate Account-R6 ³	1.20%	1.20%
	Foreign Large Value		
AXA Rosenberg/Causeway	International Value I Separate Account-R6 ^{3, 14}	0.00%	3.30%
	Foreign Large Blend		
Fidelity (Pyramis Global Adv)	International I Separate Account-R6 ^{3, 14, 18, 29}	5.00%	3.40%
	Foreign Large Growth		
Principal Global Investors	International Growth Separate Account-R6 ^{2, 3}	5.00%	3.30%
	Real Estate	7.00%	1.50%
	Owned Real Estate		
Principal Real Estate Inv	U.S. Property Separate Account-R6 ⁵	5.50%	0.00%

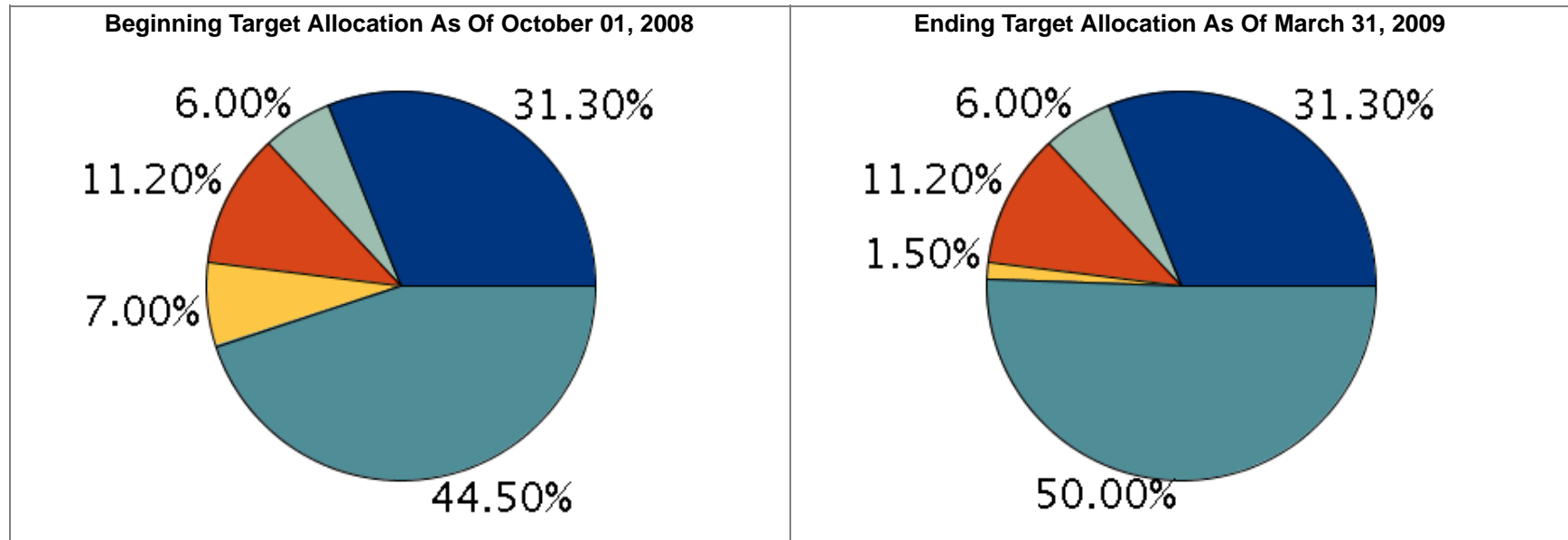
Portfolio and Strategic Asset Allocation Review

Target Allocation 10/01/2008 through 03/31/2009			
Investment Advisor	Investment Option	Beginning Allocation	Ending Allocation
Real Estate			
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 ^{2, 8}	1.50%	1.50%
Fixed Income		44.50%	50.00%
High Yield Bond			
JP Morgan/Lehman Brothers	High Yield I Separate Account-R6 ^{4, 14, 17, 19, 20, 30}	5.30%	5.30%
Intermediate-Term Bond			
PIMCO	Core Plus Bond I Separate Account-R6 ^{14, 17, 20}	0.00%	19.00%
Principal Global Investors	Bond and Mortgage Separate Account-I2 ^{17, 20}	31.20%	19.10%
Spectrum	Preferred Securities Separate Account-R6 ^{2, 17, 20}	1.40%	0.00%
Inflation-Protected Bond			
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 ^{14, 17, 20, 32}	6.60%	6.60%

Please see important disclosures at the end of this presentation.

Portfolio and Strategic Asset Allocation Review










Please note that a slight variance between your plan's target allocation displayed in this report and its weightings is normal.












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

Portfolio and Strategic Asset Allocation Review

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

Large U.S. Equity		
Large Value	Large Blend	Large Growth
<p>LargeCap Value III Separate Account-R6^{2, 16, 21, 31}</p>  <p>LargeCap Value I Separate Account-R6¹⁴</p> 	<p>LargeCap Blend I Separate Account-R6⁹</p> 	<p>LargeCap Growth Separate Account-R6²³</p>  <p>LargeCap Growth I Separate Account-R6²</p> 
Small/Mid U.S. Equity		
Mid Cap Value	Mid Cap Blend	Mid Cap Growth
<p>MidCap Value III Separate Account-R6^{1, 12, 24}</p> 		<p>MidCap Growth III Separate Account-R6^{1, 11, 25}</p> 
Small Value	Small Blend	Small Growth
<p>SmallCap Value I Separate Account-R6^{1, 2, 15}</p> 		<p>SmallCap Growth II Separate Account-R6^{1, 2, 7}</p> 

Portfolio and Strategic Asset Allocation Review

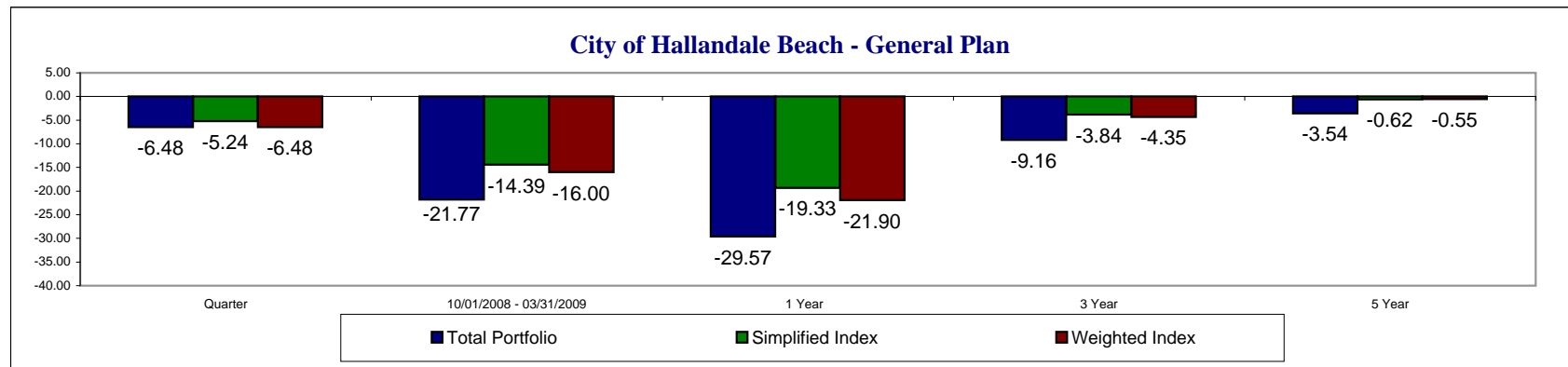
International Equity	Real Estate	Balanced/Asset Allocation
<p>International Value I Separate Account-R6 ^{3, 14}</p>   <p>International I Separate Account-R6 ^{3, 14, 18, 29}</p>  <p>International Emerging Markets Separate Account-R6 ³</p> <p>International Growth Separate Account-R6 ^{2, 3}</p> 	<p>Real Estate Securities Separate Account-R6 ^{2, 8}</p> <p>U.S. Property Separate Account-R6 ⁵</p> <p>Principal Real Estate Investors</p>	
Short-Term Fixed Income	Fixed Income	
	<p>Inflation Protection Separate Account-R6 ^{14, 17, 20, 32}</p>  <p>High Yield I Separate Account-R6 ^{4, 14, 17, 19, 20, 30}</p>   <p>Core Plus Bond I Separate Account-R6 ^{14, 17, 20}</p>  <p>Bond and Mortgage Separate Account-I2 ^{17, 20}</p> 	

Please see important disclosures at the end of this presentation.

Portfolio Performance Review

Return Information as of 03/31/2009

Time and Dollar Weighted Returns					
(returns achieved by your plan)	Quarter	10/01/2008 - 03/31/2009	1 Year	3 Year	5 Year
Total Portfolio	-6.48	-21.77	-29.57	-9.16	-3.54
Simplified Index	-5.24	-14.39	-19.33	-3.84	-0.62
Weighted Index	-6.48	-16.00	-21.90	-4.35	-0.55
Difference - Simplified Index	-1.24	-7.38	-10.24	-5.32	-2.92
Difference - Weighted Index	0.00	-5.77	-7.67	-4.81	-2.99
Portfolio's Fixed Income Return	0.02	-8.95	-14.34	-2.64	-0.43
Barclays Capital Aggregate Bond Index	0.12	4.69	3.13	5.77	4.13
Portfolio's U.S. Equity Return	-9.79	-30.68	-39.22	-16.00	-9.14
Russell 3000 Index	-10.81	-31.13	-38.20	-13.55	-4.59
Portfolio's International Equity Return	-13.09	-31.17	-47.87	-17.56	-9.66
MSCI - EAFE Index NDTR D	-13.93	-31.11	-46.51	-14.47	-2.18
Portfolio's Real Estate Return	-15.73	-29.15	-31.43	-5.08	3.02
Blended Real Estate Index (75% NCREIF Open, 25% MSCI US REIT)	-15.20	-28.65	-28.74	-4.40	4.23



We calculated performance of your plan assets with information provided to us by Principal Life Insurance Company from your March 31, 2009 Contractholder Fund Statement.

Please see important disclosures at the end of this presentation.

Market & Performance Commentary

Principal Financial Advisors 1Q 2009 Market Overview and Commentary

The first quarter of 2009 marked another volatile, unsettling period for U.S. equity investors. For the first nine weeks, sharp selling pressure and negative sentiment prevailed. Then the stock market abruptly reversed course, shooting upward during the final three weeks.

The market's direction generally tracked investor sentiment regarding the new U.S. administration's monetary and fiscal stimulus plans. A sharp sell-off in early February immediately followed the U.S. Treasury's unveiling of its eagerly-awaited plan for cleansing the troubled banking system. Amidst confusion as to specific steps the government planned to take to unfreeze credit, the market continued to drop. Then in March, when the Treasury ultimately released key details of the actions it would be taking to bolster U.S. banks, the market responded with a sharp advance. Investors were buoyed also by the Federal Reserve's purchase of Treasury debt, as well as by fiscal stimulus efforts undertaken in Europe (particularly in the United Kingdom) and China.

U.S. Economy Remains Weak Throughout Quarter

A steady stream of predominantly dismal economic news reflected the depth of the U.S. economy's struggles:

- Job losses continued at an unrelenting pace, pushing the total number of jobs lost to 5.1 million since the recession began in December 2007. Almost two-thirds (3.3 million) of the jobs disappeared in the five-month period ending March 31 as the unemployment rate climbed to 8.5%, a 25-year high.¹
- Housing prices continued their free-fall, down 19% year-over-year — and 2.8% in the one-month period alone — through January 2009.²
- After month-over-month growth of 1.9% in January and 0.3% in February, retail sales unexpectedly plunged in March, dropping 1.1%. For the quarter, retail sales were off 8.8% from the same period last year.³
- Fourth-quarter 2008 corporate profits fell 16.5%, the largest decline since the fourth quarter of 1953. Financial firms' profits dropped a staggering 59% during the period. Meanwhile, real gross domestic product (GDP) declined in the fourth quarter of 2008 as well, falling 6.3% — its largest single-quarter decline since the first quarter of 1982.⁴

Though Down for the Quarter, U.S. Stocks Gain in March

In the bleak economic environment, the broad U.S. market shed nearly 11% for the quarter. However, it gained nearly 9% in March,⁵ reflecting a positive investor response to the government's announcement of specific economic stimulus plans. Strength in the information technology sector helped growth stocks outperform value. Meanwhile, mid-cap stocks beat both large- and small-caps.⁶

¹ Bureau of Labor Statistics, www.bls.gov

² Latest data released, through March 31, 2009, for the 20-city composite of the S&P/Case-Shiller Home Price Index

³ U.S. Dept. of Commerce

⁴ Bureau of Economic Analysis, www.bea.gov

⁵ As measured by the S&P Stock Index

⁶ As measured by comparing the returns of the Russell 3000 Growth Index and Russell 3000 Value Index

Market & Performance Commentary

Real Estate Still Suffering

Commercial real estate markets remained weak during the quarter. Investors' ongoing fears were stoked by a deteriorating fundamental backdrop, with rising vacancies, defaults and delinquencies. Also, given the sector's heavy reliance on capital for growth, investors were particularly wary of taking on additional real estate exposure as credit markets remained near-frozen.

International Emerging Markets Post Positive Quarterly Return

International emerging markets substantially outpaced the broad U.S. market, rallying in March to finish the quarter with nearly a 1% total return.⁷ International developed markets, however, trailed the U.S. broad market, returning nearly -14% for the quarter.⁸ Perked-up interest in commodities helped resource-rich emerging market countries such as Brazil and Venezuela. Strong showings by China and India helped emerging-market returns as well.

Non-U.S. Treasury Fixed-Income Sectors Show Some Strength

Surprisingly, asset-backed securities (ABS) and mortgage-backed securities (MBS) led the investment-grade market to a modestly positive return for the quarter.⁹ After underperforming U.S. Treasuries by 12% and 2%, respectively, in the fourth quarter of 2008, ABS and MBS experienced a first-quarter turnaround following extensive U.S. government intervention via programs designed to loosen up the credit markets. Specifically, ABS benefited from investor optimism surrounding the Term Asset-Backed Loan Facility (TALF) program, while MBS benefited from the government's direct purchases of MBS, which had been occurring since late 2008 in an effort to keep mortgage interest rates low.

The commercial mortgage-backed securities sector (CMBS) was the worst-performing investment-grade sector, underperforming like-duration Treasuries by 1.4%.⁹ (For comparison purposes, CMBS underperformed like-duration Treasuries by 20% in the fourth quarter of 2008.) Despite their overall first-quarter loss, CMBS enjoyed a 4% monthly gain in March following the announcement that CMBS would be included in the revised TALF program. Also, the U.S. government's announcement of the Public Private Investment Partnership (PPIP) — designed to rid financial institutions of the "toxic" assets on their balance sheets — proved favorable for CMBS as well as for other non-Treasury segments of the fixed-income market.

Meanwhile, high-yield bonds enjoyed a strong rally for the quarter, generating a nearly 6% absolute return.¹⁰ A positive tone in the equity market, and feeling among some investors that the sector was "oversold," contributed to high yield's strong results.

⁷ As measured by the MSCI Emerging Markets Index

⁸ As measured by the MSCI EAFE Index

⁹ As measured by the Barclays Capital Aggregate Bond Index

¹⁰ As measured by the Barclays U.S. Corporate High Yield Index

Market & Performance Commentary

Performance versus Index

Index	As of March 31, 2009	
	Q1 2009 (%)	Last 12 months ending 3/31/2009 (%)
Russell 3000 Index (Broad Market)	-10.8	-38.2
S&P 500 Index (Quality Large Caps)	-11.0	-38.1
NASDAQ Composite	-3.1	-32.9
Russell Mid-Cap Index	-9.0	-40.8
Russell 2000 Index (Small Caps)	-14.9	-37.5
Russell 1000 Value	-16.8	-42.4
Russell 1000 Growth	-4.1	-34.3
MSCI EAFE (Core International)	-13.9	-46.5
MSCI Emerging Markets (Developing Economies)	1.0	-47.1
MSCI US REIT	-32.7	-59.1
Citigroup 3 Month T-Bill	0.1	1.1
Barclays Capital US Tips	5.5	-2.0
Barclays Capital Long-Term Treasury	-2.6	15.1
Barclays Capital Aggregate Bond	0.1	3.1
Barclays Capital High Yield	6.0	-19.3

First Quarter 2009 Performance Summary

The portfolios of Principal Financial Advisors, Inc. lagged their target indexes during the quarter. Though our equity-focused portfolios generated the weakest absolute returns, they posted better index-relative performance than our fixed-income-focused portfolios.

Market & Performance Commentary

While the fixed-income segment of our portfolios remains troublesome, we saw positive trends as our performance gap relative to the index shrunk dramatically during the period. In March, when non-Treasury sectors were significantly in favor, our fixed-income segment outperformed the Barclays Capital Aggregate Bond Index. In addition to the positive short-term performance results, we remain enthused about portfolio changes we announced previously: reduced exposure to the Bond and Mortgage Separate Account, sub-advised by Principal Global Investors; fixed-income diversification through the addition of the Core Plus Bond I Separate Account, sub-advised by PIMCO; and, the addition of BlackRock as sub-advisor on the Inflation Protection Separate Account (in place of Principal Global Investors).

Also, we began reducing our preferred securities exposure by transitioning out of the Preferred Securities Separate Account, sub-advised by Spectrum Asset Management. As previously communicated, preferred securities have experienced tremendous volatility in the past 21 months, and our portfolios' small allocation has been a drag on results. These longer-term strategic moves may reduce fixed-income volatility within our portfolios.

U.S. Equity Performance

Our U.S. equity segment outpaced the broad Russell 3000 Index. The LargeCap Growth I Separate Account, sub-advised by T. Rowe Price, was the most significant contributor. Strong stock selection in consumer discretionary, health care and financials — along with favorable sector allocation — boosted results. Similarly, the LargeCap Growth Separate Account, sub-advised by Columbus Circle Investors, added to performance. Offsetting these positive strategies were the LargeCap Value I Separate Account, sub-advised by UBS, and the LargeCap Value III Separate Account, co-sub-advised by Alliance Bernstein and Westwood Asset Management. Although both options outperformed the value index, they significantly trailed the broad equity index.

Emerging Markets Lead the International Equity Segment

The international equity segment outperformed the MSCI EAFE Index, led by our emerging markets exposure. Although the International Emerging Markets Separate Account, sub-advised by Principal Global Investors, trailed its asset-specific index, it handily beat the broad MSCI EAFE index, reflecting the quarter's rally in emerging markets.

Fixed-Income Segment Suffers

The fixed-income segment lagged the Barclays Capital Aggregate Bond Index for the quarter. The primary detractor was our allocation to the Preferred Securities Separate Account. Preferred securities — which are issued almost exclusively by financial services companies — suffered dramatically as concerns mounted that a massive nationalization of the world's financial system was looming, with potentially devastating effects for preferred investors. Throughout the quarter we reduced our preferred securities weighting, and we expect to have no exposure by mid-2009. Our core bond options also lagged the index. In the Bond and Mortgage Separate Account, an overweight to commercial mortgage-backed securities (CMBS) — the worst-performing segment of the investment-grade fixed-income market — was particularly harmful to results. In the Core Plus Bond I Separate Account, results were hindered by a higher allocation to U.S. Treasuries and agencies than in the benchmark index, as well as by a modest exposure to preferred securities.

Market & Performance Commentary

Effective September 30, 2008, the Bond and Mortgage Separate Account was placed on the Quantitative Watch List by Principal Life Insurance Company (Principal Life). To help offset its underperformance, we utilized the new core bond investment option, the Core Plus Bond I Separate Account, available through the investment platform of Principal Life. This Separate Account was added to portfolios of Principal Financial Advisors in December 2008 and will reach its target weight of 50% of the core bond allocation in the first half of 2009.¹¹

An allocation to the High Yield I Separate Account, co-sub-advised by Lehman Brothers and JP Morgan, benefited the portfolio's fixed-income performance. High yield rallied significantly during the period as some investors took advantage of near-record spread levels, despite a gloomy fundamental backdrop.

Real Estate Options Hinder Performance

The Real Estate Securities Separate Account, sub-advised by Principal Real Estate Investors, outperformed its index but posted a substantially negative absolute return. The U.S. Property Separate Account, sub-advised by Principal Real Estate Investors, posted its fourth consecutive negative absolute quarterly return (following a prior run of 65 consecutive quarters of positive returns), and significantly lagged the Barclays Capital Aggregate Bond Index. The investment option continued to experience write-downs on multiple portfolio assets, reflecting a re-pricing of risk by the market and higher required rates of return for private real estate. This investment option was placed on the Qualitative Watch List by Principal Life in October 2008 due to its implementation of withdrawal limitations. We are closely watching the option.

Last 12 Months Ending March 31, 2009

Our portfolios lagged their custom benchmarks, with the fixed-income-focused portfolios generating the worst index-relative returns. Overall, the 12-month period was extremely volatile and difficult for non-Treasury fixed-income sectors. In this environment our strategy of underweighting Treasuries in favor of higher-yielding sectors was severely out-of-favor.

U.S. Equities Lag Benchmark

The U.S. equity portion of the portfolios trailed the Russell 3000 Index. Our allocation to large-cap value stocks hindered results, as this asset class lagged the broad equity index. The LargeCap Value I Separate Account was the largest detractor due to weak sector allocation. The LargeCap Value III Separate Account also underperformed, due primarily to weak security selection in the energy and materials sectors. On a positive note, the LargeCap Growth I Separate Account outperformed.

¹¹ May not be available in all states or U.S. Commonwealths

Market & Performance Commentary

International Equities Dampen Results

All of our international options lagged the MSCI EAFE Index for the 12-month period. Once again, the International Growth Separate Account, sub-advised by Principal Global Investors, detracted the most. Poor stock selection hindered results. The International Emerging Markets Separate Account suffered from weak stock selection in all sectors except for information technology. The International I Separate Account, sub-advised by Fidelity (Pyramis Global Adv), also experienced weak stock selection, particularly in industrials.

Fixed Income Hampers Performance

The fixed-income segment suffered materially during the 12-month period. Beginning with the onset of the credit crunch in mid-2007, U.S. Treasury debt performed best within fixed income, so a strategy of underweighting Treasuries in favor of historically higher-yielding sectors was not rewarded. While all of our fixed-income investment options lagged the Barclays Capital Aggregate Bond Index, the Bond and Mortgage Separate Account detracted the most. An overweight to some of the worst-performing sectors in the fixed-income universe — such as CMBS — and an out-of-index exposure to high-yield corporate bonds hampered results. The Inflation Protection Separate Account also dampened performance significantly as the portfolio's focus on non-TIPS securities was not rewarded.

Negative Absolute Returns in the Real Estate Segment

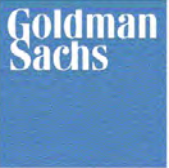



Due to favorable defensive positioning the Real Estate Securities Separate Account outpaced its index. The U.S. Property Separate Account materially lagged the broad fixed-income market due to asset value depreciation. Both options generated negative absolute returns.

Our Goal: Strong Long-Term Performance



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

Due Diligence Update

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

Investment Manager	Investment Option	Action Taken
 <p>Goldman Sachs Asset Management</p>	<p>LargeCap Blend I Separate Account</p>	<p>Placed on Watch List in March 2008; Removed from Watch List in December 2008 – This Separate Account received a quantitative grade of "Less Favorable" for three out of four quarters. From November 30, 2002 to November 13, 2006, Wellington Management sub-advised 30% of the investment option and historically their portion was a key underperformance driver, leading to Wellington's removal in November 2006. Goldman had a disappointing 2007 which resulted in continued underperformance. Performance notably improved in 2008. The due diligence team of Principal Life Insurance Company (Principal Life) removed this investment option from the Watch List effective December 31, 2008.</p>
 <p>AB ALLIANCEBERNSTEIN Investments</p> <p> WESTWOOD MANAGEMENT®</p>	<p>LargeCap Value III Separate Account</p>	<p>Removed from Watch List in June 2008 – Although AllianceBernstein has historically been a strong value manager, periods of underperformance triggered placement on the Watch List in June 2007. The due diligence team of Principal Life sought a complementary investment manager who would help to avoid extended periods of underperformance without drastically reducing the potential for outperformance. Westwood Management Corp. was added as a second sub-advisor effective July 15, 2008, and this investment option was removed from the Watch List.</p>
 <p>BLACKROCK</p>	<p>Inflation Protection Separate Account</p>	<p>Placed on Watch List in June 2008; Hired BlackRock and removed from Watch List in December 2008 – This Separate Account, sub-advised by Principal Global Investors, received a quantitative grade of "Less Favorable" for three out of four quarters and was placed on the Watch List in June 2008. Amidst a staggering credit crunch, the strategy of underweighting government securities in favor of what were believed to be higher-yielding asset classes proved detrimental to performance. Following an in-depth review the due diligence team of Principal Life found it prudent to replace the sub-advisor. BlackRock was selected as the new sub-advisor effective December 31, 2008, and this investment option was removed from the Watch List.</p>

Due Diligence Update

 <p>Principal <i>Global Investors</i>SM</p>	<p>Bond and Mortgage Separate Account</p>	<p>Placed on Watch List in September 2008 – This Separate Account received a quantitative grade of "Less Favorable" for three out of four quarters. Amidst a staggering credit crunch, the strategy of underweighting government securities in favor of what were believed to be higher-yielding asset classes proved detrimental to performance.</p>
 <p>T.RowePrice INVEST WITH CONFIDENCE</p>	<p>LargeCap Growth I Separate Account</p>	<p>Placed on Watch List in September 2008; Removed from Watch List in March 2009 – T.Rowe Price took over management duties for this investment option in late 2004. This Separate Account received a quantitative grade of "Less Favorable" for three out of four quarters and was placed on the Watch List in September 2008. Underperformance resulted from sector weightings relative to the index and negative stock selection. However, performance has since improved becoming consistent with expectations. Principal Life removed this investment option from the Watch List in March 2009.</p>
<p>Principal Real Estate Investors</p>	<p>U.S. Property Separate Account</p>	<p>Placed on Watch List in September 2008 – This Separate Account, which invests primarily in owned real estate, experienced liquidity issues caused by a marked slowdown in commercial real estate sales. At the same time, cash flows out of the Separate Account have outpaced new contributions. This combination of factors prompted Principal Life to implement a withdrawal limitation for the first time in the 26-year history of the Separate Account. As a result, Principal Life believed placement on the Watch List for further monitoring was prudent.</p>

Investment Option Performance

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

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

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Investment Advisor	Investment Option	Rates of Return through 03/31/2009							Percentile Rankings as of 03/31/2009					Total Inv. Expense Gross	
		Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.		
Large U.S. Equity															
Large Value															
AllianceBernstein / Westwood	LargeCap Value III Separate Account-R6 ^{2, 16, 21, 31}	-15.25	-44.28	-17.75	-7.52	-	-2.51	12/29/2000	-	87	86	88	-	0.94	
	Russell 1000 Value Index	-16.77	-42.42	-15.40	-4.94	-0.62	-	-	-	-	-	-	-	-	
UBS Global Asset Mgmt (NY)	LargeCap Value I Separate Account-R6 ¹⁴	-15.32	-43.08	-16.56	-	-	-5.90	06/01/2004	-	81	78	-	-	0.96	
	Russell 1000 Value Index	-16.77	-42.42	-15.40	-4.94	-0.62	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Large Value	-12.73	-39.36	-14.33	-4.89	-0.52	Total Funds in Category	1489	1425	1192	964	459	-		
Large Blend															
Goldman Sachs Asset Mgt	LargeCap Blend I Separate Account-R6 ⁹	-12.14	-37.83	-14.55	-5.35	-5.25	2.43	06/01/1995	-	45	68	63	93	0.76	
	Standard & Poor's 500 Index	-11.01	-38.09	-13.06	-4.76	-3.00	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Large Blend	-10.01	-38.13	-13.61	-4.92	-2.24	Total Funds in Category	2187	2071	1723	1371	695	-		
Large Growth															
Columbus Circle Investors	LargeCap Growth Separate Account-R6 ²³	-5.37	-38.21	-11.35	-2.58	-4.34	3.42	06/01/1995	-	71	30	15	60	0.71	
	Russell 1000 Growth Index	-4.12	-34.28	-11.28	-4.38	-5.26	-	-	-	-	-	-	-	-	
T. Rowe Price Associates, Inc.	LargeCap Growth I Separate Account-R6 ²	0.94	-32.55	-12.25	-4.39	-	-5.68	12/29/2000	-	20	45	45	-	0.90	
	Russell 1000 Growth Index	-4.12	-34.28	-11.28	-4.38	-5.26	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Large Growth	-4.58	-35.94	-12.69	-4.54	-3.55	Total Funds in Category	1866	1770	1491	1229	615	-		
Small/Mid U.S. Equity															
Mid Cap Value															
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 ^{1, 12, 24}	-11.73	-37.31	-14.57	-3.67	1.03	7.67	01/01/1991	-	34	41	40	100	0.81	
	Russell Midcap Value Index	-14.67	-42.51	-16.68	-3.81	3.13	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Mid Cap Value	-11.31	-38.65	-15.19	-4.38	4.40	Total Funds in Category	470	441	334	239	82	-		
Mid Cap Growth															
Turner/Mellon Capital Mgmt	MidCap Growth III Separate Account-R6 ^{1, 11, 25}	-4.73	-43.65	-16.67	-4.84	-	-2.61	10/28/1999	-	84	75	62	-	1.17	
	Russell Midcap Growth Index	-3.36	-39.58	-14.89	-3.91	-0.86	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Mid Cap Growth	-4.32	-38.47	-14.71	-4.13	0.19	Total Funds in Category	938	906	805	673	331	-		

Investment Option Performance

Investment Advisor	Investment Option	Rates of Return through 03/31/2009							Percentile Rankings as of 03/31/2009					Total Inv. Expense Gross	
		Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.		
Small Value															
JP Morgan/Mellon Capital Mgmt	SmallCap Value I Separate Account-R6 ^{1, 2, 15}	-19.62	-41.22	-19.84	-6.62	-	2.19	12/31/2002	-	75	70	67	-	1.22	
	Russell 2000 Value Index	-19.64	-38.89	-17.54	-5.30	4.87	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Small Value	-15.63	-38.57	-17.30	-5.25	5.02	Total Funds in Category	444	423	349	269	126	-		
Small Growth															
UBS/Emerald/Essex	SmallCap Growth II Separate Account-R6 ^{1, 2, 7}	-9.07	-39.38	-18.98	-6.51	-	-5.58	12/29/2000	-	70	72	55	-	1.19	
	Russell 2000 Growth Index	-9.74	-36.36	-16.20	-5.37	-1.60	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Small Growth	-8.48	-37.62	-17.22	-6.00	0.94	Total Funds in Category	831	801	678	566	293	-		
International Equity															
Diversified Emerging Markets															
Principal Global Investors	International Emerging Markets Separate Account-R6 ³	-1.38	-49.30	-9.44	6.03	8.47	7.65	01/01/1995	-	47	41	19	38	1.51	
	MSCI - Emerging Markets NDTR D Index	0.95	-47.07	-8.15	5.90	7.83	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Diversified Emerging Markets	-1.50	-49.58	-10.41	4.05	7.78	Total Funds in Category	386	318	237	198	115	-		
Foreign Large Value															
AXA Rosenberg/Causeway	International Value I Separate Account-R6 ^{3, 14}	-15.69	-	-	-	-	-25.60	09/30/2008	-	-	-	-	-	1.37	
	MSCI EAFE Value Index	-15.53	-47.72	-15.92	-2.49	0.59	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Foreign Large Value	-14.00	-45.71	-14.74	-2.41	1.39	Total Funds in Category	355	311	235	197	108	-		
Foreign Large Blend															
Fidelity (Pyramis Global Adv)	International I Separate Account-R6 ^{3, 14, 18, 29}	-15.25	-48.02	-14.49	-2.72	-	-1.02	07/01/1999	-	62	42	53	-	1.30	
	MSCI - EAFE Index NDTR D	-13.94	-46.51	-14.47	-2.18	-0.84	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Foreign Large Blend	-13.30	-46.46	-14.74	-2.48	-0.77	Total Funds in Category	855	789	584	455	241	-		
Foreign Large Growth															
Principal Global Investors	International Growth Separate Account-R6 ^{2, 3}	-14.30	-49.91	-16.84	-2.19	-	-1.64	12/29/2000	-	80	82	42	-	1.18	
	MSCI World Ex US Growth Index	-11.71	-45.28	-12.65	-1.43	-2.00	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Foreign Large Growth	-9.50	-46.86	-14.15	-2.55	-0.67	Total Funds in Category	284	261	212	164	82	-		
Real Estate															
Owned Real Estate															
Principal Real Estate Inv	U.S. Property Separate Account-R6 ⁵	-12.17	-24.38	-1.16	5.41	6.80	6.46	01/01/1982	-	-	-	-	-	1.15	
	NCREIF Open End Benchmark	-9.21	-17.46	2.37	7.88	8.30	-	-	-	-	-	-	-	-	
Real Estate															
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 ^{2, 8}	-29.34	-53.27	-22.96	-6.32	-	1.95	12/31/2002	-	9	11	8	-	1.15	
	MSCI US REIT Index	-32.73	-59.14	-25.73	-9.09	3.53	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Real Estate	-29.54	-58.44	-26.11	-9.73	3.38	Total Funds in Category	280	266	229	200	87	-		

Investment Option Performance

Investment Advisor	Investment Option	Rates of Return through 03/31/2009							Percentile Rankings as of 03/31/2009					Total Inv. Expense Gross	
		Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.		
	Fixed Income														
	High Yield Bond														
JP Morgan/Lehman Brothers	High Yield I Separate Account-R6 ^{4, 14, 17, 19, 20, 30}	6.53	-13.06	-2.56	-	-	-0.38	12/31/2004	-	12	11	-	-	0.82	
	Barclays Capital US Corp High Yld 2% Issuer Capped Index	6.61	-18.56	-4.45	-0.03	2.75	-	-	-	-	-	-	-	-	
	Morningstar Category Average - High Yield Bond	3.58	-20.97	-6.20	-1.42	0.99	Total Funds in Category		572	549	473	405	259	-	
	Intermediate-Term Bond														
PIMCO	Core Plus Bond I Separate Account-R6 ^{14, 17, 20}	-0.58	-	-	-	-	5.32	09/30/2008	-	-	-	-	-	0.87	
	Barclays Capital Aggregate Bond Index	0.12	3.13	5.78	4.13	5.70	-	-	-	-	-	-	-	-	
Principal Global Investors	Bond and Mortgage Separate Account-I2 ^{17, 20}	-0.32	-11.78	-1.80	-0.24	3.56	7.83	02/01/1983	-	86	84	83	74	0.55	
	Barclays Capital Aggregate Bond Index	0.12	3.13	5.78	4.13	5.70	-	-	-	-	-	-	-	-	
Spectrum	Preferred Securities Separate Account-R6 ^{2, 17, 20}	-13.53	-34.73	-13.16	-7.57	-	-3.20	05/31/2002	-	98	98	98	-	0.90	
	Preferreds Blended Index	-22.96	-44.46	-18.36	-10.62	-	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Intermediate-Term Bond	0.08	-4.94	1.34	1.36	3.92	Total Funds in Category		1187	1139	993	856	467	-	
	Inflation-Protected Bond														
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 ^{14, 17, 20, 32}	-0.18	-17.61	-3.91	-	-	-2.76	12/31/2004	-	94	95	-	-	0.58	
	Barclays Capital US Treas TIPS Index	5.52	-2.04	5.72	4.15	7.32	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Inflation-Protected Bond	4.01	-4.82	3.96	3.17	5.62	Total Funds in Category		162	159	135	68	13	-	

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

Please see important disclosures at the end of this presentation.

Calendar Year Performance Report

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

Investment Advisor	Investment Option	Calendar Year Performance										Inception Date
		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	
Large U.S. Equity												
Large Value												
AllianceBernstein / Westwood	LargeCap Value III Separate Account-R6 ^{2, 16, 21, 31}	-40.90	-3.91	21.72	5.18	13.18	27.48	-13.58	5.52	-	-	12/29/2000
UBS Global Asset Mgmt (NY)	LargeCap Value I Separate Account-R6 ¹⁴	-39.34	0.31	18.01	9.75	-	-	-	-	-	-	06/01/2004
	Morningstar Category Average - Large Value	-37.09	1.42	18.15	5.95	12.97	28.44	-18.69	-4.99	7.87	6.72	
	Total Funds in Category	1433	1432	1371	1296	1220	1050	961	892	809	638	
Large Blend												
Goldman Sachs Asset Mgt	LargeCap Blend I Separate Account-R6 ⁹	-35.84	0.62	14.60	6.51	12.12	28.46	-25.25	-17.62	-12.19	9.58	06/01/1995
	Morningstar Category Average - Large Blend	-37.79	6.16	14.17	5.88	10.02	27.05	-22.25	-13.50	-6.31	20.16	
	Total Funds in Category	2086	2090	1980	1743	1611	1526	1468	1345	1089	989	
Large Growth												
Columbus Circle Investors	LargeCap Growth Separate Account-R6 ²³	-42.84	23.02	9.67	11.82	9.16	25.98	-28.87	-25.55	-10.07	26.66	06/01/1995
T. Rowe Price Associates, Inc.	LargeCap Growth I Separate Account-R6 ²	-40.69	8.18	5.93	7.44	9.12	24.01	-27.76	-14.36	-	-	12/29/2000
	Morningstar Category Average - Large Growth	-40.67	13.35	7.05	6.71	7.81	28.66	-27.64	-22.30	-13.05	38.87	
	Total Funds in Category	1809	1748	1642	1495	1400	1311	1234	1064	805	633	
Small/Mid U.S. Equity												
Mid Cap Value												
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 ^{1, 12, 24}	-35.92	-0.59	16.00	13.15	16.34	29.08	-7.99	3.63	6.29	-7.34	01/01/1991
	Morningstar Category Average - Mid Cap Value	-36.77	0.83	15.87	8.82	17.85	33.85	-13.25	6.67	18.45	8.50	
	Total Funds in Category	442	405	375	310	320	331	311	261	233	223	
Mid Cap Growth												
Turner/Mellon Capital Mgmt	MidCap Growth III Separate Account-R6 ^{1, 11, 25}	-48.56	24.40	6.26	11.59	11.41	49.44	-32.65	-28.17	-3.54	-	10/28/1999
	Morningstar Category Average - Mid Cap Growth	-43.77	15.09	9.00	9.84	13.23	35.96	-27.24	-19.98	-4.78	60.49	
	Total Funds in Category	934	967	994	936	903	890	786	714	549	420	
Small Value												
JP Morgan/Mellon Capital Mgmt	SmallCap Value I Separate Account-R6 ^{1, 2, 15}	-32.24	-9.49	18.19	6.32	23.03	50.29	-	-	-	-	12/31/2002
	Morningstar Category Average - Small Value	-32.24	-6.08	16.27	6.40	21.14	42.38	-10.12	15.92	18.64	6.78	
	Total Funds in Category	438	438	389	348	307	303	273	261	241	229	
Small Growth												
UBS/Emerald/Essex	SmallCap Growth II Separate Account-R6 ^{1, 2, 7}	-42.31	5.64	8.79	6.88	11.00	45.09	-24.62	-20.42	-	-	12/29/2000
	Morningstar Category Average - Small Growth	-41.55	7.59	10.81	6.02	12.41	45.54	-27.88	-8.91	-3.85	64.77	
	Total Funds in Category	834	829	763	723	711	696	630	560	470	365	

Calendar Year Performance Report

Investment Advisor	Investment Option	Calendar Year Performance										Inception Date
		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	
International Equity												
Diversified Emerging Markets												
Principal Global Investors	International Emerging Markets Separate Account-R6 ³	-54.93	41.60	36.36	35.09	25.63	58.03	-7.18	-4.68	-29.19	62.51	01/01/1995
	Morningstar Category Average - Diversified Emerging Markets	-54.44	36.68	32.06	31.54	23.54	55.19	-6.05	-3.83	-30.33	70.56	
	Total Funds in Category	312	274	242	212	202	196	184	175	159	150	
Foreign Large Value												
AXA Rosenberg/Causeway	International Value I Separate Account-R6 ^{3, 14}	-	-	-	-	-	-	-	-	-	-	09/30/2008
	Morningstar Category Average - Foreign Large Value	-42.41	9.01	25.98	13.19	21.99	39.07	-12.37	-15.98	-6.76	30.02	
	Total Funds in Category	307	280	215	181	169	156	154	130	117	102	
Foreign Large Blend												
Fidelity (Pyramis Global Adv)	International I Separate Account-R6 ^{3, 14, 18, 29}	-44.35	15.06	26.36	13.40	18.44	44.11	-20.25	-20.29	-18.60	41.90	07/01/1999
	Morningstar Category Average - Foreign Large Blend	-43.99	12.71	24.77	14.72	17.39	33.58	-16.69	-21.67	-16.34	40.28	
	Total Funds in Category	778	743	657	608	551	504	482	439	396	340	
Foreign Large Growth												
Principal Global Investors	International Growth Separate Account-R6 ^{2, 3}	-47.02	12.32	24.16	22.14	22.64	38.97	-16.18	-21.06	-	-	12/29/2000
	Morningstar Category Average - Foreign Large Growth	-46.56	16.26	23.95	15.23	16.23	33.83	-19.15	-24.05	-21.04	49.56	
	Total Funds in Category	251	220	243	213	221	226	214	191	161	149	
Real Estate												
Owned Real Estate												
Principal Real Estate Inv	U.S. Property Separate Account-R6 ⁵	-13.23	13.42	15.14	18.61	12.52	8.26	3.77	6.56	12.01	10.35	01/01/1982
	Morningstar Category Average - Owned Real Estate	9.95	26.92	-2.83	-	-	-	-	-	-	-	
	Total Funds in Category	-	-	-	-	-	-	-	-	-	-	
Real Estate												
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 ^{2, 8}	-32.82	-17.73	36.03	15.28	33.69	37.83	-	-	-	-	12/31/2002
	Morningstar Category Average - Real Estate	-39.55	-14.66	33.58	11.51	32.02	36.80	4.54	10.00	27.02	-2.76	
	Total Funds in Category	265	372	306	279	252	206	168	152	138	125	
Fixed Income												
High Yield Bond												
JP Morgan/Lehman Brothers	High Yield I Separate Account-R6 ^{4, 14, 17, 19, 20, 30}	-20.12	2.37	8.71	3.91	-	-	-	-	-	-	12/31/2004
	Morningstar Category Average - High Yield Bond	-26.41	1.47	10.14	2.59	9.99	24.36	-1.52	2.39	-7.12	5.05	
	Total Funds in Category	559	542	549	518	493	455	425	414	365	342	

Calendar Year Performance Report

Investment Advisor	Investment Option	Calendar Year Performance										Inception Date
		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	
Intermediate-Term Bond												
PIMCO	Core Plus Bond I Separate Account-R6 ^{14, 17, 20}	-	-	-	-	-	-	-	-	-	-	09/30/2008
Principal Global Investors	Bond and Mortgage Separate Account-I2 ^{17, 20}	-13.06	3.83	4.72	2.64	5.02	5.21	9.91	8.40	11.99	-0.41	02/01/1983
Spectrum	Preferred Securities Separate Account-R6 ^{2, 17, 20}	-22.42	-8.14	6.77	1.46	4.20	10.55	-	-	-	-	05/31/2002
Morningstar Category Average - Intermediate-Term Bond		-4.70	4.70	4.15	1.80	3.91	5.10	8.04	7.64	9.44	-1.35	
Total Funds in Category		1135	1097	1092	1043	1035	952	784	706	614	561	
Inflation-Protected Bond												
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 ^{14, 17, 20, 32}	-18.00	5.77	0.27	2.28	-	-	-	-	-	-	12/31/2004
Morningstar Category Average - Inflation-Protected Bond		-4.08	9.86	0.09	2.09	7.48	7.15	14.81	7.27	12.36	1.80	
Total Funds in Category		160	156	140	109	69	44	18	15	13	13	

Please see important disclosures at the end of this presentation.

Calendar Year Percentile Ranks

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

Investment Advisor	Investment Option	Calendar Year Percentile Ranks										Inception Date
		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	
Large U.S. Equity												
Large Value												
AllianceBernstein / Westwood	LargeCap Value III Separate Account-R6 ^{2, 16, 21, 31}	80	85	10	55	45	52	13	7	-	-	12/29/2000
UBS Global Asset Mgmt (NY)	LargeCap Value I Separate Account-R6 ¹⁴	70	61	53	16	-	-	-	-	-	-	06/01/2004
Large Blend												
Goldman Sachs Asset Mgt	LargeCap Blend I Separate Account-R6 ⁹	26	90	46	38	21	28	82	82	84	87	06/01/1995
Large Growth												
Columbus Circle Investors	LargeCap Growth Separate Account-R6 ²³	71	9	25	14	36	59	59	68	36	68	06/01/1995
T. Rowe Price Associates, Inc.	LargeCap Growth I Separate Account-R6 ²	51	75	63	40	37	75	51	19	-	-	12/29/2000
Small/Mid U.S. Equity												
Mid Cap Value												
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 ^{1, 12, 24}	41	65	46	9	55	70	18	60	84	96	01/01/1991
Mid Cap Growth												
Turner/Mellon Capital Mgmt	MidCap Growth III Separate Account-R6 ^{1, 11, 25}	81	12	69	37	65	5	78	74	44	-	10/28/1999
Small Value												
JP Morgan/Mellon Capital Mgmt	SmallCap Value I Separate Account-R6 ^{1, 2, 15}	56	75	40	55	33	16	-	-	-	-	12/31/2002
Small Growth												
UBS/Emerald/Essex	SmallCap Growth II Separate Account-R6 ^{1, 2, 7}	58	58	63	42	60	44	35	82	-	-	12/29/2000
International Equity												
Diversified Emerging Markets												
Principal Global Investors	International Emerging Markets Separate Account-R6 ³	55	20	17	29	34	27	59	62	38	66	01/01/1995
Foreign Large Value												
AXA Rosenberg/Causeway	International Value I Separate Account-R6 ^{3, 14}	-	-	-	-	-	-	-	-	-	-	09/30/2008
Foreign Large Blend												
Fidelity (Pyramis Global Adv)	International I Separate Account-R6 ^{3, 14, 18, 29}	55	27	30	62	37	3	86	39	68	-	07/01/1999
Foreign Large Growth												
Principal Global Investors	International Growth Separate Account-R6 ^{2, 3}	50	80	39	8	8	24	24	27	-	-	12/29/2000
Real Estate												
Owned Real Estate												
Principal Real Estate Inv	U.S. Property Separate Account-R6 ⁵	-	-	-	-	-	-	-	-	-	-	01/01/1982
Real Estate												
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 ^{2, 8}	5	70	30	16	36	32	-	-	-	-	12/31/2002

Calendar Year Percentile Ranks

Investment Advisor	Investment Option	Calendar Year Percentile Ranks										Inception Date
		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	
	Fixed Income											
	High Yield Bond											
JP Morgan/Lehman Brothers	High Yield I Separate Account-R6 ^{4, 14, 17, 19, 20, 30}	14	34	81	15	-	-	-	-	-	-	12/31/2004
	Intermediate-Term Bond											
PIMCO	Core Plus Bond I Separate Account-R6 ^{14, 17, 20}	-	-	-	-	-	-	-	-	-	-	09/30/2008
Principal Global Investors	Bond and Mortgage Separate Account-I2 ^{17, 20}	89	78	19	9	14	34	16	25	8	21	02/01/1983
Spectrum	Preferred Securities Separate Account-R6 ^{2, 17, 20}	97	99	4	67	84	35	-	-	-	-	05/31/2002
	Inflation-Protected Bond											
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 ^{14, 17, 20, 32}	93	90	27	37	-	-	-	-	-	-	12/31/2004

Please see important disclosures at the end of this presentation.

Disclosures

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

+ This is not a foundation option. Guarantees are backed by all the assets in the Principal Life general account.

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- 1. Small-cap and mid-cap investment options are subject to more fluctuation in value and may have additional risks than other investment options with stocks of larger, more stable companies.*
- 2. 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.*
- 3. 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.*
- 4. High yield investment options are subject to greater credit risk associated with high yield bonds.*
- 5. 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. Payment of principal and earnings may be delayed.*
- 6. This investment option is not guaranteed by the Federal Deposit Insurance Corporation (FDIC), or any other government agency. Although this investment option seeks to preserve the value of an investment, it is possible to lose money by investing in this portfolio.*
- 7. Effective May 1, 2002, this portfolio was sub-advised solely by UBS Global Asset Management. Effective September 1, 2004, Emerald Advisers was added as an additional sub-advisor. Effective June 30, 2006, Essex was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.*
- 8. 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.*
- 9. Effective November 13, 2006, this portfolio is sub-advised by Goldman Sachs Asset Management. From November 18, 2002, to November 16, 2006, the portfolio was sub-advised by Goldman Sachs Asset Management and Wellington Management Company, LLP. The portfolio has had various sub-advisors since its inception. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.*
- 11. This Separate Account invests solely in the Institutional class shares of the Principal Funds. All voting rights associated with ownership of shares in the mutual fund are the rights of the Separate Account, not of contract holder investing in the Separate Account. For further information on the underlying mutual fund see the prospectus of the fund.*
- 12. Effective July 12, 2005, Barrow Hanley was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.*

14. *This Separate Account invests solely in the Institutional class shares of the Principal Funds. All voting rights associated with ownership of shares in the mutual fund are the rights of the Separate Account, not of contract holders investing in the Separate Account. For further information on the underlying mutual fund, see the prospectus of the fund.*
15. *Effective August 8, 2005, Mellon Capital Management was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.*
16. *From March 1, 2006, to December 31, 2007, Bank of New York served as a sub-advisor for managing the cash portion of this investment option.*
17. *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.*
18. *Effective March 31, 2007, references to Fidelity Management & Research as investment advisor were replaced with Fidelity (Pyramis Global Adv). This is a name change only and does not affect the management, objective, or strategy of this investment option.*
19. *Effective January 2, 2008, this portfolio is co-sub-advised by JP Morgan and Lehman Brothers. Prior to January 2, 2008 Post Advisory Group was a third sub-advisor for this portfolio. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.*
20. *Fixed-income and asset allocation investment options that invest in mortgage securities are subject to increased risk due to real estate exposure.*
21. *Formerly known as Large-Cap Value Separate Account.*
23. *Formerly known as Large Company Growth Separate Account.*
24. *Formerly known as Medium Company Value Separate Account.*
25. *Formerly known as Mid-Cap Growth Separate Account.*
29. *Formerly known as International Separate Account.*
30. *Formerly known as High Yield Separate Account.*
31. *Effective July 15, 2008, Westwood Management Corp. was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.*
32. *Effective December 31, 2008, this portfolio is sub-advised by BlackRock Financial Management, Inc. Prior to December 31, 2008, the portfolio was sub-advised by Principal Global Investors.*
34. *Principal Life Insurance Company may voluntarily waive a certain portion of its fees collected from the Money Market Separate Account on a temporary basis. The Total Investment Expense - Net may be lower when fees are waived.*
36. *The Money Market investment option is closed to new sales and existing clients not currently offering the option within their retirement plans, effective April 1, 2009. Existing clients already offering the money market investment option within their plan can continue to have contributions directed to this investment option at this time. As of July 1, 2009 the money market investment option will be closed for any client that does not have retirement funds in the investment option on that date.*

Benchmark Descriptions

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

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

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

Blended Real Estate Index is composed of 75% NCREIF Open End Index and 25% MSCI US REIT Index. The NCREIF Open-end Benchmark is the open-end fund component of the NCREIF Property Index that consists of U.S. commercial real estate properties that have been acquired, at least in part, on behalf of tax-exempt institutions and are held in a fiduciary environment. The universe of properties includes wholly owned and joint venture investments, operating properties only (no development projects) and investment grade (no-agricultural) income-producing properties in the Multi-family, Industrial, Office and Retail sectors. The MSCI US REIT Index is a capitalization-weighted benchmark index of most actively traded Real Estate Investment Trusts (REITs), designed to measure real estate performance.

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

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

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

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

NCREIF Open End Benchmark is the open-end fund component of the NCREIF Property Index that consists of U.S. commercial real estate properties that have been acquired, at least in part, on behalf of tax-exempt institutions and are held in a fiduciary environment. The universe of properties includes wholly owned and joint venture investments, operating properties only (no development projects) and investment grade (no-agricultural) income-producing properties in the Multi-family, Industrial, Office and Retail sectors.

Preferreds Blended Index is composed of 65% Merrill Lynch Fixed Rate Preferred Securities Index and 35% Barclays Capital U.S. Tier I Capital Securities Index.

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

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

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

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

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

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

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

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

Simplified Index is composed of:

04/01/2004 - 05/31/2006 30% Russell 3000 Index and 70% Barclays Capital Aggregate Bond Index.

06/01/2006 - 03/31/2009 50% Russell 3000 Index and 50% Barclays Capital Aggregate Bond Index.

Weighted Index is composed of:

04/01/2004 - 05/31/2006 25.1% Russell 3000 Index, 4% MSCI EAFE Index, 4% NCREIF Open End Index, 0.9% MSCI US REIT Index, and 66% Barclays Capital Aggregate Bond Index.

06/01/2006 - 02/28/2007 40.3% Russell 3000 Index, 8% MSCI EAFE Index, 5% NCREIF Open End Index, 1.7% MSCI US REIT Index, and 45% Barclays Capital Aggregate Bond Index.

03/01/2007 - 03/31/2009 37.3% Russell 3000 Index, 11.2% MSCI EAFE Index, 5.5% NCREIF Open End Index, 1.5% MSCI US REIT Index, and 44.5% Barclays Capital Aggregate Bond Index.

LargeCap Value III Separate Account-R6 as of 03/31/2009

Investment Strategy

The investment seeks long-term growth of capital. The fund generally invests at least 80% of assets in companies with large market capitalizations (those with market capitalizations similar to companies in the Russell 1000 Value index) at the time of purchase. The fund may invest up to 25% of assets in securities of foreign companies.



Portfolio managers

Marilyn G. Fedak, CFA. Since 12/06/2000. M.B.A., Harvard Business School

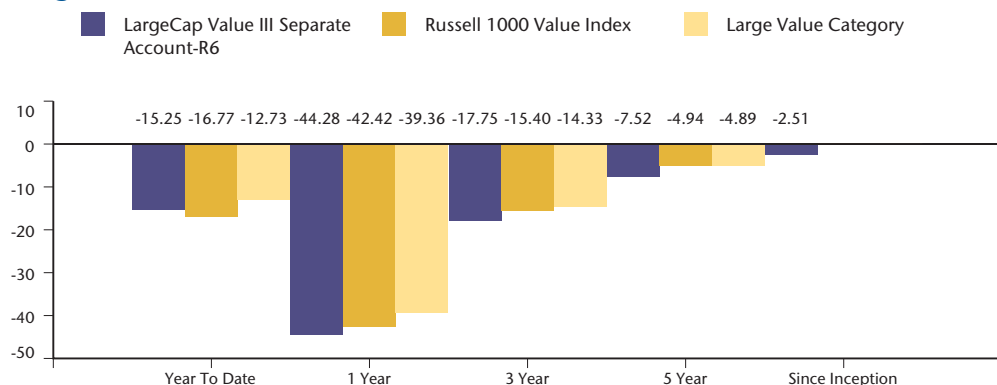
John D. Phillips Jr., CFA. Since 11/01/2002. M.B.A., Harvard U

Susan M. Byrne Since 07/15/2008. , U of CA, Berkeley

Mark R. Freeman, CFA. Since 07/15/2008. M.S., Louisiana State U

Scott Lawson, CFA. Since 07/15/2008. M.B.A., St. Louis U

Long-term returns % as of 03/31/2009



Performance disclosure

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

In situations where the net and gross total investment expense figures are different, the mutual fund or the 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 based on net total investment expense.

Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-15.25	-44.28	-17.75	-7.52	-2.51
Russell 1000 Value Index %	-16.77	-42.42	-15.40	-4.94	-
Large Value Category %	-12.73	-39.36	-14.33	-4.89	-
Morningstar Percentile Rankings	-	87	86	88	-
# of Funds in Category	1489	1425	1192	964	-

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-40.90	-3.91	21.72	5.18	13.18
Russell 1000 Value Index %	-36.85	-0.17	22.25	7.05	16.49
Large Value Category %	-37.09	1.42	18.15	5.95	12.97
Morningstar Percentile Rankings	80	85	10	55	45
# of Funds in Category	1433	1432	1371	1296	1220

Morningstar percentile rankings are based on total returns.

Morningstar category

Large Value

Morningstar Style Box™

As of 02/28/2009

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2009 Relative to Russell 1000 Value Index

	3Yr	5Yr
Alpha	-2.87	-2.76
Beta	0.99	1.00
R-Squared	98.75	98.80
Standard Deviation	18.84	15.75
Mean	-17.75	-7.52
Sharpe Ratio	-1.12	-0.62
Excess Return	-2.35	-2.58
Excess Risk	2.08	1.71
Information Ratio	-1.13	-1.51

Operations

Total Investment Expense Net	0.94%
Total Investment Expense Gross	0.94%
Inception Date	12/29/2000
Total Net Assets (mil)	\$1,494.97



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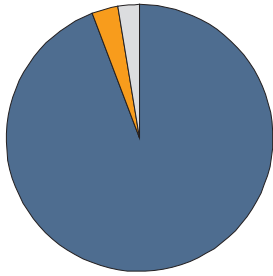
Risk and return statistical data is provided by Markov Processes International (MPI).

LargeCap Value III Separate Account-R6 as of 03/31/2009

Portfolio information†

Composition as of
02/28/2009

% of Assets	
U.S. Stocks	94.22
Non-U.S. Stocks	3.12
Cash	2.66



Top ten holdings	% of net assets
1. ExxonMobil Corporation	5.53
2. AT&T, Inc.	4.29
3. Chevron Corporation	3.65
4. Johnson & Johnson	2.54
5. J.P. Morgan Chase & Co.	2.48
6. S & P 500 FUTURE MAR09	2.36
7. Verizon Communications Inc.	2.15
8. ConocoPhillips	2.02
9. The Travelers Companies, Inc.	2.00
10. Pfizer Inc.	1.96
% of net assets in top ten holdings*	28.97

Analysis	
# of Stock Hldgs	131
# of Bond Hldgs	0
# of Other Hldgs	4
GeoAvgCap (mil)	\$34,323.02
Turnover Ratio	55%
P/C Ratio	3.90
P/E Ratio	9.21
P/B Ratio	1.25

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	4.15	Healthcare	12.56	Consumer Goods	11.01
Hardware	5.57	Consumer Services	8.83	Industrial Materials	7.55
Media	2.66	Business Services	3.81	Energy	17.62
Telecom	7.41	Financial Services	14.68	Utilities	4.13

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

The full name of this investment option is Principal LargeCap Value III Separate Account-R6.

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.

Alpha - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index. **Excess Risk** - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

† Portfolio holdings are subject to change and companies referenced in this report may not currently be held. Information is current as of the creation of this piece. Keep in mind that portfolio holdings are subject to risk. For a complete list of the most recent publicly available holdings visit www.principal.com.

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.

From March 1, 2006, to December 31, 2007, Bank of New York served as a sub-advisor for managing the cash portion of this investment option.

Formerly known as Large-Cap Value Separate Account.

Effective July 15, 2008, Westwood Management Corp. was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.

* Values may exceed 100% if both long and short positions are included in the portfolio.

International Value I Separate Account-R6 as of 03/31/2009

Investment Strategy

The investment seeks long-term growth of capital. The fund invests in the securities of foreign companies. Subadvisor Causeway may invest up to 30% of assets allocated to it in securities of companies located in any one country, except this limit is 35% in the U.K., and up to 10% in emerging markets. It also invests in forward foreign currency contracts or other derivatives for hedging and other purposes. AXA Rosenberg will typically invest assets allocated to it in approximately 21 different countries across three regions, and employs a bottom-up approach to investing. The fund may engage in active trading of its portfolio.



Portfolio managers

James Doyle Since 09/30/2008. M.B.A., Wharton S

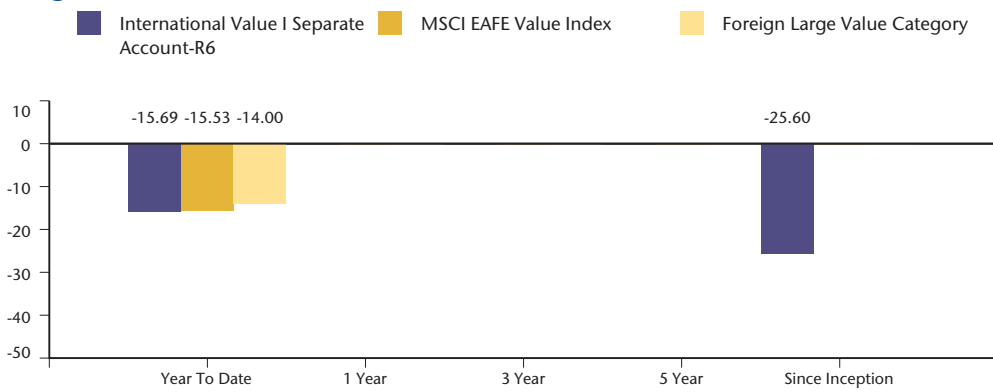
Kevin Durkin Since 09/30/2008. M.B.A., U of Chicago

Jonathan Eng Since 09/30/2008. M.B.A., UCLA

Harry Hartford Since 09/30/2008. M.S., Oklahoma State U

Sarah H. Ketterer Since 09/30/2008. M.B.A., Dartmouth C

Long-term returns % as of 03/31/2009



Performance disclosure

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

In situations where the net and gross total investment expense figures are different, the mutual fund or the 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 based on net total investment expense.

Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-15.69	-	-	-	-25.60
MSCI EAFE Value Index %	-15.53	-47.72	-15.92	-2.49	-
Foreign Large Value Category %	-14.00	-45.71	-14.74	-2.41	-
Morningstar Percentile Rankings	-	-	-	-	-
# of Funds in Category	355	311	235	197	-

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-	-	-	-	-
MSCI EAFE Value Index %	-44.09	5.96	30.38	13.80	24.33
Foreign Large Value Category %	-42.41	9.01	25.98	13.19	21.99
Morningstar Percentile Rankings	-	-	-	-	-
# of Funds in Category	307	280	215	181	169

Morningstar percentile rankings are based on total returns.

Morningstar category

Foreign Large Value

Morningstar Style Box™

As of 02/28/2009

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2009 Relative to MSCI EAFE Value Index

	3Yr	5Yr
Alpha	-	-
Beta	-	-
R-Squared	-	-
Standard Deviation	-	-
Mean	-	-
Sharpe Ratio	-	-
Excess Return	-	-
Excess Risk	-	-
Information Ratio	-	-

Operations

Total Investment Expense Net	1.29%
Total Investment Expense Gross	1.37%
Contractual Cap Expiration Date	02/28/2010
Waiver Expiration Date	02/28/2010
Inception Date	09/30/2008
Total Net Assets (mil)	\$434.94



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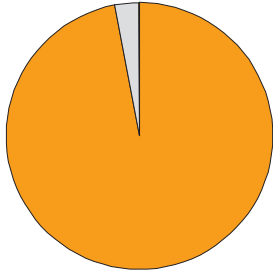
Risk and return statistical data is provided by Markov Processes International (MPI).

International Value I Separate Account-R6 as of 03/31/2009

Portfolio information[†]

Composition as of
02/28/2009

% of Assets	
Non-U.S. Stocks	96.96
Cash	2.95
Other	0.09



Top ten holdings

	% of net assets
1. Vodafone Group PLC	2.79
2. France Telecom SA	2.74
3. Sanofi-Aventis	2.11
4. Royal Dutch Shell PLC B	2.09
5. Technip	1.98
6. Telefonica, S.A.	1.92
7. E.ON AG	1.86
8. Zurich Financial Services	1.82
9. HSBC Holdings PLC	1.80
10. Vinci	1.76
% of net assets in top ten holdings*	20.87

Analysis

# of Stock Hldgs	417
# of Bond Hldgs	0
# of Other Hldgs	2
GeoAvgCap (mil)	\$16,597.34
Turnover Ratio	33%
P/C Ratio	3.51
P/E Ratio	8.67
P/B Ratio	0.89

Top 5 Countries

	% of net assets
Japan	22.02
United Kingdom	16.11
France	14.27
Germany	10.57
Netherlands	7.50

Regional exposure

	% of net assets
Europe	68.42
Japan	22.02
Pacific Rim	7.33
Other	2.24
Latin America	0.01

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

The full name of this investment option is Principal International Value I Separate Account-R6.

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

Alpha - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index. **Excess Risk** - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

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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.

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* Values may exceed 100% if both long and short positions are included in the portfolio.

Inflation Protection Separate Account-R6 as of 03/31/2009

Investment Strategy

The investment seeks to provide current income and real (after-inflation) total returns. The fund normally invests primarily in inflation-indexed bonds of varying maturities issued by the U.S. and non-U.S. governments, their agencies or instrumentalities, and U.S. and non-U.S. corporations. It may invest up to 15% of assets in non-investment-grade bonds (high-yield or junk bonds) or securities of emerging-market issuers. The fund may also invest up to 25% of assets in non-dollar denominated securities of non-U.S. issuers, and may invest without limit in U.S. dollar denominated securities of non-U.S. issuers.

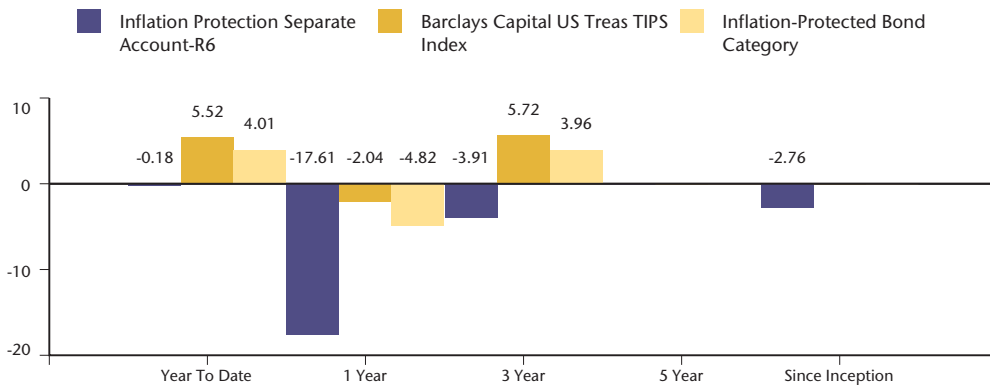
BLACKROCK

Portfolio managers

Stuart Spodek Since 12/31/2008. B.S., Princeton U

Brian Weinstein Since 12/31/2008. B.A., U of Pennsylvania

Long-term returns % as of 03/31/2009



Performance disclosure

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

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-0.18	-17.61	-3.91	-	-2.76
Barclays Capital US Treas TIPS Index %	5.52	-2.04	5.72	4.15	-
Inflation-Protected Bond Category %	4.01	-4.82	3.96	3.17	-
Morningstar Percentile Rankings	-	94	95	-	-
# of Funds in Category	162	159	135	68	-

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-18.00	5.77	0.27	2.28	-
Barclays Capital US Treas TIPS Index %	-2.35	11.64	0.41	2.84	8.46
Inflation-Protected Bond Category %	-4.08	9.86	0.09	2.09	7.48
Morningstar Percentile Rankings	93	90	27	37	-
# of Funds in Category	160	156	140	109	69

Morningstar percentile rankings are based on total returns.

Morningstar category
Inflation-Protected Bond

Morningstar Style Box™
As of 02/28/2009

Duration			Quality	
Short	Int	Long		
				High
				Medium
			Low	

Risk and Return Statistics

as of 03/31/2009 Relative to
Barclays Capital US Treas TIPS Index

	3Yr	5Yr
Alpha	-9.52	-
Beta	1.04	-
R-Squared	82.78	-
Standard Deviation	9.99	-
Mean	-3.91	-
Sharpe Ratio	-0.69	-
Excess Risk	4.10	-
Information Ratio	-2.35	-

Operations

Total Investment Expense Net	0.58%
Total Investment Expense Gross	0.58%
Inception Date	12/31/2004
Total Net Assets (mil)	\$386.21



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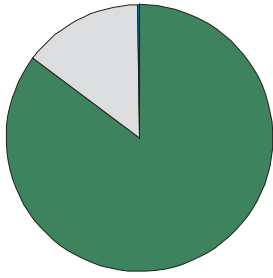
Risk and return statistical data is provided by Markov Processes International (MPI).

Inflation Protection Separate Account-R6 as of 03/31/2009

Portfolio information†

Composition as of
02/28/2009

% of Assets	
U.S. Bonds	85.26
Cash	14.46
Non-U.S. Bonds	0.28



Top ten holdings

1. US Treasury Note 2%
2. US Treasury Bond 1.75%
3. US Treasury Note 2%
4. US Treasury Bond
5. US Treasury Note 1.625%
6. US TREASURY NOTE
7. US Treasury Note 2%
8. US Treasury Note
9. US Treasury Bond 2%
10. US Treasury Note 0.625%

% of net
assets

9.28
9.21
8.66
7.07
5.82
5.36
4.73
3.73
3.48
3.11

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	163
# of Other Hldgs	20
Turnover Ratio	32%

% of net assets in top ten holdings* 60.45

Credit Analysis

As of 02/28/2009

	% Bonds
AAA	29.93
AA	8.59
A	14.58
BBB	26.16
BB	9.11
B	3.43
Below B	6.58
Not Rated	1.63

Statistics

Avg Eff Duration (Yrs)	6.80
Avg Eff Maturity (Yrs)	8.70
Avg Credit Quality	A
Avg Weighted Coupon	2.40
Avg Weighted Price	99.75

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The full name of this investment option is Principal Inflation Protection Separate Account-R6.

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

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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.

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

Effective December 31, 2008, this portfolio is sub-advised by BlackRock Financial Management, Inc. Prior to December 31, 2008, the portfolio was sub-advised by Principal Global Investors.

* Values may exceed 100% if both long and short positions are included in the portfolio.

LargeCap Growth Separate Account-R6 as of 03/31/2009

Investment Strategy

The investment option primarily invests in common stocks of large capitalization companies with strong earnings growth potential. It normally invests the majority of assets in companies with large market capitalizations at the time of purchase. Management places strong emphasis on companies it believes are guided by high quality management teams. It also attempts to identify those companies that are market leaders possessing the ability to control pricing and margins in their respective industries. It may invest up to 25% of assets in foreign securities.



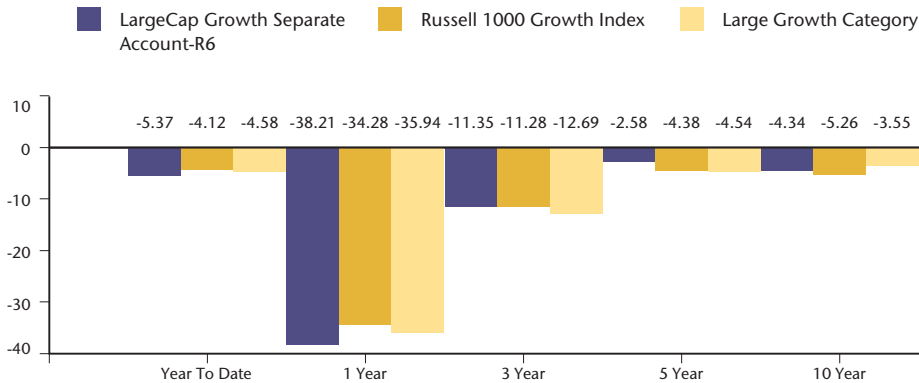
Columbus Circle
Investors

Portfolio managers

Anthony Rizza, CFA. Since 01/01/2005. B.S., U of Connecticut

Thomas J. Bisighini, CFA. Since 03/01/2009. M.B.A., Fordham U

Long-term returns % as of 03/31/2009



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-5.37	-38.21	-11.35	-2.58	-4.34
Russell 1000 Growth Index %	-4.12	-34.28	-11.28	-4.38	-5.26
Large Growth Category %	-4.58	-35.94	-12.69	-4.54	-3.55
Morningstar Percentile Rankings	-	71	30	15	60
# of Funds in Category	1866	1770	1491	1229	615

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-42.84	23.02	9.67	11.82	9.16
Russell 1000 Growth Index %	-38.44	11.81	9.07	5.26	6.30
Large Growth Category %	-40.67	13.35	7.05	6.71	7.81
Morningstar Percentile Rankings	71	9	25	14	36
# of Funds in Category	1809	1748	1642	1495	1400

Morningstar percentile rankings are based on total returns.

Morningstar category

Large Growth

Morningstar Style Box™

As of 02/28/2009

Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2009 Relative to
Russell 1000 Growth Index

	3Yr	5Yr
Alpha	0.16	2.03
Beta	1.01	1.01
R-Squared	92.67	91.98
Standard Deviation	18.89	16.00
Mean	-11.35	-2.59
Sharpe Ratio	-0.72	-0.28
Excess Return	-0.07	1.79
Excess Risk	5.05	4.49
Information Ratio	-0.01	0.40

Operations

Total Investment Expense Net	0.71%
Total Investment Expense Gross	0.71%
Inception Date	06/01/1995
Total Net Assets (mil)	\$901.61



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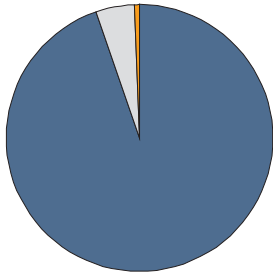
Risk and return statistical data is provided by Markov Processes International (MPI).

LargeCap Growth Separate Account-R6 as of 03/31/2009

Portfolio information†

Composition as of
02/28/2009

% of Assets	
U.S. Stocks	94.65
Cash	4.70
Non-U.S. Stocks	0.65



Top ten holdings

	% of net assets
1. Wal-Mart Stores, Inc.	5.35
2. Apple, Inc.	3.29
3. Baxter International Inc.	3.22
4. Visa, Inc.	3.21
5. Coca-Cola Company	3.12
6. McDonald's Corporation	3.03
7. Google, Inc.	3.03
8. Qualcomm, Inc.	3.00
9. Gilead Sciences, Inc.	2.92
10. MasterCard Incorporated A	2.91
% of net assets in top ten holdings*	33.08

Analysis

# of Stock Hldgs	52
# of Bond Hldgs	0
# of Other Hldgs	1
GeoAvgCap (mil)	\$30,902.88
Turnover Ratio	88%
P/C Ratio	6.99
P/E Ratio	12.88
P/B Ratio	1.98

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	4.22	Healthcare	23.16	Consumer Goods	8.27
Hardware	18.32	Consumer Services	17.13	Industrial Materials	3.15
Media	0.00	Business Services	8.63	Energy	5.72
Telecom	1.31	Financial Services	10.09	Utilities	0.00

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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.

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Formerly known as Large Company Growth Separate Account.

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International I Separate Account-R6 as of 03/31/2009

Investment Strategy

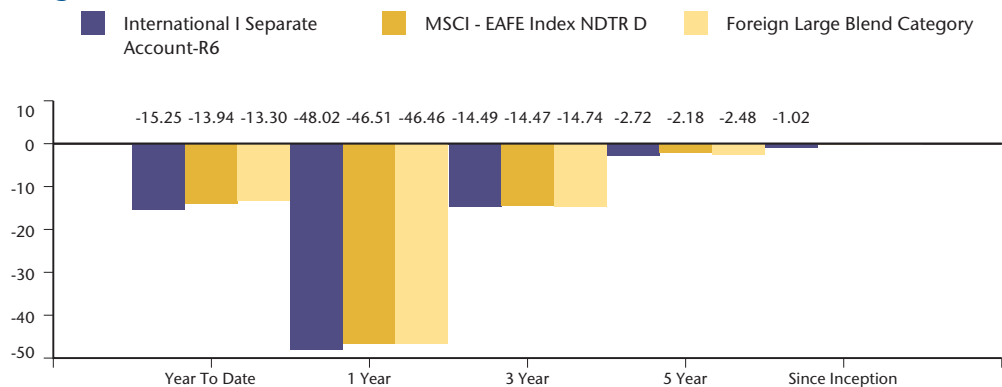
The investment seeks long-term growth of capital. The fund normally invests the fund's assets primarily in non-U.S. securities. Pyramis normally invests the fund's assets primarily in common stocks of companies with large market capitalizations (those with market capitalizations similar to companies in the MSCI - EAFE index NDTR D) at the time of purchase. It normally diversifies the investments across different countries and regions.



Portfolio managers

Cesar Hernandez, CFA. Since 12/29/2003. M.B.A., Babson College

Long-term returns % as of 03/31/2009



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-15.25	-48.02	-14.49	-2.72	-1.02
MSCI - EAFE Index NDTR D %	-13.94	-46.51	-14.47	-2.18	-
Foreign Large Blend Category %	-13.30	-46.46	-14.74	-2.48	-
Morningstar Percentile Rankings	-	62	42	53	-
# of Funds in Category	855	789	584	455	-

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-44.35	15.06	26.36	13.40	18.44
MSCI - EAFE Index NDTR D %	-43.38	11.17	26.34	13.54	20.25
Foreign Large Blend Category %	-43.99	12.71	24.77	14.72	17.39
Morningstar Percentile Rankings	55	27	30	62	37
# of Funds in Category	778	743	657	608	551

Morningstar percentile rankings are based on total returns.

Morningstar category

Foreign Large Blend

Morningstar Style Box™

As of 02/28/2009

Investment style

	Value	Blend	Growth	
		█		Large
				Medium
				Small

Market capitalization

Risk and Return Statistics

as of 03/31/2009 Relative to MSCI - EAFE Index NDTR D

	3Yr	5Yr
Alpha	1.04	-0.21
Beta	1.05	1.04
R-Squared	98.34	98.15
Standard Deviation	22.01	18.82
Mean	-14.50	-2.72
Sharpe Ratio	-0.75	-0.22
Excess Return	-0.03	-0.54
Excess Risk	2.97	2.65
Information Ratio	-0.01	-0.20

Operations

Total Investment Expense Net	1.30%
Total Investment Expense Gross	1.30%
Inception Date	07/01/1999
Total Net Assets (mil)	\$952.96



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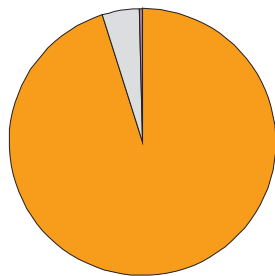
International I Separate Account-R6 as of 03/31/2009

Portfolio information†

Composition as of
02/28/2009

% of Assets

Non-U.S. Stocks	95.11
Cash	4.47
Preferred	0.41



Top ten holdings

% of net assets

1. EMINI MSCI EAFE MAR09	3.25
2. Royal Dutch Shell PLC	2.55
3. Nestle	2.44
4. Telefonica, S.A.	2.10
5. Vodafone Group PLC	1.94
6. Toyota Motor Corporation	1.50
7. Eni	1.47
8. Roche Holding AG	1.46
9. E.ON AG	1.39
10. Mitsubishi UFJ Financial Group, Inc.	1.37
% of net assets in top ten holdings*	19.47

Analysis

# of Stock Hldgs	260
# of Bond Hldgs	0
# of Other Hldgs	4
GeoAvgCap (mil)	\$17,200.83
Turnover Ratio	124%
P/C Ratio	4.33
P/E Ratio	9.98
P/B Ratio	1.00

Top 5 Countries

% of net assets

Japan	25.37
United Kingdom	20.83
France	9.32
Switzerland	8.91
Germany	7.94

Regional exposure

% of net assets

Europe	64.79
Japan	25.36
Pacific Rim	9.61
Other	0.24

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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.

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Effective March 31, 2007, references to Fidelity Management & Research as investment advisor were replaced with Fidelity (Pyramis Global Adv). This is a name change only and does not affect the management, objective, or strategy of this investment option.

Formerly known as International Separate Account.

* Values may exceed 100% if both long and short positions are included in the portfolio.

LargeCap Blend I Separate Account-R6 as of 03/31/2009

Investment Strategy

The investment seeks capital growth and invests primarily in common stocks of large capitalization companies. It normally invests the majority of assets in companies with market capitalizations similar to those of companies in the S&P 500 Index. Management focuses its stock selection on established companies that it believes have a sustainable competitive advantage. It may invest up to 25% of assets in foreign securities.



Asset Management

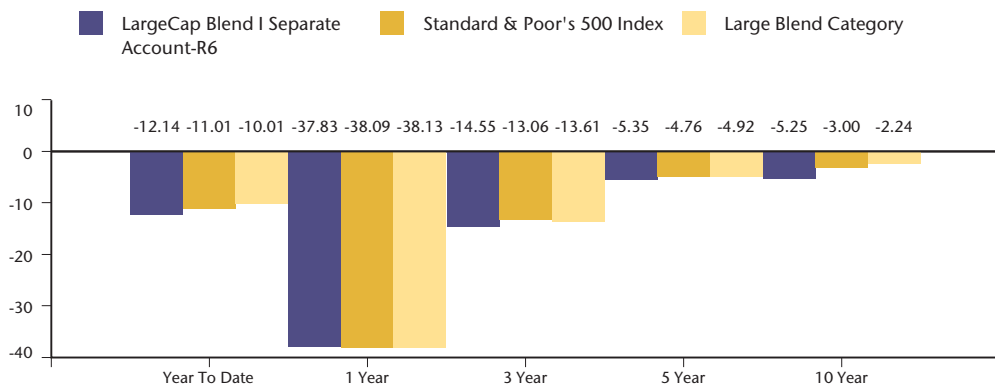
Portfolio managers

Robert C. Jones, CFA. Since 12/16/2002. M.B.A., U of Michigan

Andrew Alford Since 02/29/2008. Ph.D, U of Chicago

Mark M. Carhart, CFA. Since 02/29/2008. Ph.D., U of Chicago

Long-term returns % as of 03/31/2009



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-12.14	-37.83	-14.55	-5.35	-5.25
Standard & Poor's 500 Index %	-11.01	-38.09	-13.06	-4.76	-3.00
Large Blend Category %	-10.01	-38.13	-13.61	-4.92	-2.24
Morningstar Percentile Rankings	-	45	68	63	93
# of Funds in Category	2187	2071	1723	1371	695

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-35.84	0.62	14.60	6.51	12.12
Standard & Poor's 500 Index %	-37.00	5.49	15.79	4.91	10.88
Large Blend Category %	-37.79	6.16	14.17	5.88	10.02
Morningstar Percentile Rankings	26	90	46	38	21
# of Funds in Category	2086	2090	1980	1743	1611

Morningstar percentile rankings are based on total returns.

Morningstar category

Large Blend

Morningstar Style Box™

As of 02/28/2009

Investment style

Value	Blend	Growth	
			Large
			Medium
			Small

Market capitalization

Risk and Return Statistics

as of 03/31/2009 Relative to Standard & Poor's 500 Index

	3Yr	5Yr
Alpha	-1.96	-0.62
Beta	0.99	1.00
R-Squared	99.16	98.78
Standard Deviation	17.49	14.76
Mean	-14.55	-5.36
Sharpe Ratio	-1.01	-0.51
Excess Return	-1.50	-0.59
Excess Risk	1.60	1.61
Information Ratio	-0.94	-0.37

Operations

Total Investment Expense Net	0.76%
Total Investment Expense Gross	0.76%
Inception Date	06/01/1995
Total Net Assets (mil)	\$949.05



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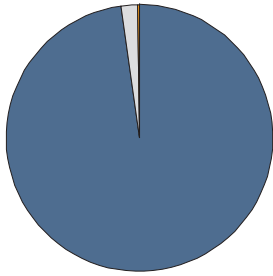
Risk and return statistical data is provided by Markov Processes International (MPI).

LargeCap Blend I Separate Account-R6 as of 03/31/2009

Portfolio information[†]

Composition as of
02/28/2009

% of Assets	
U.S. Stocks	97.75
Cash	1.97
Non-U.S. Stocks	0.28



Top ten holdings	% of net assets
1. ExxonMobil Corporation	5.13
2. AT&T, Inc.	2.37
3. Microsoft Corporation	1.99
4. Procter & Gamble Company	1.84
5. Chevron Corporation	1.84
6. Cisco Systems, Inc.	1.76
7. Gilead Sciences, Inc.	1.55
8. Johnson & Johnson	1.54
9. Verizon Communications Inc.	1.52
10. International Business Machines Corp	1.47
% of net assets in top ten holdings*	21.02

Analysis	
# of Stock Hldgs	262
# of Bond Hldgs	0
# of Other Hldgs	2
GeoAvgCap (mil)	\$28,361.25
Turnover Ratio	93%
P/C Ratio	4.41
P/E Ratio	10.77
P/B Ratio	1.44

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	5.04	Healthcare	15.88	Consumer Goods	10.12
Hardware	10.29	Consumer Services	8.73	Industrial Materials	8.42
Media	3.08	Business Services	5.53	Energy	14.96
Telecom	4.73	Financial Services	9.85	Utilities	3.37

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

The full name of this investment option is Principal LargeCap Blend I Separate Account-R6.

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.

Alpha - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index. **Excess Risk** - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

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Effective November 13, 2006, this portfolio is sub-advised by Goldman Sachs Asset Management. From November 18, 2002, to November 16, 2006, the portfolio was sub-advised by Goldman Sachs Asset Management and Wellington Management Company, LLP. The portfolio has had various sub-advisors since its inception. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.

* Values may exceed 100% if both long and short positions are included in the portfolio.

High Yield I Separate Account-R6 as of 03/31/2009

Investment Strategy

The investment seeks high current income. The fund invests at least 80% of its assets in high-yield, below investment-grade quality debt and other income-producing securities including, corporate bonds, convertible securities, preferred securities, asset-backed securities and securities of companies in bankruptcy proceedings or otherwise in the process of debt restructuring. Loans of portfolio securities may not exceed 33 1/3% of the value of total assets. It primarily invests in securities rated Ba1 or lower by Moody's Investor Service, Inc. or BB+ or lower by Standard & Poor's Rating Service.

J.P.Morgan

Asset Management

LEHMAN BROTHERS
ASSET MANAGEMENT

Portfolio managers

Ann H. Benjamin Since 07/19/2007. M.B.A., Carnegie Mellon U

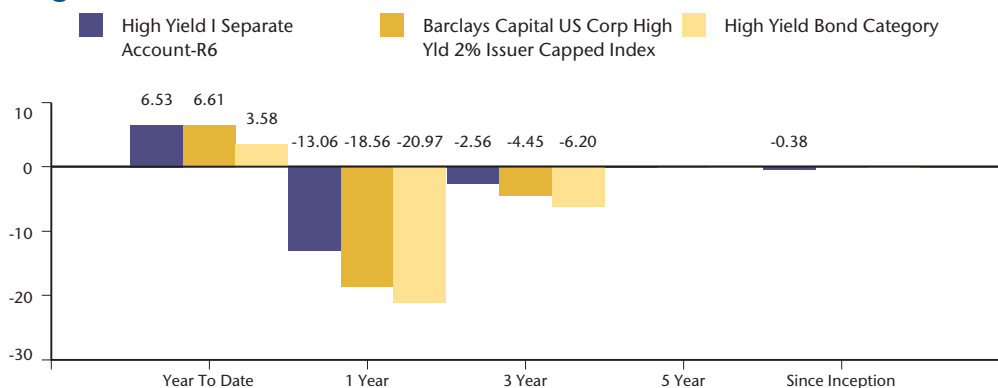
James E. Gibson Since 07/19/2007. B.S., U of Western Ontario, Canada

William J. Morgan Since 07/19/2007. M.B.A., Xavier C

Thomas P. O'Reilly, CFA. Since 07/19/2007. M.B.A., Loyola U

James Shanahan Since 07/19/2007. J.D., U of Cincinnati College of Law

Long-term returns % as of 03/31/2009



Performance disclosure

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

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	6.53	-13.06	-2.56	-	-0.38
Barclays Capital US Corp High Yld 2% Issuer Capped Index %	6.61	-18.56	-4.45	-0.03	-
High Yield Bond Category %	3.58	-20.97	-6.20	-1.42	-
Morningstar Percentile Rankings	-	12	11	-	-
# of Funds in Category	572	549	473	405	-

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-20.12	2.37	8.71	3.91	-
Barclays Capital US Corp High Yld 2% Issuer Capped Index %	-25.88	-	-	-	-
High Yield Bond Category %	-26.41	1.47	10.14	2.59	9.99
Morningstar Percentile Rankings	14	34	81	15	-
# of Funds in Category	559	542	549	518	493

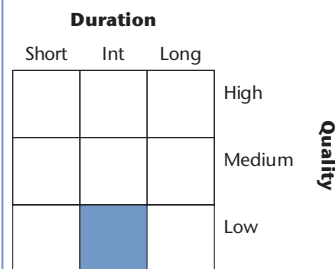
Morningstar percentile rankings are based on total returns.

Morningstar category

High Yield Bond

Morningstar Style Box™

As of 02/28/2009



Risk and Return Statistics

as of 03/31/2009 Relative to Barclays Capital US Corp High Yld 2% Issuer Capped Index

	3Yr	5Yr
Alpha	0.20	-
Beta	0.80	-
R-Squared	98.97	-
Standard Deviation	11.28	-
Mean	-2.57	-
Sharpe Ratio	-0.47	-
Excess Risk	3.02	-
Information Ratio	0.62	-

Operations

Total Investment Expense Net	0.82%
Total Investment Expense Gross	0.82%
Inception Date	12/31/2004
Total Net Assets (mil)	\$692.19

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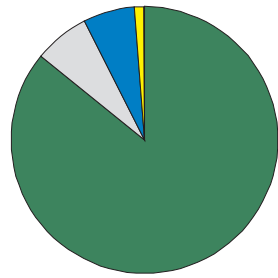
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Risk and return statistical data is provided by Markov Processes International (MPI).

High Yield I Separate Account-R6 as of 03/31/2009

Portfolio information†

Composition as of
02/28/2009



Category	% of Assets
U.S. Bonds	85.80
Cash	6.77
Non-U.S. Bonds	6.16
Other	1.18
Preferred	0.10

Top ten holdings

Rank	Holder	% of net assets
1.	Directv Hldgs	8.375%
2.	Roseton Danskammer Pt 2001	7.67%
3.	Ball	6.875%
4.	Kinder Morgan	6.5%
5.	Aes 144A	8.75%
6.	SPRINT CAP	
7.	Flextronics International Ltd, Term Loan B	
8.	Echostar Dbs	6.375%
9.	Sprint Nextel	6%
10.	Engy Future Hldgs	11.25%
% of net assets in top ten holdings*		10.28

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	516
# of Other Hldgs	20
Turnover Ratio	68%

Credit Analysis

As of 02/28/2009

Rating	% Bonds
AAA	5.37
AA	0.00
A	0.05
BBB	4.81
BB	35.90
B	37.55
Below B	15.62
Not Rated	0.69

Statistics

Avg Eff Duration (Yrs)	3.80
Avg Eff Maturity (Yrs)	6.34
Avg Credit Quality	BB
Avg Weighted Coupon	7.60
Avg Weighted Price	78.91

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The full name of this investment option is Principal High Yield I Separate Account-R6.

Alpha - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index. **Excess Risk** - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

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

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.

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.

Effective January 2, 2008, this portfolio is co-sub-advised by JP Morgan and Lehman Brothers. Prior to January 2, 2008 Post Advisory Group was a third sub-advisor for this portfolio. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.

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

Formerly known as High Yield Separate Account.

* Values may exceed 100% if both long and short positions are included in the portfolio.

SmallCap Value I Separate Account-R6 as of 03/31/2009

Investment Strategy

The investment seeks long-term growth of capital. The fund invests primarily in a diversified group of equity securities of U.S. companies with small market capitalizations (those with market capitalizations similar to companies in the Russell 2000 Value index) at the time of purchase. It normally invests at least 80% of the assets in equity securities of such companies. The fund may invest up to 25% of assets in foreign securities.



Portfolio managers

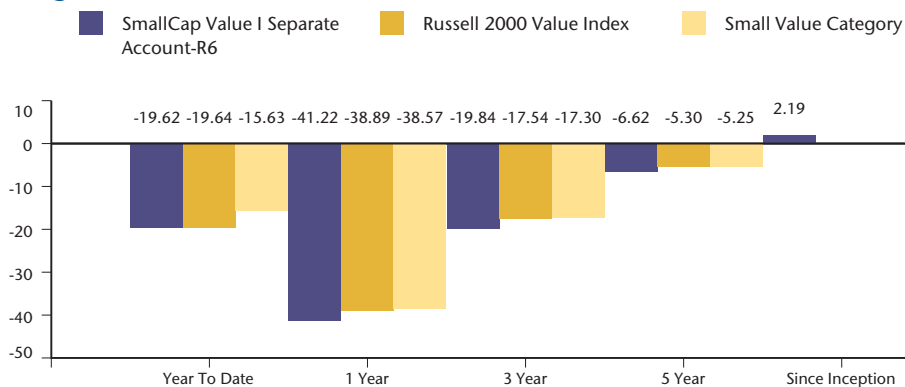
Christopher T. Blum, CFA. Since 12/30/2002. B.B.A., Bernard M. Baruch School for Business

Dennis S. Ruhl, CFA. Since 03/01/2005. M.S., MIT

Ronald P. Gala, CFA. Since 08/08/2005. M.B.A., U of Pittsburgh

Peter D. Goslin, CFA. Since 08/08/2005. M.B.A., U of Notre Dame

Long-term returns % as of 03/31/2009



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-19.62	-41.22	-19.84	-6.62	2.19
Russell 2000 Value Index %	-19.64	-38.89	-17.54	-5.30	-
Small Value Category %	-15.63	-38.57	-17.30	-5.25	-
Morningstar Percentile Rankings	-	75	70	67	-
# of Funds in Category	444	423	349	269	-

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-32.24	-9.49	18.19	6.32	23.03
Russell 2000 Value Index %	-28.92	-9.78	23.48	4.71	22.25
Small Value Category %	-32.24	-6.08	16.27	6.40	21.14
Morningstar Percentile Rankings	56	75	40	55	33
# of Funds in Category	438	438	389	348	307

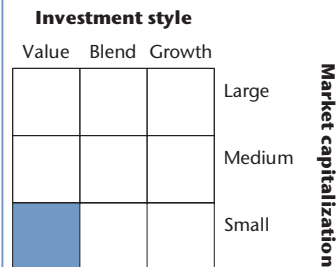
Morningstar percentile rankings are based on total returns.

Morningstar category

Small Value

Morningstar Style Box™

As of 02/28/2009



Risk and Return Statistics

as of 03/31/2009 Relative to Russell 2000 Value Index

	3Yr	5Yr
Alpha	-3.54	-1.60
Beta	0.97	0.98
R-Squared	98.92	98.97
Standard Deviation	21.51	19.48
Mean	-19.84	-6.62
Sharpe Ratio	-1.07	-0.41
Excess Return	-2.30	-1.33
Excess Risk	2.33	2.01
Information Ratio	-0.99	-0.66

Operations

Total Investment Expense Net	1.22%
Total Investment Expense Gross	1.22%
Inception Date	12/31/2002
Total Net Assets (mil)	\$236.67



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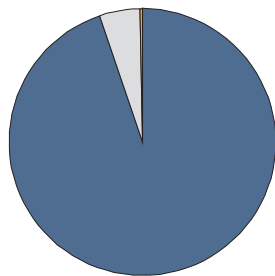
Risk and return statistical data is provided by Markov Processes International (MPI).

SmallCap Value I Separate Account-R6 as of 03/31/2009

Portfolio information†

Composition as of
02/28/2009

% of Assets	
U.S. Stocks	94.78
Cash	4.89
Non-U.S. Stocks	0.34



Top ten holdings

	% of net assets
1. Russell 2000 Mini (Fut)	4.91
2. Portland General Electric Company	1.15
3. Rent-A-Center, Inc.	1.14
4. New Jersey Resources Corporation	1.09
5. Knight Capital Group, Inc.	0.98
6. Platinum Underwriters Holdings, Ltd.	0.91
7. Aspen Insurance Holdings, Ltd.	0.90
8. Applied Industrial Technologies, Inc.	0.86
9. Senior Housing Prop Trust	0.84
10. National Retail Properties, Inc.	0.82
% of net assets in top ten holdings*	13.61

Analysis

# of Stock Hldgs	585
# of Bond Hldgs	0
# of Other Hldgs	6
GeoAvgCap (mil)	\$591.57
Turnover Ratio	56%
P/C Ratio	3.11
P/E Ratio	8.59
P/B Ratio	0.82

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	3.49	Healthcare	5.94	Consumer Goods	6.13
Hardware	7.23	Consumer Services	7.87	Industrial Materials	13.82
Media	0.43	Business Services	7.83	Energy	2.37
Telecom	2.66	Financial Services	33.96	Utilities	8.27

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The full name of this investment option is Principal SmallCap Value I Separate Account-R6.

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

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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.

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.

Effective August 8, 2005, Mellon Capital Management was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.

* Values may exceed 100% if both long and short positions are included in the portfolio.

Core Plus Bond I Separate Account-R6 as of 03/31/2009

Investment Strategy

The investment seeks maximum total return, consistent with preservation of capital and prudent investment management. The fund normally invests at least 80% of net assets in a diversified portfolio of fixed-income instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements. The average portfolio duration of the fund normally varies within two years (plus or minus) of the duration of the Lehman Brothers Aggregate Bond index. The fund may also invest up to 20% of total assets in high-yield securities rated Ba or lower by Moody's, or BB or lower by S&P.

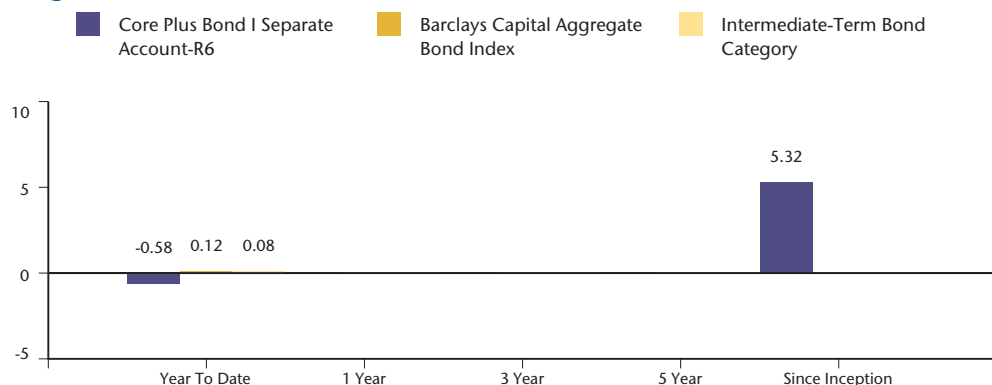
P I M C O

The Authority On Bonds™

Portfolio managers

William H. Gross, CFA. Since 09/30/2008. M.S., U of California-Los Angeles

Long-term returns % as of 03/31/2009



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-0.58	-	-	-	5.32
Barclays Capital Aggregate Bond Index %	0.12	3.13	5.78	4.13	-
Intermediate-Term Bond Category %	0.08	-4.94	1.34	1.36	-
Morningstar Percentile Rankings	-	-	-	-	-
# of Funds in Category	1187	1139	993	856	-

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-	-	-	-	-
Barclays Capital Aggregate Bond Index %	5.24	6.97	4.33	2.43	4.34
Intermediate-Term Bond Category %	-4.70	4.70	4.15	1.80	3.91
Morningstar Percentile Rankings	-	-	-	-	-
# of Funds in Category	1135	1097	1092	1043	1035

Morningstar percentile rankings are based on total returns.

Morningstar category
Intermediate-Term Bond

Morningstar Style Box™
As of 02/28/2009

Duration			Quality	
Short	Int	Long		
				High
				Medium
			Low	

Risk and Return Statistics

as of 03/31/2009 Relative to
Barclays Capital Aggregate Bond Index

	3Yr	5Yr
Alpha	-	-
Beta	-	-
R-Squared	-	-
Standard Deviation	-	-
Mean	-	-
Sharpe Ratio	-	-
Excess Risk	-	-
Information Ratio	-	-

Operations

Total Investment Expense Net	0.81%
Total Investment Expense Gross	0.87%
Contractual Cap Expiration Date	02/28/2010
Waiver Expiration Date	02/28/2010
Inception Date	09/30/2008
Total Net Assets (mil)	\$709.58

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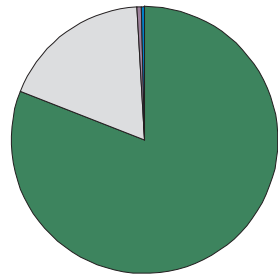
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Risk and return statistical data is provided by Markov Processes International (MPI).

Core Plus Bond I Separate Account-R6 as of 03/31/2009

Portfolio information†

Composition as of
02/28/2009



Asset Category	% of Assets
U.S. Bonds	80.99
Cash	18.06
Preferred	0.56
Non-U.S. Bonds	0.39

Top ten holdings

Rank	Top ten holdings	% of net assets
1.	FNMA 6%	44.25
2.	US Treasury Bond 8.75%	24.11
3.	FNMA 6%	9.08
4.	FNMA 5.5%	8.37
5.	FNMA 6%	3.93
6.	JPMORGAN CHASE & CO FDIC TLGP	3.63
7.	US Treasury Bond 8.125%	3.44
8.	FNMA 5%	2.03
9.	ROCHE HLDGS INC	1.76
10.	FNMA 6%	1.46
% of net assets in top ten holdings*		102.05

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	178
# of Other Hldgs	21
Turnover Ratio	551%

Credit Analysis

As of 02/28/2009

Rating	% Bonds
AAA	85.30
AA	4.24
A	7.20
BBB	2.64
BB	0.00
B	0.00
Below B	0.27
Not Rated	0.36

Statistics

Avg Eff Duration (Yrs)	5.87
Avg Eff Maturity (Yrs)	8.53
Avg Credit Quality	AAA
Avg Weighted Coupon	6.38
Avg Weighted Price	109.21

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The full name of this investment option is Principal Core Plus Bond I Separate Account-R6.

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

Alpha - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index. **Excess Risk** - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

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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.

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

* Values may exceed 100% if both long and short positions are included in the portfolio.

Bond and Mortgage Separate Account-I2 as of 03/31/2009

Investment Strategy

The investment option invests primarily in intermediate-term, fixed-income investments such as public and private corporate bonds, commercial and residential mortgages, asset-backed securities, and US government and agency-backed securities. Value is added primarily through sector allocation and security selection. The Separate Account may enter into reverse repurchase agreements to attempt to enhance portfolio return and income.



Portfolio managers

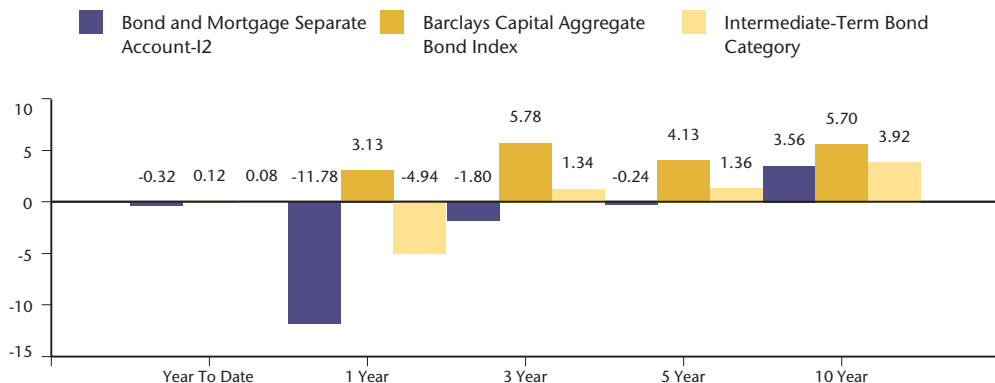
William C. Armstrong, CFA. Since 01/01/1997. Master, U of Iowa

Timothy R. Warrick, CFA. Since 06/01/2002. M.B.A., Drake U

L. Phillip Jacoby IV Since 11/07/2005. B.S., Boston U

Bernard M. Sussman Since 11/07/2005. M.B.A., Cornell U

Long-term returns % as of 03/31/2009



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-0.32	-11.78	-1.80	-0.24	3.56
Barclays Capital Aggregate Bond Index %	0.12	3.13	5.78	4.13	5.70
Intermediate-Term Bond Category %	0.08	-4.94	1.34	1.36	3.92
Morningstar Percentile Rankings	-	86	84	83	74
# of Funds in Category	1187	1139	993	856	467

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-13.06	3.83	4.72	2.64	5.02
Barclays Capital Aggregate Bond Index %	5.24	6.97	4.33	2.43	4.34
Intermediate-Term Bond Category %	-4.70	4.70	4.15	1.80	3.91
Morningstar Percentile Rankings	89	78	19	9	14
# of Funds in Category	1135	1097	1092	1043	1035

Morningstar percentile rankings are based on total returns.

Morningstar category
Intermediate-Term Bond

Morningstar Style Box™
As of 02/28/2009

Duration			Quality	
Short	Int	Long		
				High
				Medium
			Low	

Risk and Return Statistics

as of 03/31/2009 Relative to
Barclays Capital Aggregate Bond Index

	3Yr	5Yr
Alpha	-7.01	-4.08
Beta	0.86	0.85
R-Squared	37.91	45.36
Standard Deviation	5.91	5.03
Mean	-1.80	-0.23
Sharpe Ratio	-0.87	-0.66
Excess Risk	4.54	3.68
Information Ratio	-1.67	-1.18

Operations

Total Investment Expense Net	0.55%
Total Investment Expense Gross	0.55%
Inception Date	02/01/1983
Total Net Assets (mil)	\$3,911.01



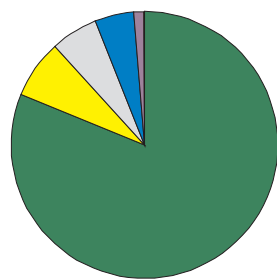
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Risk and return statistical data is provided by Markov Processes International (MPI).

Bond and Mortgage Separate Account-I2 as of 03/31/2009

Portfolio information†

Composition as of 02/28/2009



Asset Class	% of Assets
U.S. Bonds	81.22
Other	7.05
Cash	5.67
Non-U.S. Bonds	4.72
Preferred	1.26
Non-U.S. Stocks	0.08

Top ten holdings

Rank	Top ten holdings	% of net assets
1.	FNMA 6%	4.09
2.	FNMA 5.5%	3.51
3.	FNMA 5%	3.40
4.	FGLMC 5.5%	3.33
5.	FGLMC 6%	3.10
6.	US Treasury Bond 6.25%	2.93
7.	GNMA 5.5%	1.80
8.	US Treasury Note 2%	1.51
9.	FNMA 5%	1.24
10.	FNMA 4.5%	1.23
% of net assets in top ten holdings*		26.15

Analysis

# of Stock Hldgs	13
# of Bond Hldgs	1250
# of Other Hldgs	307
Turnover Ratio	422%

Credit Analysis

As of 02/28/2009

Rating	% Bonds
AAA	58.97
AA	5.51
A	11.52
BBB	13.74
BB	5.34
B	3.98
Below B	0.94
Not Rated	0.00

Statistics

Avg Eff Duration (Yrs)	4.53
Avg Eff Maturity (Yrs)	8.16
Avg Credit Quality	AA
Avg Weighted Coupon	5.72
Avg Weighted Price	90.49

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International Emerging Markets Separate Account-R6

as of 03/31/2009

Investment Strategy

The investment option normally invests the majority of assets in equities of companies in emerging market countries. It invests in securities of companies with their principal place of business or principal office in emerging market countries; companies for which the principal securities trade in an emerging market; or companies, regardless of where their securities are traded, that derive 50% of their total revenue from either goods or services produced in emerging market countries. The fund may invest in securities of companies with small to medium market capitalizations.



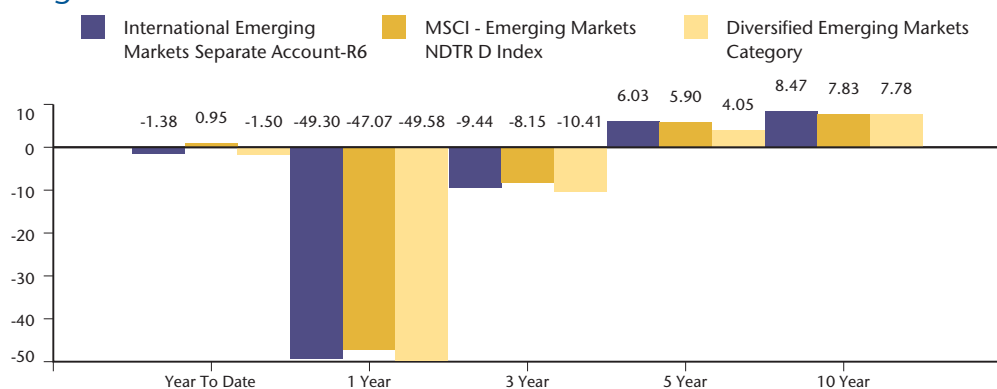
Portfolio managers

Michael L. Reynal Since 02/01/2001. M.B.A., Dartmouth C

Michael Ade, CFA. Since 05/30/2007. B.S., U of Wisconsin

Mihail Dobrinov, CFA. Since 05/30/2007. M.B.A., U of Iowa

Long-term returns % as of 03/31/2009



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-1.38	-49.30	-9.44	6.03	8.47
MSCI - Emerging Markets NDTR D Index %	0.95	-47.07	-8.15	5.90	7.83
Diversified Emerging Markets Category %	-1.50	-49.58	-10.41	4.05	7.78
Morningstar Percentile Rankings	-	47	41	19	38
# of Funds in Category	386	318	237	198	115

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-54.93	41.60	36.36	35.09	25.63
MSCI - Emerging Markets NDTR D Index %	-53.33	39.39	32.17	34.00	25.55
Diversified Emerging Markets Category %	-54.44	36.68	32.06	31.54	23.54
Morningstar Percentile Rankings	55	20	17	29	34
# of Funds in Category	312	274	242	212	202

Morningstar percentile rankings are based on total returns.

Morningstar category
Diversified Emerging Markets

Morningstar Style Box™
As of 02/28/2009

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2009 Relative to
MSCI - Emerging Markets NDTR D Index

	3Yr	5Yr
Alpha	-1.41	0.17
Beta	1.00	1.01
R-Squared	99.03	98.93
Standard Deviation	30.01	26.57
Mean	-9.45	6.03
Sharpe Ratio	-0.29	0.24
Excess Return	-1.30	0.12
Excess Risk	2.93	2.73
Information Ratio	-0.44	0.04

Operations

Total Investment Expense Net	1.51%
Total Investment Expense Gross	1.51%
Inception Date	01/01/1995
Total Net Assets (mil)	\$542.67



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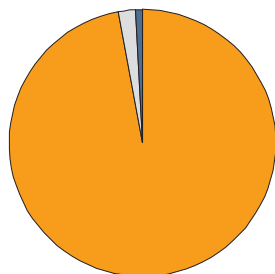
International Emerging Markets Separate Account-R6

as of 03/31/2009

Portfolio information†

Composition as of
02/28/2009

% of Assets	
Non-U.S. Stocks	97.07
Cash	2.06
U.S. Stocks	0.86
Non-U.S. Bonds	0.01



Top ten holdings	% of net assets
1. Brazilian Petroleum Corporation ADR	3.95
2. China Mobile Ltd.	3.57
3. Teva Pharmaceutical Industries, Ltd. ADR	3.35
4. Vale	3.19
5. Samsung Electronics	2.48
6. Taiwan Semiconductor Mfg.	1.75
7. Bank of China	1.64
8. China Life Insurance Company, Ltd.	1.61
9. CNOOC, Ltd.	1.55
10. Petrochina Company Limited	1.47
% of net assets in top ten holdings*	24.56

Analysis	
# of Stock Hldgs	161
# of Bond Hldgs	1
# of Other Hldgs	1
GeoAvgCap (mil)	\$11,098.73
Turnover Ratio	100%
P/C Ratio	3.11
P/E Ratio	8.40
P/B Ratio	1.21

Top 5 Countries

	% of net assets
Brazil	17.09
South Korea	12.94
China	10.77
Taiwan	10.33
Hong Kong	8.48

Regional exposure

	% of net assets
Pacific Rim	54.38
Latin America	24.04
Other	19.07
Europe	1.63
United States	0.88

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The full name of this investment option is Principal International Emerging Markets Separate Acct-R6.

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.

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International Growth Separate Account-R6 as of 03/31/2009

Investment Strategy

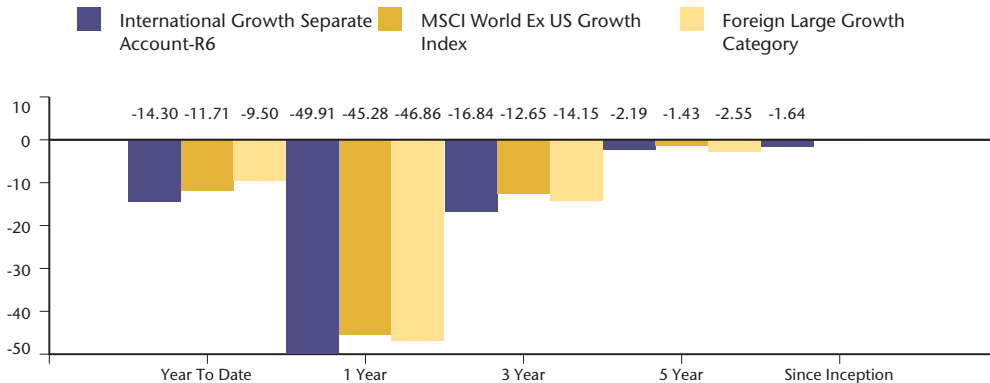
The investment seeks long-term growth of capital. The fund invests in common stocks and other securities of companies domiciled in any of the nations of the world. It invests in securities listed on foreign or domestic securities exchanges, securities traded in foreign or domestic over-the-counter markets and depositary receipts.



Portfolio managers

Steve Larson, CFA. Since 03/01/2004. M.B.A., U of Minnesota
John Pihlblad, CFA. Since 03/01/2005. B.A., C of Westminster

Long-term returns % as of 03/31/2009



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-14.30	-49.91	-16.84	-2.19	-1.64
MSCI World Ex US Growth Index %	-11.71	-45.28	-12.65	-1.43	-
Foreign Large Growth Category %	-9.50	-46.86	-14.15	-2.55	-
Morningstar Percentile Rankings	-	80	82	42	-
# of Funds in Category	284	261	212	164	-

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-47.02	12.32	24.16	22.14	22.64
MSCI World Ex US Growth Index %	-42.88	18.03	22.12	14.41	16.27
Foreign Large Growth Category %	-46.56	16.26	23.95	15.23	16.23
Morningstar Percentile Rankings	50	80	39	8	8
# of Funds in Category	251	220	243	213	221

Morningstar percentile rankings are based on total returns.

Morningstar category

Foreign Large Growth

Morningstar Style Box™

As of 02/28/2009

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2009 Relative to MSCI World Ex US Growth Index

	3Yr	5Yr
Alpha	-3.61	-0.27
Beta	1.06	1.07
R-Squared	98.37	97.63
Standard Deviation	22.51	19.55
Mean	-16.84	-2.19
Sharpe Ratio	-0.85	-0.17
Excess Return	-4.19	-0.76
Excess Risk	3.12	3.23
Information Ratio	-1.34	-0.24

Operations

Total Investment Expense Net	1.18%
Total Investment Expense Gross	1.18%
Inception Date	12/29/2000
Total Net Assets (mil)	\$1,097.80



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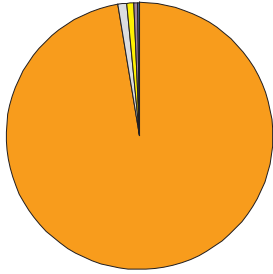
International Growth Separate Account-R6 as of 03/31/2009

Portfolio information[†]

Composition as of
02/28/2009

% of Assets

Non-U.S. Stocks	97.34
Cash	1.09
Other	0.82
Preferred	0.47
U.S. Stocks	0.28



Top ten holdings

1. Nestle	3.60
2. Novartis	2.70
3. GlaxoSmithKline PLC	2.34
4. BP PLC	1.81
5. BHP Billiton Limited	1.81
6. Roche Holding AG	1.75
7. BG Group PLC	1.71
8. British American Tobacco PLC	1.66
9. Telefonica, S.A.	1.41
10. Encana	1.39
% of net assets in top ten holdings*	20.16

% of net assets

Analysis

# of Stock Hldgs	187
# of Bond Hldgs	0
# of Other Hldgs	7
GeoAvgCap (mil)	\$14,262.02
Turnover Ratio	125%
P/C Ratio	4.43
P/E Ratio	10.56
P/B Ratio	1.37

Top 5 Countries

United Kingdom	25.51
Japan	20.43
Switzerland	9.93
Canada	7.60
France	6.64

% of net assets

Regional exposure

Europe	62.31
Japan	20.43
Pacific Rim	8.35
Other	8.29
Latin America	0.33
United States	0.29

% of net assets

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

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MidCap Value III Separate Account-R6 as of 03/31/2009

Investment Strategy

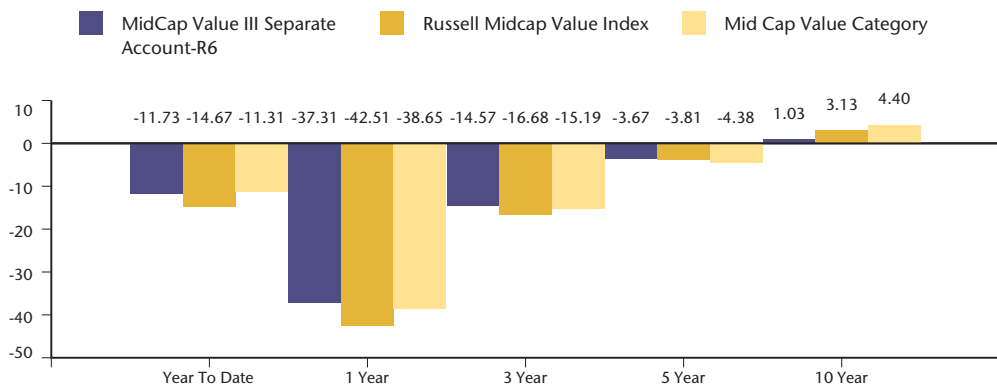
The investment seeks long-term growth of capital and normally invests the majority of assets in companies with market capitalizations similar to those of companies in the Russell MidCap Value Index. Management selects investments primarily on the basis of fundamental security analysis, focusing on the company's financial stability, sales, earnings, dividend trends, return on equity and industry trends. It may invest up to 25% of assets in foreign securities.



Portfolio managers

Jeffery A. Schwart, CPA, CFA. Since 02/01/2005. B.A., Northern Iowa U
Mark Giambrone, CPA. Since 07/01/2005. M.B.A., U of Chicago
James P. Barrow Since 07/12/2005. B.S., U of South Carolina
Stephen Musser Since 05/18/2007. M.B.A., U of Missouri

Long-term returns % as of 03/31/2009



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-11.73	-37.31	-14.57	-3.67	1.03
Russell Midcap Value Index %	-14.67	-42.51	-16.68	-3.81	3.13
Mid Cap Value Category %	-11.31	-38.65	-15.19	-4.38	4.40
Morningstar Percentile Rankings	-	34	41	40	100
# of Funds in Category	470	441	334	239	82

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-35.92	-0.59	16.00	13.15	16.34
Russell Midcap Value Index %	-38.44	-1.42	20.22	12.65	23.71
Mid Cap Value Category %	-36.77	0.83	15.87	8.82	17.85
Morningstar Percentile Rankings	41	65	46	9	55
# of Funds in Category	442	405	375	310	320

Morningstar percentile rankings are based on total returns.

Morningstar category

Mid Cap Value

Morningstar Style Box™

As of 02/28/2009

Investment style

	Value	Blend	Growth	
				Large
				Medium
				Small

Market capitalization

Risk and Return Statistics

as of 03/31/2009 Relative to Russell Midcap Value Index

	3Yr	5Yr
Alpha	-0.77	-0.46
Beta	0.86	0.82
R-Squared	98.02	94.04
Standard Deviation	18.56	10.72
Mean	-14.56	13.53
Sharpe Ratio	-0.94	1.02
Excess Return	2.12	-3.10
Excess Risk	3.90	3.46
Information Ratio	0.54	-0.89

Operations

Total Investment Expense Net	0.81%
Total Investment Expense Gross	0.81%
Inception Date	01/01/1991
Total Net Assets (mil)	\$403.06



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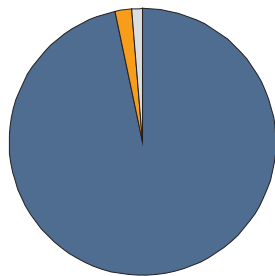
Risk and return statistical data is provided by Markov Processes International (MPI).

MidCap Value III Separate Account-R6 as of 03/31/2009

Portfolio information†

Composition as of
02/28/2009

% of Assets	
U.S. Stocks	96.66
Non-U.S. Stocks	2.01
Cash	1.34



Top ten holdings	% of net assets	Analysis
1. Annaly Capital Management, Inc.	2.81	# of Stock Hldgs 186
2. Omnicare, Inc.	2.34	# of Bond Hldgs 0
3. Family Dollar Stores, Inc.	2.09	# of Other Hldgs 1
4. Gamestop Corporation A	2.05	GeoAvgCap (mil) \$3,871.07
5. L-3 Communications Holdings, Inc.	2.01	Turnover Ratio 90%
6. Quest Diagnostics, Inc.	1.95	P/C Ratio 3.63
7. Xcel Energy, Inc.	1.80	P/E Ratio 8.51
8. Advance Auto Parts, Inc.	1.72	P/B Ratio 0.94
9. El Paso Corporation	1.71	
10. Axis Capital Holdings, Ltd.	1.55	
% of net assets in top ten holdings*	20.04	

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	9.24	Healthcare	49.94	Consumer Goods	40.81
Hardware	2.85	Consumer Services	9.13	Industrial Materials	9.75
Media	3.89	Business Services	12.65	Energy	10.59
Telecom	1.03	Financial Services	4.54	Utilities	6.12
	1.47		23.62		14.35

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

The full name of this investment option is Principal MidCap Value III Separate Account-R6.

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.

Alpha - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index. **Excess Risk** - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

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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.

Effective July 12, 2005, Barrow Hanley was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.

Formerly known as Medium Company Value Separate Account.

* Values may exceed 100% if both long and short positions are included in the portfolio.

Real Estate Securities Separate Account-R6 as of 03/31/2009

Investment Strategy

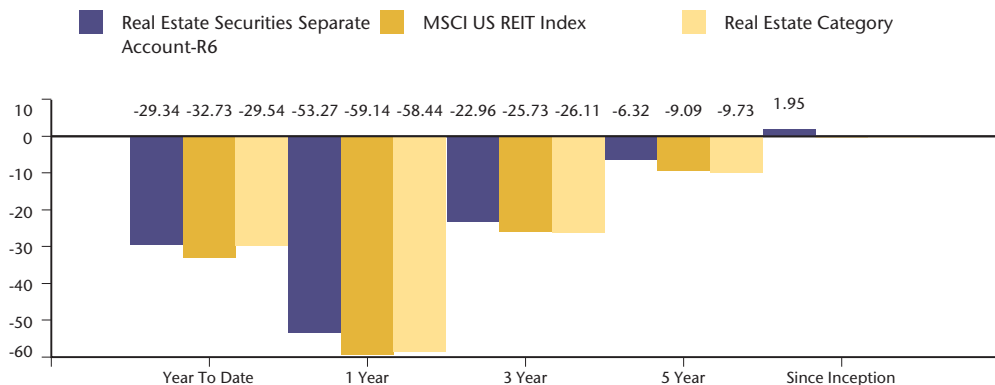
The investment seeks to generate a total return. The fund normally invests at least 80% of the net assets (plus any borrowings for investment purposes) in equity securities of companies principally engaged in the real estate industry, which include real estate investment trusts and companies with substantial real estate holdings such as paper, lumber, hotel and entertainment companies. It is nondiversified.

Principal Real Estate Investors

Portfolio managers

Kelly D. Rush, CFA. Since 12/06/2000. M.B.A., U of Iowa

Long-term returns % as of 03/31/2009



Performance disclosure

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

In situations where the net and gross total investment expense figures are different, the mutual fund or the 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 based on net total investment expense.

Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-29.34	-53.27	-22.96	-6.32	1.95
MSCI US REIT Index %	-32.73	-59.14	-25.73	-9.09	0.00
Real Estate Category %	-29.54	-58.44	-26.11	-9.73	-
Morningstar Percentile Rankings	-	9	11	8	-
# of Funds in Category	280	266	229	200	-

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-32.82	-17.73	36.03	15.28	33.69
MSCI US REIT Index %	-37.97	-16.82	35.92	12.13	31.49
Real Estate Category %	-39.55	-14.66	33.58	11.51	32.02
Morningstar Percentile Rankings	5	70	30	16	36
# of Funds in Category	265	372	306	279	252

Morningstar percentile rankings are based on total returns.

Morningstar category

Real Estate

Morningstar Style Box™

As of 02/28/2009

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2009 Relative to MSCI US REIT Index

	3Yr	5Yr
Alpha	-0.79	1.51
Beta	0.89	0.91
R-Squared	98.99	98.65
Standard Deviation	30.17	26.93
Mean	-22.96	-6.32
Sharpe Ratio	-0.81	-0.21
Excess Return	2.77	2.78
Excess Risk	4.84	3.99
Information Ratio	0.57	0.70

Operations

Total Investment Expense Net	1.15%
Total Investment Expense Gross	1.15%
Inception Date	12/31/2002
Total Net Assets (mil)	\$853.95



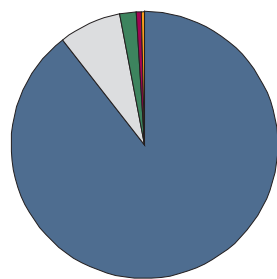
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Risk and return statistical data is provided by Markov Processes International (MPI).

Real Estate Securities Separate Account-R6 as of 03/31/2009

Portfolio information†

Composition as of
02/28/2009



% of Assets	
U.S. Stocks	89.47
Cash	7.53
U.S. Bonds	1.99
Convertibles	0.59
Non-U.S. Stocks	0.42

Top ten holdings

Top ten holdings	% of net assets
1. Public Storage	8.54
2. Simon Property Group, Inc.	8.35
3. HCP, Inc.	5.58
4. Boston Properties, Inc.	5.11
5. Federal Realty Investment Trust	4.30
6. Ventas, Inc.	4.24
7. Vornado Realty Trust	3.53
8. Health Care REIT, Inc.	3.49
9. Tanger Factory Outlet Centers	3.42
10. Nationwide Health Properties, Inc.	3.37
% of net assets in top ten holdings*	49.94

Analysis

# of Stock Hldgs	45
# of Bond Hldgs	6
# of Other Hldgs	7
GeoAvgCap (mil)	\$2,376.59
Turnover Ratio	47%
P/C Ratio	5.62
P/E Ratio	16.00
P/B Ratio	0.95

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	0.00	Healthcare	0.00	Consumer Goods	0.00
Hardware	0.00	Consumer Services	0.19	Industrial Materials	0.00
Media	0.00	Business Services	1.02	Energy	0.00
Telecom	0.00	Financial Services	98.79	Utilities	0.00

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The full name of this investment option is Principal Real Estate Securities Separate Account-R6.

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.

Alpha - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index. **Excess Risk** - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

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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.

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.

* Values may exceed 100% if both long and short positions are included in the portfolio.

U.S. Property Separate Account-R6 as of 03/31/2009

Investment Strategy

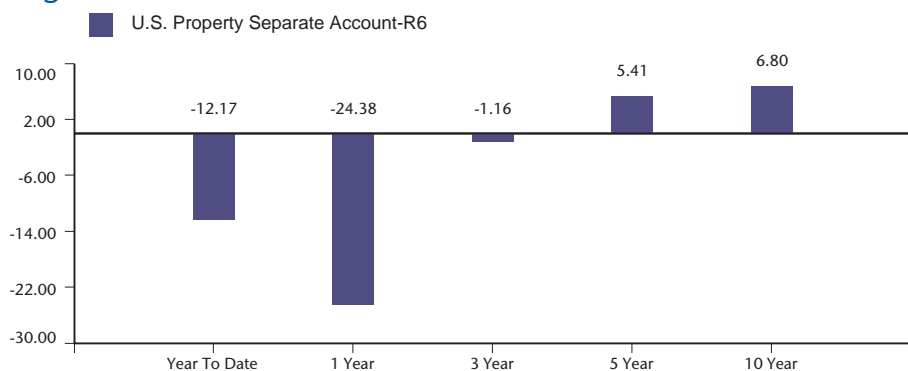
The investment invests the majority of assets on commercial real estate holdings. It focuses on properties that return both lease income and appreciation of the buildings' marketable value. The property holdings usually contain real estate from the multi-family, office, warehouse/manufacturing, and retail sectors.

Principal Real Estate Investors

Portfolio managers

John Berg Since 12/01/2003. MBA, University of Iowa

Long-term returns % as of 03/31/2009



Performance disclosure

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

Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-12.17	-24.38	-1.16	5.41	6.80

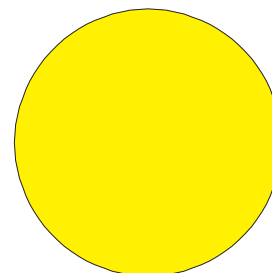
Annual Returns	2008	2007	2006	2005	2004
Total Return %	-13.23	13.42	15.14	18.61	12.52

Operations

Total Investment Expense Net	1.15%
Total Investment Expense Gross	1.15%
Inception Date	01/01/1982
Total Net Assets (mil)	\$4,718.57

Portfolio information

Composition as of 02/28/2009



% of Assets

Other	100.00
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Analysis

Total Number of Hldgs	146
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Portfolio composition

Top ten holdings % of net assets

OFFICE SAN FRANCISCO, CA	7.98
OFFICE NEW YORK, NY	6.34
OFFICE BELLEVUE, WA	4.24
RETAIL BURBANK, CA	3.64
OFFICE SCOTTSDALE, AZ	3.27
OFFICE NEW YORK, NY	3.26
APARTMENT CAMBRIDGE, MA	2.98
APARTMENT MERCER ISLAND, VA	2.86
OFFICE CAMBRIDGE, MA	2.74
APARTMENT TUSTIN, CA	2.62

% of net assets in top ten holdings* 39.93%

*Values may exceed 100% if both long and short positions are included in the portfolio.

Geographical diversity % of properties

West	47.17
East	23.01
South	18.77
Midwest	11.05

Property type % of account

Office	42.12
Apartments	22.89
Retail	20.02
Warehouse	13.80
Other	1.17

U.S. Property Separate Account-R6 as of 03/31/2009

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. Annualized total returns measure net investment income and capital gain or loss from portfolio investments as an annualized average, assuming the reinvestment of dividends, and without adjusting for loads.

Insurance products and plan administrative services are provided by Principal Life Insurance Company. Principal Funds, Inc. is distributed by Principal Funds Distributor, Inc. 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. Principal Funds Distributor, 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.

Due to the unique composition of the portfolio, Morningstar does not track an index or peer group that provides an appropriate comparison for this Separate Account.

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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. Payment of principal and earnings may be delayed.

Preferred Securities Separate Account-R6 as of 03/31/2009

Investment Strategy

The investment seeks to provide current income. The fund invests primarily in preferred securities of U.S. companies rated BBB or higher by Standard & Poor's Rating Service ("S&P") or Moody's Investor Service, Inc. ("Moody's") or, if unrated, of comparable quality in the opinion of the Sub-Advisor, Spectrum, Inc. It normally invests at least 80% of net assets (plus any borrowings for investment purposes) in preferred securities. The fund focuses primarily on the financial services, Real Estate Investment Trust and utility industries. It is nondiversified.

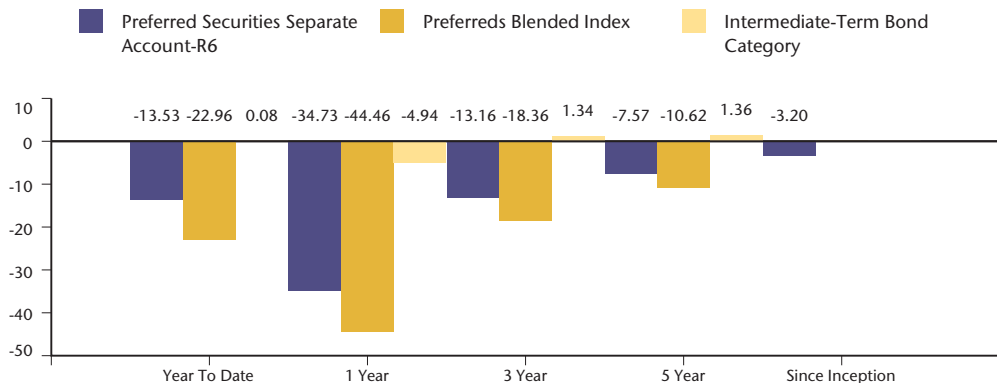
SPECTRUM

Portfolio managers

L. Phillip Jacoby IV Since 05/01/2002. B.S., Boston U

Bernard M. Sussman Since 05/01/2002. M.B.A., Cornell U

Long-term returns % as of 03/31/2009



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-13.53	-34.73	-13.16	-7.57	-3.20
Preferreds Blended Index %	-22.96	-44.46	-18.36	-10.62	-
Intermediate-Term Bond Category %	0.08	-4.94	1.34	1.36	-
Morningstar Percentile Rankings	-	98	98	98	-
# of Funds in Category	1187	1139	993	856	-

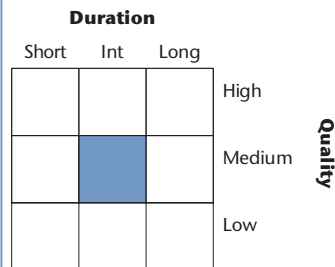
Annual Returns	2008	2007	2006	2005	2004
Total Return %	-22.42	-8.14	6.77	1.46	4.20
Preferreds Blended Index %	-27.53	-8.57	7.03	1.91	5.67
Intermediate-Term Bond Category %	-4.70	4.70	4.15	1.80	3.91
Morningstar Percentile Rankings	97	99	4	67	84
# of Funds in Category	1135	1097	1092	1043	1035

Morningstar percentile rankings are based on total returns.

Morningstar category
Intermediate-Term Bond

Morningstar Style Box™

As of 02/28/2009



Risk and Return Statistics

as of 03/31/2009 Relative to Preferreds Blended Index

	3Yr	5Yr
Alpha	1.06	0.26
Beta	0.80	0.80
R-Squared	92.32	92.51
Standard Deviation	17.41	13.88
Mean	-13.17	-7.57
Sharpe Ratio	-0.91	-0.72
Excess Risk	6.35	5.03
Information Ratio	0.82	0.61

Operations

Total Investment Expense Net	0.90%
Total Investment Expense Gross	0.90%
Inception Date	05/31/2002
Total Net Assets (mil)	\$1,253.00



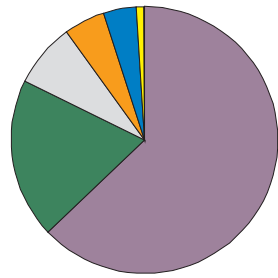
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Risk and return statistical data is provided by Markov Processes International (MPI).

Preferred Securities Separate Account-R6 as of 03/31/2009

Portfolio information[†]

Composition as of
02/28/2009



Asset Class	% of Assets
Preferred	62.85
U.S. Bonds	19.43
Cash	7.71
Non-U.S. Stocks	4.99
Non-U.S. Bonds	4.01
Other	0.87
U.S. Stocks	0.13

Top ten holdings

Rank	Top ten holdings	% of net assets
1.	Santander Fin Pfd S A Unipersonal Pfd	2.32
2.	Xcel Engy Pfd	2.05
3.	BB&T CAP TR V	1.84
4.	Kimco Rlty Pfd	1.51
5.	Qbe Cap Fdg li L P 144A FRN	1.33
6.	Jpmorgan Chase FRN	1.28
7.	BERKLEY W R CAP TR II	1.25
8.	Pnc Cap Tr E Pfd	1.24
9.	General Elec Cap FRN	1.20
10.	Deutsche Bk Contingent Cap Tr li Pfd	1.09
% of net assets in top ten holdings*		15.11

Analysis

# of Stock Hldgs	26
# of Bond Hldgs	80
# of Other Hldgs	284
Turnover Ratio	19%

Credit Analysis

As of 02/28/2009

Rating	% Bonds
AAA	21.32
AA	6.20
A	20.57
BBB	47.50
BB	4.00
B	0.00
Below B	0.40
Not Rated	0.00

Statistics

Avg Eff Duration (Yrs)	3.76
Avg Eff Maturity (Yrs)	61.28
Avg Credit Quality	A
Avg Weighted Coupon	7.40
Avg Weighted Price	60.80

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The full name of this investment option is Principal Preferred Securities Separate Account-R6.

Preferreds Blended Index is composed of 65% Merrill Lynch Fixed Rate Preferred Securities Index and 35% Barclays Capital U.S. Tier I Capital Securities Index.

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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.

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.

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

* Values may exceed 100% if both long and short positions are included in the portfolio.

LargeCap Growth I Separate Account-R6 as of 03/31/2009

Investment Strategy

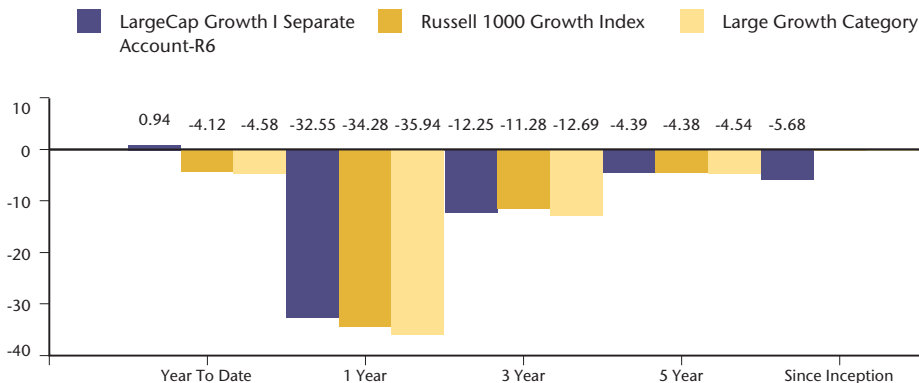
The investment seeks long-term growth of capital. The fund normally invests at least 80% of assets in equity securities of companies with market capitalizations within the range of companies in the Russell 1000 Growth index at the time of purchase. It invests less than 25% of total assets in foreign companies. The fund may also purchase futures and options. It generally looks for companies with an above-average rate of earnings and cash flow growth and a lucrative niche in the economy that gives them the ability to sustain earnings momentum even during times of slow economic growth.



Portfolio managers

Robert W. Sharps, CPA, CFA. Since 08/19/2004. M.B.A., U of Pennsylvania

Long-term returns % as of 03/31/2009



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	0.94	-32.55	-12.25	-4.39	-5.68
Russell 1000 Growth Index %	-4.12	-34.28	-11.28	-4.38	-
Large Growth Category %	-4.58	-35.94	-12.69	-4.54	-
Morningstar Percentile Rankings	-	20	45	45	-
# of Funds in Category	1866	1770	1491	1229	-

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-40.69	8.18	5.93	7.44	9.12
Russell 1000 Growth Index %	-38.44	11.81	9.07	5.26	6.30
Large Growth Category %	-40.67	13.35	7.05	6.71	7.81
Morningstar Percentile Rankings	51	75	63	40	37
# of Funds in Category	1809	1748	1642	1495	1400

Morningstar percentile rankings are based on total returns.

Morningstar category

Large Growth

Morningstar Style Box™

As of 02/28/2009

Investment style			Market capitalization
Value	Blend	Growth	
		Large	
		Medium	
		Small	

Risk and Return Statistics

as of 03/31/2009 Relative to Russell 1000 Growth Index

	3Yr	5Yr
Alpha	-0.02	0.62
Beta	1.06	1.06
R-Squared	94.90	93.30
Standard Deviation	19.52	16.64
Mean	-12.24	-4.39
Sharpe Ratio	-0.74	-0.37
Excess Return	-0.96	-0.01
Excess Risk	4.49	4.38
Information Ratio	-0.21	0.00

Operations

Total Investment Expense Net	0.90%
Total Investment Expense Gross	0.90%
Inception Date	12/29/2000
Total Net Assets (mil)	\$1,158.55



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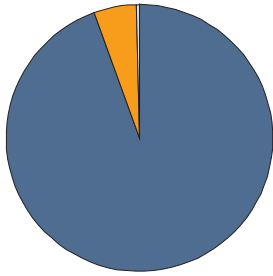
Risk and return statistical data is provided by Markov Processes International (MPI).

LargeCap Growth I Separate Account-R6 as of 03/31/2009

Portfolio information†

Composition as of
02/28/2009

% of Assets	
■ U.S. Stocks	94.41
■ Non-U.S. Stocks	5.14
■ Cash	0.45



Top ten holdings

Top ten holdings	% of net assets
1. Amazon.com, Inc.	4.83
2. Apple, Inc.	4.04
3. Danaher Corporation	4.03
4. American Tower Corporation A	3.92
5. Gilead Sciences, Inc.	3.88
6. Qualcomm, Inc.	3.62
7. Juniper Networks, Inc.	3.46
8. Medco Health Solutions, Inc.	3.01
9. Genentech, Inc.	2.97
10. Google, Inc.	2.87
% of net assets in top ten holdings*	36.64

Analysis

# of Stock Hldgs	62
# of Bond Hldgs	0
# of Other Hldgs	3
GeoAvgCap (mil)	\$20,571.30
Turnover Ratio	65%
P/C Ratio	2.51
P/E Ratio	14.82
P/B Ratio	2.05

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	6.93	Healthcare	20.61	Consumer Goods	0.53
Hardware	20.85	Consumer Services	15.54	Industrial Materials	8.45
Media	0.00	Business Services	5.68	Energy	5.50
Telecom	7.11	Financial Services	7.46	Utilities	1.35

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The full name of this investment option is Principal LargeCap Growth I Separate Account-R6.

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.

Alpha - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index. **Excess Risk** - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

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* Values may exceed 100% if both long and short positions are included in the portfolio.

MidCap Growth III Separate Account-R6 as of 03/31/2009

Investment Strategy

The investment seeks long-term growth of capital. The fund invests primarily in common stocks and other equity securities of U.S. companies with strong earnings growth potential. It normally invests at least 80% of assets in companies with market capitalizations similar to those of companies in the Russell Midcap Growth index. It may invest up to 25% of assets in foreign securities.



Portfolio managers

Christopher K. McHugh Since 12/06/2000. M.B.A., St. Joseph's U

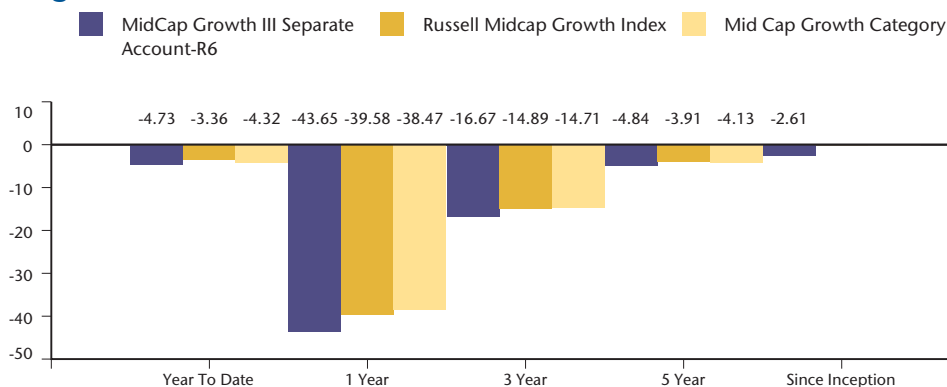
Tara Hedlund, CPA, CFA. Since 10/01/2006. B.A., Villanova U

Jason Schrotberger, CFA. Since 10/01/2006. M.B.A., U of Illinois

Adam T. Logan, CFA. Since 11/21/2008. M.B.A., U of Pittsburgh

John R. O'Toole, CFA. Since 11/21/2008. M.B.A., U of Chicago

Long-term returns % as of 03/31/2009



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-4.73	-43.65	-16.67	-4.84	-2.61
Russell Midcap Growth Index %	-3.36	-39.58	-14.89	-3.91	-
Mid Cap Growth Category %	-4.32	-38.47	-14.71	-4.13	-
Morningstar Percentile Rankings	-	84	75	62	-
# of Funds in Category	938	906	805	673	-

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-48.56	24.40	6.26	11.59	11.41
Russell Midcap Growth Index %	-44.32	11.43	10.66	12.10	15.48
Mid Cap Growth Category %	-43.77	15.09	9.00	9.84	13.23
Morningstar Percentile Rankings	81	12	69	37	65
# of Funds in Category	934	967	994	936	903

Morningstar percentile rankings are based on total returns.

Morningstar category

Mid Cap Growth

Morningstar Style Box™

As of 02/28/2009

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2009 Relative to Russell Midcap Growth Index

	3Yr	5Yr
Alpha	-1.72	-0.39
Beta	1.01	1.05
R-Squared	95.41	94.88
Standard Deviation	22.29	20.24
Mean	-16.67	-4.84
Sharpe Ratio	-0.85	-0.30
Excess Return	-1.77	-0.93
Excess Risk	4.74	4.66
Information Ratio	-0.37	-0.20

Operations

Total Investment Expense Net	1.17%
Total Investment Expense Gross	1.17%
Inception Date	10/28/1999
Total Net Assets (mil)	\$673.67



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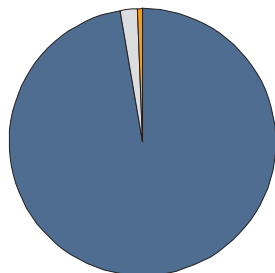
Risk and return statistical data is provided by Markov Processes International (MPI).

MidCap Growth III Separate Account-R6 as of 03/31/2009

Portfolio information†

Composition as of
02/28/2009

% of Assets	
U.S. Stocks	97.27
Cash	2.05
Non-U.S. Stocks	0.68



Top ten holdings	% of net assets
1. S&P MID 400 EMINI MAR09	2.09
2. Yum Brands, Inc.	1.67
3. Kohl's Corporation	1.42
4. Broadcom Corporation	1.40
5. McAfee, Inc.	1.36
6. Northern Trust Corporation	1.31
7. St. Jude Medical, Inc.	1.21
8. Consol Energy, Inc.	1.20
9. F5 Networks, Inc.	1.19
10. Weatherford International, Inc.	1.18
% of net assets in top ten holdings*	14.03

Analysis	
# of Stock Hldgs	233
# of Bond Hldgs	0
# of Other Hldgs	4
GeoAvgCap (mil)	\$3,832.67
Turnover Ratio	167%
P/C Ratio	5.13
P/E Ratio	11.66
P/B Ratio	1.63

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	5.51	Healthcare	13.63	Consumer Goods	6.62
Hardware	13.54	Consumer Services	17.30	Industrial Materials	11.27
Media	0.64	Business Services	10.65	Energy	9.20
Telecom	2.57	Financial Services	6.86	Utilities	2.19

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The full name of this investment option is Principal MidCap Growth III Separate Account-R6.

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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.

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Formerly known as Mid-Cap Growth Separate Account.

Effective November 21, 2008, Mellon Capital Management was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.

* Values may exceed 100% if both long and short positions are included in the portfolio.

LargeCap Value I Separate Account-R6 as of 03/31/2009

Investment Strategy

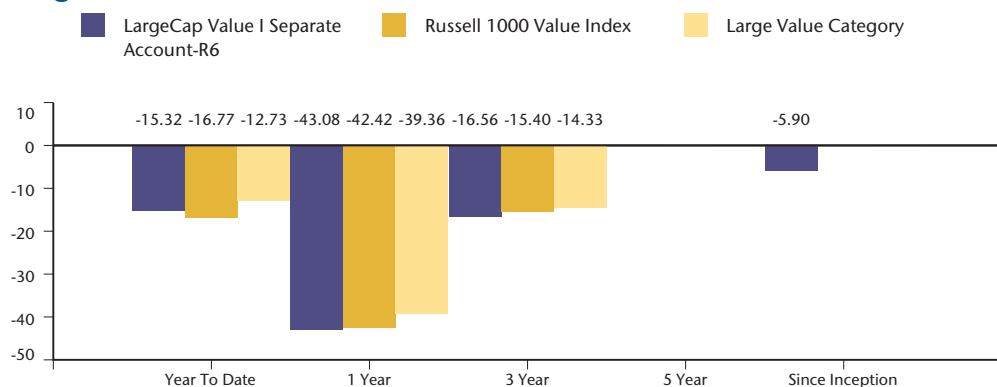
The investment seeks long-term growth of capital. The fund invests primarily in common stocks and other equity securities of large-capitalization companies. It normally invests at least 80% of net assets in securities of companies with large market capitalizations (those with market capitalizations similar to companies in the Russell 1000 Value index) at the time of purchase. The fund may invest up to 25% of assets in securities of foreign companies.



Portfolio managers

Thomas M. Cole, CFA. Since 06/01/2004. M.B.A., U of Wisconsin
Thomas J. Digenan, CPA, CFA. Since 06/01/2004. M.S., DePaul U
John C. Leonard, CFA. Since 06/01/2004. M.B.A., U of Chicago
Scott C. Hazen, CFA. Since 03/01/2006. M.B.A., U of Chicago

Long-term returns % as of 03/31/2009



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-15.32	-43.08	-16.56	-	-5.90
Russell 1000 Value Index %	-16.77	-42.42	-15.40	-4.94	-
Large Value Category %	-12.73	-39.36	-14.33	-4.89	-
Morningstar Percentile Rankings	-	81	78	-	-
# of Funds in Category	1489	1425	1192	964	-

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-39.34	0.31	18.01	9.75	-
Russell 1000 Value Index %	-36.85	-0.17	22.25	7.05	16.49
Large Value Category %	-37.09	1.42	18.15	5.95	12.97
Morningstar Percentile Rankings	70	61	53	16	-
# of Funds in Category	1433	1432	1371	1296	1220

Morningstar percentile rankings are based on total returns.

Morningstar category

Large Value

Morningstar Style Box™

As of 02/28/2009

Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2009 Relative to Russell 1000 Value Index

	3Yr	5Yr
Alpha	-1.19	-
Beta	1.00	-
R-Squared	96.44	-
Standard Deviation	19.24	-
Mean	-16.56	-
Sharpe Ratio	-1.02	-
Excess Return	-1.16	-
Excess Risk	3.58	-
Information Ratio	-0.33	-

Operations

Total Investment Expense Net	0.96%
Total Investment Expense Gross	0.96%
Inception Date	06/01/2004
Total Net Assets (mil)	\$824.07



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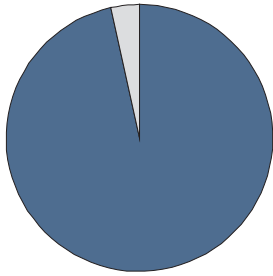
Risk and return statistical data is provided by Markov Processes International (MPI).

LargeCap Value I Separate Account-R6 as of 03/31/2009

Portfolio information[†]

Composition as of
02/28/2009

% of Assets	
■ U.S. Stocks	96.53
■ Cash	3.47



Top ten holdings

	% of net assets
1. AT&T, Inc.	4.26
2. General Electric Company	4.02
3. Chevron Corporation	3.65
4. J.P. Morgan Chase & Co.	3.41
5. Comcast Corporation A	3.19
6. Intel Corporation	2.99
7. ExxonMobil Corporation	2.94
8. American Electric Power	2.55
9. Marathon Oil Corporation	2.51
10. Pfizer Inc.	2.45
% of net assets in top ten holdings*	31.95

Analysis

# of Stock Hldgs	57
# of Bond Hldgs	0
# of Other Hldgs	3
GeoAvgCap (mil)	\$20,035.76
Turnover Ratio	52%
P/C Ratio	3.18
P/E Ratio	10.11
P/B Ratio	1.05

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	0.07	Healthcare	12.30	Consumer Goods	4.70
Hardware	4.41	Consumer Services	4.25	Industrial Materials	12.44
Media	3.79	Business Services	7.48	Energy	20.12
Telecom	5.54	Financial Services	13.27	Utilities	11.65

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* Values may exceed 100% if both long and short positions are included in the portfolio.

SmallCap Growth II Separate Account-R6 as of 03/31/2009

Investment Strategy

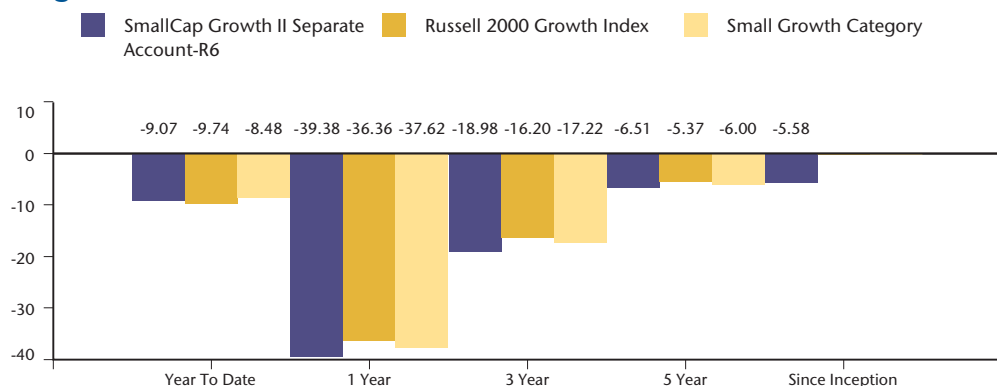
The investment seeks long-term growth of capital. The fund normally invests at least 80% of assets in common stocks of companies with small market capitalizations (those with market capitalizations equal to or smaller than the greater of \$2.5 billion or the highest market capitalization of the companies in the Russell 2000 Growth index) at the time of purchase. It may invest up to 25% of assets in securities of foreign companies.



Portfolio managers

Paul A. Graham, Jr., CFA. Since 04/22/2002. B.A., Dartmouth C
David N Wabnik Since 04/22/2002. M.B.A., Columbia Business School
Kenneth G. Mertz II, CFA. Since 09/01/2004. B.A., Millersville U
Stacey Sears Since 09/01/2004. M.B.A., Villanova U
Joseph W. Garner Since 03/01/2006. M.B.A., U of Pittsburgh

Long-term returns % as of 03/31/2009



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-9.07	-39.38	-18.98	-6.51	-5.58
Russell 2000 Growth Index %	-9.74	-36.36	-16.20	-5.37	-
Small Growth Category %	-8.48	-37.62	-17.22	-6.00	-
Morningstar Percentile Rankings	-	70	72	55	-
# of Funds in Category	831	801	678	566	-

Annual Returns	2008	2007	2006	2005	2004
Total Return %	-42.31	5.64	8.79	6.88	11.00
Russell 2000 Growth Index %	-38.54	7.05	13.35	4.15	14.31
Small Growth Category %	-41.55	7.59	10.81	6.02	12.41
Morningstar Percentile Rankings	58	58	63	42	60
# of Funds in Category	834	829	763	723	711

Morningstar percentile rankings are based on total returns.

Morningstar category

Small Growth

Morningstar Style Box™

As of 02/28/2009

Investment style

Value	Blend	Growth	
			Large
			Medium
			Small

Market capitalization

Risk and Return Statistics

as of 03/31/2009 Relative to Russell 2000 Growth Index

	3Yr	5Yr
Alpha	-3.92	-1.68
Beta	0.97	0.95
R-Squared	97.26	96.56
Standard Deviation	21.87	19.87
Mean	-18.98	-6.51
Sharpe Ratio	-1.00	-0.39
Excess Return	-2.78	-1.14
Excess Risk	3.66	3.82
Information Ratio	-0.76	-0.30

Operations

Total Investment Expense Net	1.19%
Total Investment Expense Gross	1.19%
Inception Date	12/29/2000
Total Net Assets (mil)	\$284.67



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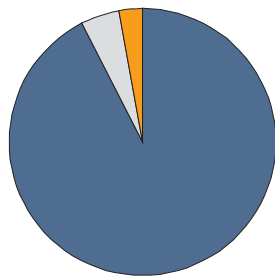
Risk and return statistical data is provided by Markov Processes International (MPI).

SmallCap Growth II Separate Account-R6 as of 03/31/2009

Portfolio information†

Composition as of
02/28/2009

% of Assets	
U.S. Stocks	92.48
Cash	4.63
Non-U.S. Stocks	2.89



Top ten holdings

	% of net assets
1. Russell 2000 Mini (Fut)	4.82
2. Neutral Tandem, Inc.	1.46
3. NICE-Systems, Ltd. ADR	1.38
4. Haemonetics Corporation	1.25
5. Nuance Communications, Inc.	1.25
6. Phase Forward, Inc.	1.24
7. SBA Communications Corporation	1.24
8. Aeropostale, Inc.	1.20
9. ResMed Inc.	1.15
10. Thoratec Laboratories Corporation	1.12
% of net assets in top ten holdings*	16.10

Analysis

# of Stock Hldgs	262
# of Bond Hldgs	0
# of Other Hldgs	6
GeoAvgCap (mil)	\$774.98
Turnover Ratio	78%
P/C Ratio	4.39
P/E Ratio	12.24
P/B Ratio	1.42

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	6.79	Healthcare	25.01	Consumer Goods	5.11
Hardware	13.85	Consumer Services	9.80	Industrial Materials	11.06
Media	0.02	Business Services	15.58	Energy	4.11
Telecom	3.34	Financial Services	5.12	Utilities	0.23

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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.

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.

Effective May 1, 2002, this portfolio was sub-advised solely by UBS Global Asset Management. Effective September 1, 2004, Emerald Advisers was added as an additional sub-advisor. Effective June 30, 2006, Essex was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.

* Values may exceed 100% if both long and short positions are included in the portfolio.