



Principal Financial Advisors, Inc.

May 2010

Mr. Mark Antonio
City of Hallandale Beach
City Hall
400 South Federal Highway
Hallandale Beach, FL 33009-6433

RE: City of Hallandale Beach Professional/Management Retirement Plan
Contract No: 4-47771

Dear Mr. Antonio,

Thank you for being a continuing client of Principal Financial Advisors. Enclosed is a copy of your Investment Advisory Report. We are pleased to continue working with you and hope that you find this summary helpful.

Principal Financial Advisors, Inc., is a registered investment adviser and wholly owned subsidiary of the Principal Financial Group®. Federal securities laws require us to offer you a copy of Principal Financial Advisors ADV Part 2. This filing provides information about Principal Financial Advisors and the services we offer. Please let me know if you would like a copy of the ADV Part 2.

Please contact me at the number below if you have any questions regarding this report.

Best regards,

A handwritten signature in black ink, appearing to read "Cory Weber".

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CC Don Huegerich

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Compliance Approval No. 122322007

Principal Financial Advisors, Inc.



Investment Advisory Report
City of Hallandale Beach Professional/Management
Retirement Plan



Contract No. 4-47771
October 01, 2009 - March 31, 2010

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Principal Financial Advisors, Inc. Overview

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

For over 20 years, Principal Financial Advisors, Inc., a registered investment advisor, and a member company of the Principal Financial Group® has been providing asset allocation solutions for clients. As of March 31, 2010, we manage \$5.5 billion in assets overall and have more than 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 10/01/2009 through 03/31/2010					
Investment Advisor	Investment Option	Beginning Balance	Breakdown %	Ending Balance	Breakdown %
Large U.S. Equity					
Large Value					
AllianceBernstein / Westwood	LargeCap Value III Separate Account-R6 ^{3, 17, 22, 31, 41}	\$426,293	5.38%	\$490,915	5.63%
UBS / TS&W	LargeCap Value I Separate Account-R6 ^{15, 41, 45}	\$787,807	9.95%	\$897,648	10.29%
Large Blend					
Principal Global Investors	LargeCap S&P 500 Index Separate Account-R6 ^{2, 9, 24}	\$532,966	6.73%	\$613,978	7.04%
Large Growth					
Columbus Circle Investors	LargeCap Growth Separate Account-R6 ²⁵	\$609,164	7.69%	\$710,757	8.15%
T. Rowe Price/Brown Advisory	LargeCap Growth I Separate Account-R6 ^{3, 41, 43}	\$606,175	7.65%	\$711,238	8.15%
Small/Mid U.S. Equity					
Mid Cap Value					
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 ^{1, 13, 26}	\$144,849	1.83%	\$173,106	1.98%
Mid Cap Growth					
Turner/Mellon/Jacobs Levy	MidCap Growth III Separate Account-R6 ^{1, 12, 27, 41}	\$144,961	1.83%	\$172,089	1.97%
Small Value					
DFA/Vaughan Nelson/LA Capital	SmallCap Value II Separate Account-R6 ^{1, 15, 35, 38, 41}	\$143,555	1.81%	\$170,186	1.95%
Small Growth					
Emerald / Essex	SmallCap Growth II Separate Account-R6 ^{1, 3, 41, 42}	\$144,405	1.82%	\$164,955	1.89%
International Equity					
Diversified Emerging Markets					
Principal Global Investors	International Emerging Markets Separate Account-R6 ⁴	\$113,737	1.44%	\$128,780	1.48%
Foreign Large Value					
AXA Rosenberg/Causeway	International Value I Separate Account-R6 ^{4, 15, 41}	\$338,705	4.28%	\$358,166	4.11%
Foreign Large Blend					
Fidelity / Schroders	International I Separate Account-R6 ^{4, 15, 19, 29, 41, 46}	\$329,691	4.16%	\$350,094	4.01%
Foreign Large Growth					
Principal Global Investors	International Growth Separate Account-R6 ^{3, 4}	\$337,177	4.26%	\$376,690	4.32%
Real Estate					
Owned Real Estate					
Principal Real Estate Inv	U.S. Property Separate Account-R6 ⁶	\$316,172	3.99%	\$301,473	3.46%
Real Estate					
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 ^{3, 8}	\$167,800	2.12%	\$207,336	2.38%
Fixed Income					
High Yield Bond					
JP Morgan/Neuberger Berman	High Yield I Separate Account-R6 ^{5, 15, 18, 20, 21, 30}	\$357,505	4.51%	\$409,407	4.69%

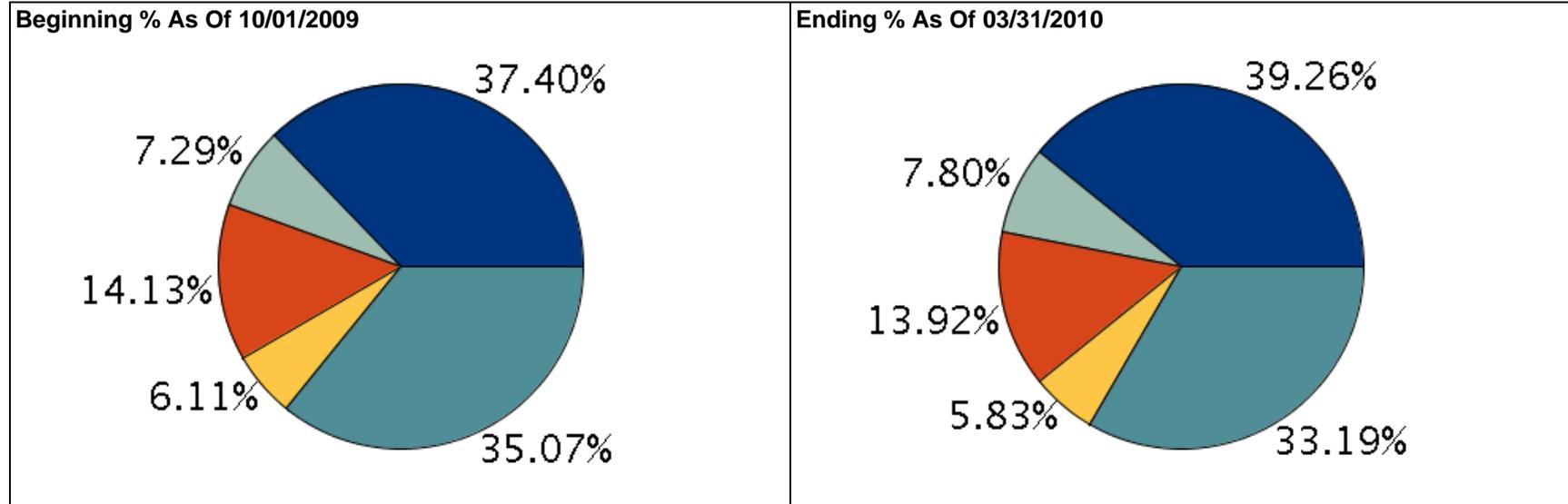
Portfolio and Strategic Asset Allocation Review

Investment Review - Allocation 10/01/2009 through 03/31/2010					
Investment Advisor	Investment Option	Beginning Balance	Breakdown %	Ending Balance	Breakdown %
Intermediate-Term Bond					
PIMCO	Core Plus Bond I Separate Account-R6 ^{15, 18, 21}	\$998,032	12.60%	\$1,054,191	12.09%
Principal Global Investors	Bond and Mortgage Separate Account-I2 ^{18, 21}	\$1,006,209	12.70%	\$989,583	11.35%
Inflation-Protected Bond					
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 ^{15, 18, 21, 32}	\$416,376	5.26%	\$441,550	5.06%
TOTAL		\$7,921,579	100%	\$8,722,142	100%

Please see important disclosures at the end of this presentation.

Portfolio and Strategic Asset Allocation Review

Asset Class Breakdown



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

Holdings of International Separate Accounts by Region as of March 31, 2010

Asia 6.158%

China	1.565%
India	0.630%
Indonesia	0.282%
Malaysia	0.128%
Pakistan	-
Philippines	0.053%
South Korea	2.230%
Taiwan	1.271%
Thailand	-

Europe 60.518%

Austria	0.049%
Belgium	1.212%
Denmark	1.171%
Finland	0.708%
France	9.655%
Germany	7.637%
Greece	0.706%
Ireland	0.488%
Italy	2.585%
Luxembourg	0.236%
Netherlands	4.349%
Norway	0.662%
Portugal	0.466%
Spain	3.596%
Sweden	1.877%
Switzerland	7.155%
United Kingdom	17.964%

Latin America 2.226%

Argentina	-
Bermuda	-
Brazil	1.679%
British Virgin Islands	0.005%
Cayman Islands	-
Chile	0.126%
Colombia	-
Mexico	0.339%
Peru	0.076%

North America 1.286%

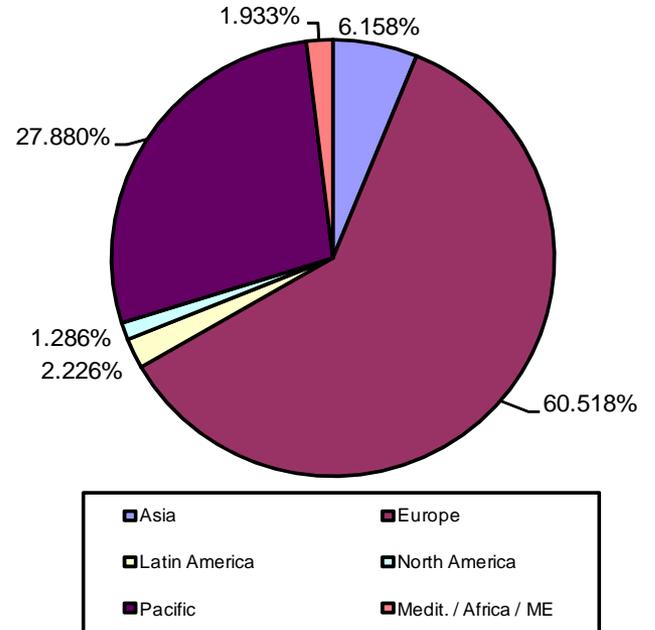
Canada	0.746%
United States	0.540%

Pacific 27.880%

Australia	5.309%
Hong Kong	2.326%
Japan	18.955%
New Zealand	0.014%
Singapore	1.276%

Medit. / Africa / ME 1.933%

Cyprus	-
Czech Republic	0.097%
Egypt	-
Hungary	-
Iceland	-
Israel	0.246%
Morocco	-
Poland	0.093%
Russia	0.510%
Slovenia	-
South Africa	0.766%
Turkey	0.222%



Portfolio and Strategic Asset Allocation Review

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

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

Target Allocation 10/01/2009 through 03/31/2010			
Investment Advisor	Investment Option	Beginning Allocation	Ending Allocation
	Large U.S. Equity	36.80%	36.80%
	Large Value		
AllianceBernstein / Westwood	LargeCap Value III Separate Account-R6 ^{3, 17, 22, 31, 41}	5.30%	5.30%
UBS / TS&W	LargeCap Value I Separate Account-R6 ^{15, 41, 45}	9.80%	9.80%
	Large Blend		
Principal Global Investors	LargeCap S&P 500 Index Separate Account-R6 ^{2, 9, 24}	6.60%	6.60%
	Large Growth		
Columbus Circle Investors	LargeCap Growth Separate Account-R6 ²⁵	7.60%	7.60%
T. Rowe Price/Brown Advisory	LargeCap Growth I Separate Account-R6 ^{3, 41, 43}	7.50%	7.50%
	Small/Mid U.S. Equity	7.20%	7.20%
	Mid Cap Value		
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 ^{1, 13, 26}	1.80%	1.80%
	Mid Cap Growth		
Turner/Mellon/Jacobs Levy	MidCap Growth III Separate Account-R6 ^{1, 12, 27, 41}	1.80%	1.80%
	Small Value		
DFA/Vaughan Nelson/LA Capital	SmallCap Value II Separate Account-R6 ^{1, 15, 35, 38, 41}	1.80%	1.80%
	Small Growth		
Emerald / Essex	SmallCap Growth II Separate Account-R6 ^{1, 3, 41, 42}	1.80%	1.80%
	International Equity	13.90%	13.90%
	Diversified Emerging Markets		
Principal Global Investors	International Emerging Markets Separate Account-R6 ⁴	1.40%	1.40%
	Foreign Large Value		
AXA Rosenberg/Causeway	International Value I Separate Account-R6 ^{4, 15, 41}	4.20%	4.20%
	Foreign Large Blend		
Fidelity / Schroders	International I Separate Account-R6 ^{4, 15, 19, 29, 41, 46}	4.10%	4.10%
	Foreign Large Growth		
Principal Global Investors	International Growth Separate Account-R6 ^{3, 4}	4.20%	4.20%
	Real Estate	2.10%	2.10%
	Real Estate		
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 ^{3, 8}	2.10%	2.10%

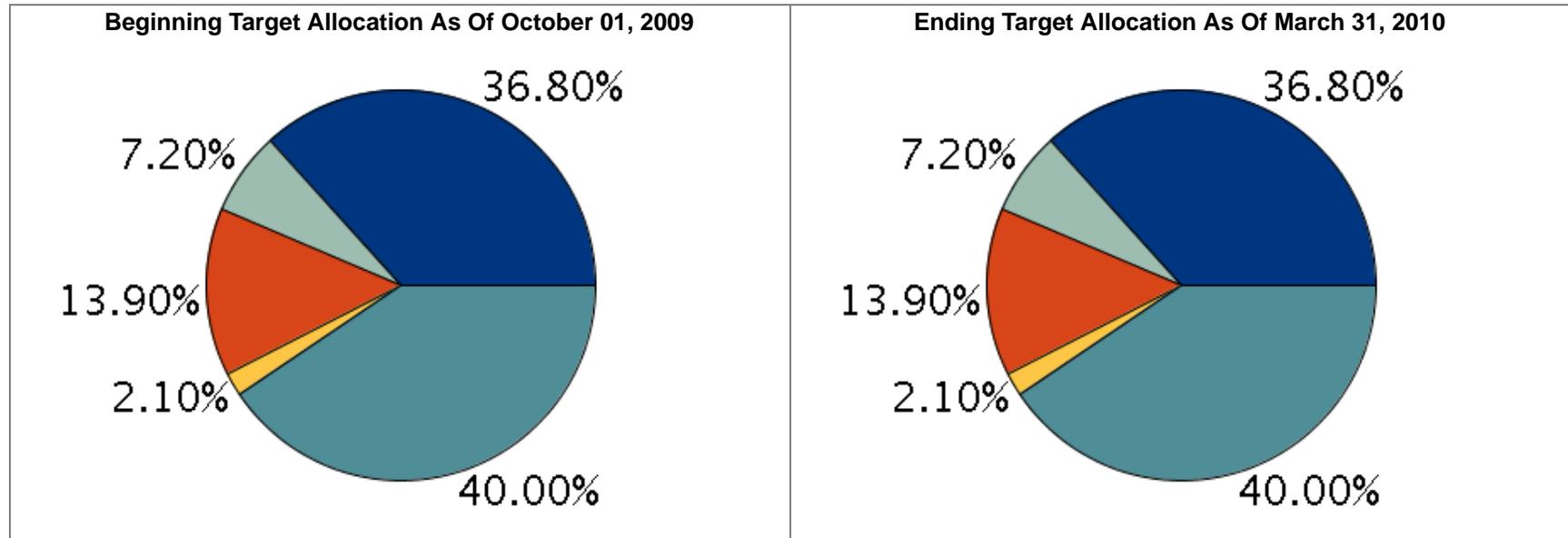
Portfolio and Strategic Asset Allocation Review

Target Allocation 10/01/2009 through 03/31/2010			
Investment Advisor	Investment Option	Beginning Allocation	Ending Allocation
	Fixed Income	40.00%	40.00%
	High Yield Bond		
JP Morgan/Neuberger Berman	High Yield I Separate Account-R6 ^{5, 15, 18, 20, 21, 30}	4.40%	4.40%
	Intermediate-Term Bond		
PIMCO	Core Plus Bond I Separate Account-R6 ^{15, 18, 21}	15.20%	15.20%
Principal Global Investors	Bond and Mortgage Separate Account-I2 ^{18, 21}	15.30%	15.30%
	Inflation-Protected Bond		
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 ^{15, 18, 21, 32}	5.10%	5.10%

Please see important disclosures at the end of this presentation.

Portfolio and Strategic Asset Allocation Review

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



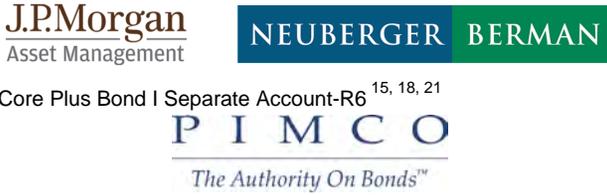
- Large U.S. Equity
- Small/Mid U.S. Equity
- International Equity
- Real Estate
- Fixed Income

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 ^{3, 17, 22, 31, 41}</p>  <p>LargeCap Value I Separate Account-R6 ^{15, 41, 45}</p> 	<p>LargeCap S&P 500 Index Separate Account-R6 ^{2, 9, 24 ++}</p>	<p>LargeCap Growth Separate Account-R6 ²⁵</p>  <p>LargeCap Growth I Separate Account-R6 ^{3, 41, 43}</p> 
Small/Mid U.S. Equity		
Mid Cap Value	Mid Cap Blend	Mid Cap Growth
<p>MidCap Value III Separate Account-R6 ^{1, 13, 26}</p> 		<p>MidCap Growth III Separate Account-R6 ^{1, 12, 27, 41}</p> 
Small Value	Small Blend	Small Growth
<p>SmallCap Value II Separate Account-R6 ^{1, 15, 35, 38, 41}</p> 		<p>SmallCap Growth II Separate Account-R6 ^{1, 3, 41, 42}</p> 

Portfolio and Strategic Asset Allocation Review

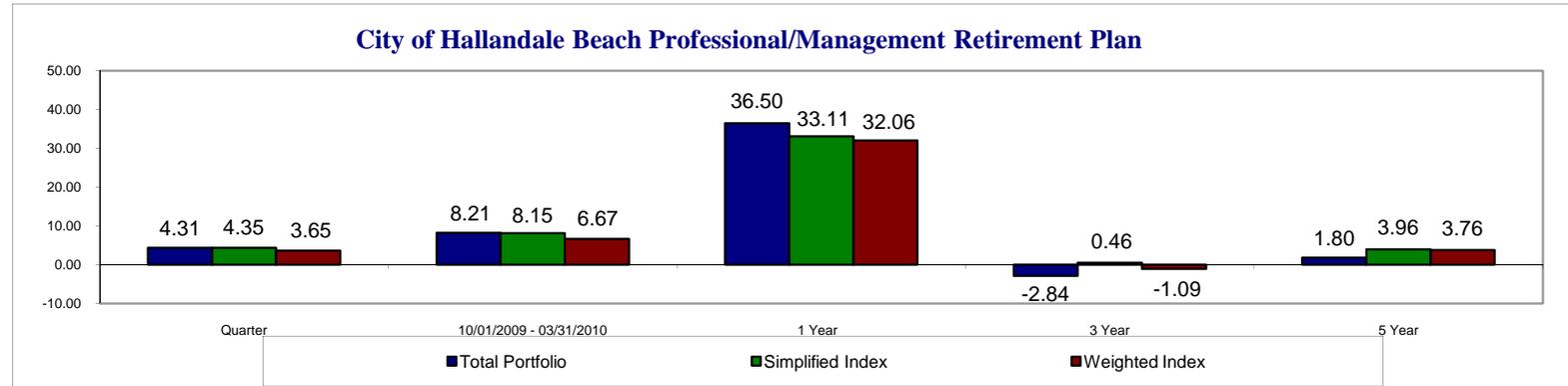
International Equity	Real Estate	Balanced/Asset Allocation
<p>International Value I Separate Account-R6 ^{4, 15, 41}</p>  <p>International I Separate Account-R6 ^{4, 15, 19, 29, 41, 46}</p>  <p>International Emerging Markets Separate Account-R6 ⁴</p> <p>International Growth Separate Account-R6 ^{3, 4}</p> 	<p>Real Estate Securities Separate Account-R6 ^{3, 8}</p> <p>U.S. Property Separate Account-R6 ⁶</p> <p>Principal Real Estate Investors</p>	
Short-Term Fixed Income	Fixed Income	
	<p>Inflation Protection Separate Account-R6 ^{15, 18, 21, 32}</p>  <p>High Yield I Separate Account-R6 ^{5, 15, 18, 20, 21, 30}</p>  <p>Core Plus Bond I Separate Account-R6 ^{15, 18, 21}</p> <p>Bond and Mortgage Separate Account-I2 ^{18, 21}</p> 	

Please see important disclosures at the end of this presentation.

Portfolio Performance Review

Time & Dollar Weighted Rates of Return
March 31, 2010

Time and Dollar Weighted Returns					
(returns achieved by your plan)	Quarter	10/01/2009 - 03/31/2010	1 Year	3 Year	5 Year
Total Portfolio	4.31	8.21	36.50	-2.84	1.80
Simplified Index	4.35	8.15	33.11	0.46	3.96
Weighted Index	3.65	6.67	32.06	-1.09	3.76
Difference - Simplified Index	-0.04	0.06	3.39	-3.30	-2.16
Difference - Weighted Index	0.66	1.54	4.44	-1.75	-1.96
Portfolio's Fixed Income Return	2.89	4.98	19.56	0.59	1.98
Barclays Capital Aggregate Bond Index	1.78	1.99	7.69	6.14	5.44
Portfolio's U.S. Equity Return	6.29	12.30	51.70	-3.58	1.54
Russell 3000 Index	5.94	12.20	52.44	-3.99	2.39
Portfolio's International Equity Return	1.50	4.92	53.16	-4.74	3.13
MSCI - EAFE Index NDTR D	0.87	3.05	54.44	-7.02	3.75
Portfolio's Real Estate Return	3.77	3.91	5.53	-9.54	0.37
Blended Real Estate Index (75% NFI-ODCE, 25% MSCI US REIT)	2.95	1.89	2.78	-10.36	0.91



We calculated performance of your plan assets with information provided to us by Principal Life Insurance Company from your March 31, 2010 Contractholder Fund Statement.

Please see important disclosures at the end of this presentation.

Market & Performance Commentary

Principal Financial Advisors First Quarter 2010 Market Overview and Commentary

Markets Rally On

Following a strong ending to 2009, nearly all major fixed-income and equity markets continued to rally during the first quarter of 2010. Stocks had a bumpy ride, however, as global economic and political uncertainty led to a steep sell-off in February, followed by a significant upward surge in March. The markets remained supported throughout the quarter by the Federal Reserve's reaffirmed commitment to keeping the fed funds interest rate very low for "an extended period."¹

U.S. Economy Shows Continued Improvement

A number of positive economic data were released during the quarter, including the following:

- The U.S. economy grew at an annualized rate of 5.6% for the fourth quarter of 2009, up from 2.2% in the third quarter (as measured by Real Gross Domestic Product, or Real GDP).² (Real GDP is the economy's total output of all goods and services, adjusted for price changes that may have occurred between the time periods being compared.)
- Corporate profitability continued to improve — with profits rising 8% in the fourth quarter of 2009 after climbing 10.8% the prior quarter — as businesses reduced costs and, in some cases, grew revenues.³
- Orders for durable goods increased for the third consecutive month in February,⁴ indicating that manufacturing was picking up steam.
- Americans responded somewhat optimistically to the quarter's positive economic news, showing slightly improved confidence toward the end of March⁵ and spending more money than they had been expected to, given February's harsh weather.⁶

¹ Federal Open Market Committee, U.S. Federal Reserve

² U.S. Bureau of Economic Analysis, U.S. Department of Commerce

³ Bureau of Economic Analysis, U.S. Dept of Commerce

⁴ U.S. Census Bureau

⁵ Conference Board

⁶ U.S. Dept. of Commerce

Market & Performance Commentary

As Recovery Continued, Its Challenges Did, Too

The recovery's pace continued to be slowed by two critical and persistent headwinds: high unemployment and a still-fragile housing market. Though job losses appeared to stabilize, weak jobs growth kept the unemployment rate stuck at 9.7% throughout the quarter. Many economists attributed the stagnant jobs market to a surge in productivity, which increased at a rapid 6.9% annualized rate in the fourth quarter of 2009 (its third consecutive quarter of improvement).⁷ Industry experts believe that at some point productivity gains alone will be insufficient to meet demand, and businesses eventually will be forced to hire at a faster clip — but no one is certain when that breakpoint may occur.

Meanwhile, the housing market sputtered. New residential sales dropped 2% month-over-month in February, while existing-home sales fell 0.6% during the same period.⁸ Though sales were higher on a year-over-year basis, the lengthy housing slump continued — even with tax incentives for first-time buyers extended through April 2010. It remains to be seen whether the end (on March 31) of the Federal Reserve's \$1.25 trillion program to buy mortgage-backed securities — which has been credited with keeping mortgage rates at near-record lows and slowing the decline in home prices — will negatively impact the struggling industry.

U.S. Stocks Climb During Quarter

The overall U.S. stock market returned 5.9%, led by consumer discretionary, industrials and financials (which contributed substantially due to its 11.3% return and 15% weighting in the broad Russell 3000 Index). Utilities and telecommunications lagged dramatically, posting negative returns. In this environment value outpaced growth, due to the higher concentration of strong-performing financial stocks and lower exposure to information technology (which performed modestly) in most value indexes. In terms of market capitalization, mid-caps led the way, followed closely by small-caps.⁹

International Stocks Lag

Greece's debt troubles and China's decision to begin unwinding its fiscal-stimulus program took a toll on international stocks during the quarter. Emerging markets, held back by worries that China's action could stifle growth, delivered 2.4%, while developed markets returned just 0.9% amid concerns that Greece's financial issues could impact core European economies.¹⁰

⁷ U.S. Bureau of Labor Statistics, U.S. Dept. of Labor

⁸ U.S. Dept. of Housing and Urban Development; National Association of Realtors

⁹ Russell Indexes

¹⁰ Emerging markets: MSCI EM Index; Developed international equity markets: MSCI EAFE Index

Market & Performance Commentary

REITs Soar During Quarter

Real estate investment trusts (REITs) returned 10.1% for the quarter to outperform both U.S. and international stocks.¹¹ Despite REITs' continued weak fundamentals, investors were drawn to the asset class by its attractive valuations and yields as well as by improved access to capital for commercial real estate transactions.

CMBS Lead Fixed-Income Returns

Within fixed income, commercial mortgage-backed securities (CMBS) drove returns, outperforming duration-adjusted U.S. Treasuries by 8.0%. Though CMBS delinquencies and defaults rose during the period, demand for the high-yielding sector outstripped supply (which had been very limited over the prior two years). High-yield corporate bonds followed CMBS, beating duration-adjusted Treasuries by 3.5% as investors reacted favorably not only to the income potential of high-yield bonds, but also to the continuing decline in defaults (which dropped for the third straight month in February, to 12.7%).¹² Meanwhile, asset-backed securities and investment-grade corporate bonds delivered solid performance as well, outpacing duration-adjusted Treasuries by nearly 1%.¹³

¹¹ As measured by the MSCI US REIT Index

¹² Moody's Investor Services, February Default Report, March 2010

¹³ All bond sectors except high yield: Barclays Capital Aggregate Bond Index; high yield: Barclays Capital U.S. Corporate High Yield Index

Market & Performance Commentary

Index Performance

Index	As of March 31, 2010	
	Q1 2010 (%)	Last 12 months ending 03/31/2010 (%)
Russell 3000 (Broad Market)	5.94	52.44
S&P 500 (Quality Large Caps)	5.39	49.77
NASDAQ Composite	5.68	56.87
Russell Mid-Cap	8.67	67.71
Russell 2000 (Small Caps)	8.85	62.76
Russell 1000 Value	6.78	53.55
Russell 1000 Growth	4.65	49.75
MSCI EAFE (Core International)	0.87	54.44
MSCI Emerging Markets (Developing Economies)	2.41	81.08
MSCI US REIT	10.09	110.47
Barclays Capital Treasury Bellwethers 3 Month	0.01	0.19
Barclays Capital US Tips	0.57	6.18
Barclays Capital Long US Treasury Zeros	1.87	-7.69
Barclays Capital Aggregate Bond	1.78	7.69
Barclays Capital High Yield	4.62	56.18

First Quarter 2010 Performance Summary

The asset allocation strategies of Principal Financial Advisors, Inc. generated positive absolute returns and outpaced their respective custom benchmark indexes. Performance relative to their benchmarks was strongest in our fixed-income-focused strategies, reflecting the continued outperformance of non-U.S. Treasury fixed-income sectors. Our equities-focused strategies also maintained an advantage to their benchmarks, led by favorable results in our international equities segment.

Market & Performance Commentary

U.S. Equities Outpace the Russell 3000 Index

The U.S. equities segment of our strategies outpaced the broad U.S. equities market (as measured by the Russell 3000 Index), driven in part by our allocation to the SmallCap Value II Separate Account, co-sub-advised by Dimensional, Vaughan Nelson and LA Capital. This Separate Account outperformed not only the broad equity market but also its asset-specific index, due to its deep-value bias, which was rewarded. An allocation to the LargeCap Growth Separate Account, sub-advised by Columbus Circle Investors, was another solid contributor. This Separate Account benefited from favorable stock selection within consumer staples. MidCap Value III, co-sub-advised by Principal Global Investors and Barrow Hanley, was a further positive; an overweight to the top-performing consumer discretionary sector boosted returns.

International Equities Add to Returns

The international equity segment outperformed the MSCI EAFE Index, led once again by the International Growth Separate Account, sub-advised by Principal Global Investors, which benefited from favorable stock selection within and a slight overweight to financials. The International Emerging Markets Separate Account, sub-advised by Principal Global Investors, and the International Value I Separate Account, co-sub-advised by AXA and Causeway, also contributed positively by outperforming the MSCI EAFE Index.

Fixed-Income Segment Surges

For the fourth consecutive quarter the fixed-income segment of our strategies posted strong results, easily outpacing the Barclays Capital Aggregate Bond Index. Nearly all of the fixed-income Separate Accounts we use added to results, led by the Bond and Mortgage Separate Account, sub-advised by Principal Global Investors. Its focus on non-Treasury sectors was rewarded, where an overweight to commercial mortgage-backed securities (CMBS) and an out-of-index exposure to high-yield corporate bonds added value. The High Yield I Separate Account, co-sub-advised by JP Morgan and Neuberger Berman, also added significant value relative to the Barclays Capital Aggregate Bond Index — despite lagging its asset-specific index due to its underweight to some of the highest-yielding, lowest-rated securities in the index, which surged during the period.

Positive Absolute Returns in Real Estate

The Real Estate Securities Separate Account, sub-advised by Principal Real Estate Investors, lagged its asset-specific index due primarily to weak stock selection within the hotel and shopping center sectors. However, this Separate Account added value for the broad domestic equity allocation by significantly outpacing the Russell 3000 Index. Meanwhile, the U.S. Property Separate Account, sub-advised by Principal Real Estate Investors, eked out a positive return as the pace of asset-value depreciation moderated considerably. Despite this favorable development, this Separate Account significantly underperformed the broad fixed-income market (as measured by Barclays Capital Aggregate Bond Index).

Market & Performance Commentary

Last 12 Months Ending March 31, 2010

All of our asset allocation strategies outpaced their custom benchmark indexes for the year, led by strong results in the fixed-income-focused strategies — due in large part to healing that occurred in the credit markets and investors' improved appetite for risk. In particular, the investment strategy of underweighting Treasuries in favor of higher-yielding fixed-income sectors was strongly rewarded in this environment.

U.S. Equities Segment Lags

The U.S. equity portion of our strategies lagged the Russell 3000 Index. The LargeCap Growth I Separate Account, co-sub-advised by T. Rowe Price and Brown Advisory, contributed substantially to positive results, outperforming both its growth index and the Russell 3000 Index. This Separate Account had been positioned for an economic recovery, which was rewarded once the rally in equities took hold in March 2009. A small allocation within our strategies to the MidCap Growth III Separate Account, co-sub-advised by Turner, Mellon and Jacobs Levy, also added to results, due in part to its higher-beta profile than that of its index (which means it was positioned to benefit more than its index from an upward trend in the market) and strong security selection in consumer discretionary. These favorable contributions to our U.S. equities segment were moderated by the LargeCap Growth Separate Account, which underperformed, due in part to weak stock selection in the industrial sector. An allocation to the LargeCap Blend I Separate Account, sub-advised by Goldman Sachs Asset Management, was a further hindrance as it lagged the Russell 3000 index.

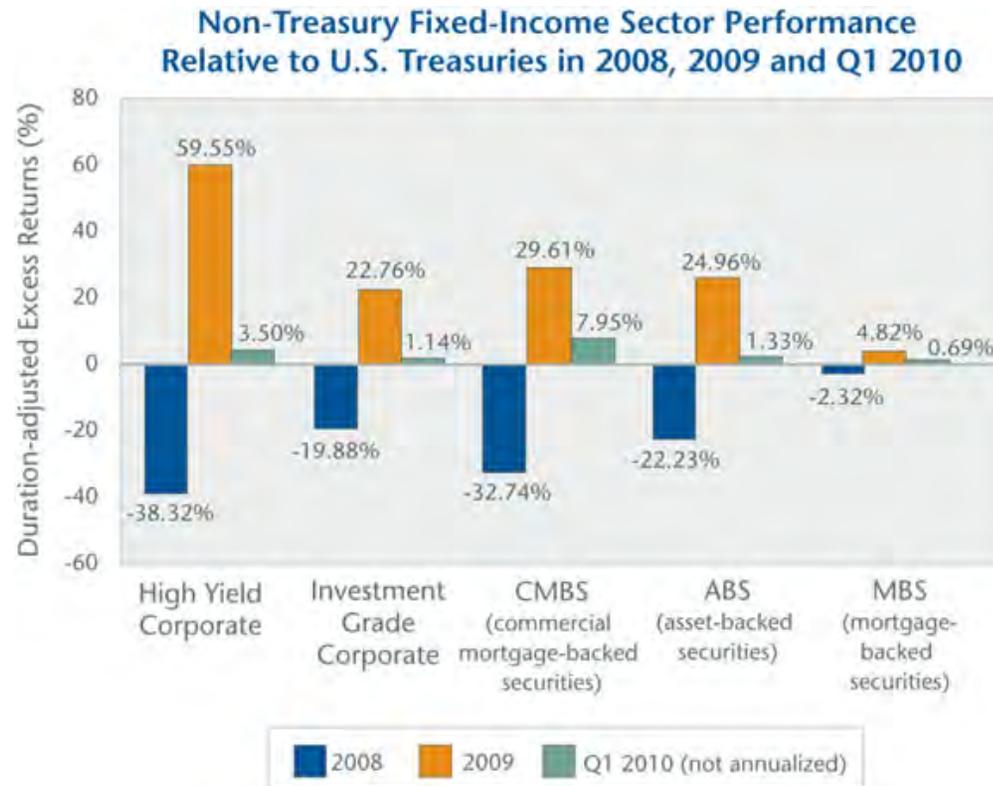
International Equities Underperform

The International Emerging Markets Separate Account, which lagged the emerging markets index, surged ahead of the MSCI EAFE Index. However, the other Separate Accounts in the international component of our strategies lagged the MSCI EAFE Index. The International Growth Separate Account detracted the most; much of its underperformance was due to unfavorable stock selection within the consumer staples (specifically, food & staples retail) and energy sectors. From a country perspective, stock selection was least effective in Japan and Switzerland.

Market & Performance Commentary

Fixed Income Surges

The non-Treasury segment of the fixed-income market rebounded from extremely weak results in 2008 to post strong returns for 2009. This chart shows the tremendous change in performance of key non-Treasury fixed-income sectors between 2008 and 2009, and their continued improvement in the first quarter of 2010 (note: the quarterly results are not annualized).



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

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

Market & Performance Commentary

Mixed Contribution from Real Estate Segment

Due to its defensive positioning (a focus on real estate investment trusts, or REITs, having low leverage and solid operating trends), the Real Estate Securities Separate Account lagged its asset-class-specific index as investors generally preferred higher-yielding REITs that had severely underperformed in 2008 and early 2009. However, the asset class as a whole did so well that the Separate Account easily outpaced the Russell 3000 Index and added to overall equity returns. In contrast, the U.S. Property Separate Account materially lagged the broad fixed-income market due to asset value depreciation.

Our Goal: Strong Long-Term Performance

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

Due Diligence Update

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

Investment Manager	Investment Option	Action Taken
	SmallCap Value II Separate Account ¹	Removed from Watch List in December 2009 – This Separate Account received a quantitative grade of "Less Favorable" for three out of four consecutive quarters ² and was placed on the Watch List in March 2009. The underperformance was driven by Dimensional Fund Advisors (DFA), as their investment process leads them to companies with low valuations and small market-capitalization, attributes which had fallen out of favor. However, these attributes have recently come back into favor and we have seen improved performance of this Separate Account. As a result, the due diligence team of Principal Life Insurance Company (Principal Life) removed this investment option from the Watch List in December 2009.
	International Growth Separate Account	Placed on Watch List in September 2009 – This Separate Account received a quantitative grade of "Less Favorable" for three out of four quarters ² and was placed on the Watch List in September 2009. The investment process of Principal Global Investors tends to struggle during periods of extreme market volatility and inflection points which characterize the markets over the past several quarters.
	SmallCap Growth II Separate Account	Removed UBS as Sub-Advisor in July 2009 – In June 2009, Principal Life informed clients that UBS would be terminated as a sub-advisor on this investment option due to underperformance. As part of the new core-satellite structure, a substantial portion of the assets managed by UBS was absorbed by the core portfolio; remaining assets were allocated to Emerald and Essex. ³

The due diligence team of Principal Life Insurance Company will continue to monitor performance of all Separate Accounts placed on the Watch List.⁴

¹ The SmallCap Value II Separate Account was added to portfolios of Principal Financial Advisors in September 2009.

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

³ In a core-satellite structure, a Separate Account is comprised of a "core" portfolio plus two or more sub-advised "satellite" portfolios. Comprised of an enhanced index, the core portfolio is actively managed within narrow risk constraints while each actively-managed satellite portfolio strives to deliver excess return relative to the benchmark. Principal Management Corporation has responsibility for portfolio management of all core portfolios.

⁴ According to the guidelines of The Principal Due Diligence ProgramSM, Separate Accounts may be placed on the Watch List for a period not to exceed 12 months. Any resulting action from the Principal Due Diligence ProgramSM process may affect the client portfolios designed by Principal Financial Advisors.

Investment Option Performance

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

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

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

Investment Advisor	Investment Option	Rates of Return through 03/31/2010							Percentile Rankings as of 03/31/2010					Total Inv. Expense Gross	
		Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.		
Large U.S. Equity															
Large Value															
AllianceBernstein / Westwood	LargeCap Value III Separate Account-R6 ^{3, 17, 22, 31, 41}	6.62	49.55	-10.51	-1.47	-	2.10	12/29/2000	-	50	93	92	-	0.94	
	Russell 1000 Value Index	6.78	53.55	-7.33	1.05	3.10	-	-	-	-	-	-	-	-	
UBS / TS&W	LargeCap Value I Separate Account-R6 ^{15, 41, 45}	5.97	53.11	-7.94	0.55	-	2.28	06/01/2004	-	32	77	65	-	0.95	
	Russell 1000 Value Index	6.78	53.55	-7.33	1.05	3.10	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Large Value	5.61	50.25	-5.99	1.21	3.12	Total Funds in Category	1325	1275	1120	941	476	-	-	
Large Blend															
Principal Global Investors	LargeCap S&P 500 Index Separate Account-R6 ^{2, 9, 24}	5.29	49.15	-4.41	1.63	-0.99	8.02	01/01/1990	-	46	52	55	66	0.31	
	Standard & Poor's 500 Index	5.39	49.77	-4.17	1.92	-0.65	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Large Blend	5.07	50.08	-4.35	1.82	0.21	Total Funds in Category	2130	2025	1785	1402	731	-	-	
Large Growth															
Columbus Circle Investors	LargeCap Growth Separate Account-R6 ²⁵	6.77	43.24	-1.95	3.47	-3.18	5.72	06/01/1995	-	74	51	35	62	0.71	
	Russell 1000 Growth Index	4.65	49.75	-0.78	3.42	-4.21	-	-	-	-	-	-	-	-	
T. Rowe Price/Brown Advisory	LargeCap Growth I Separate Account-R6 ^{3, 41, 43}	5.00	58.02	0.71	4.55	-	-0.27	12/29/2000	-	10	17	21	-	0.90	
	Russell 1000 Growth Index	4.65	49.75	-0.78	3.42	-4.21	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Large Growth	4.40	48.34	-1.90	2.93	-2.46	Total Funds in Category	1869	1775	1547	1276	718	-	-	
Small/Mid U.S. Equity															
Mid Cap Value															
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 ^{1, 13, 26}	8.96	60.60	-4.79	3.07	6.51	9.93	01/01/1991	-	60	59	49	78	0.81	
	Russell Midcap Value Index	9.61	72.41	-5.22	3.71	8.46	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Mid Cap Value	8.28	65.78	-4.03	3.34	7.43	Total Funds in Category	429	413	350	256	85	-	-	

Investment Option Performance

Investment Advisor	Investment Option	Rates of Return through 03/31/2010							Percentile Rankings as of 03/31/2010					Total Inv. Expense Gross	
		Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.		
Mid Cap Growth															
Turner/Mellon/Jacobs Levy	MidCap Growth III Separate Account-R6 ^{1, 12, 27, 41}	8.11	64.34	-1.08	4.03	-2.88	2.41	10/28/1999	-	16	40	49	72	1.15	
	Russell Midcap Growth Index	7.67	63.00	-2.04	4.27	-1.69	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Mid Cap Growth	6.76	55.35	-2.27	3.86	-0.50	Total Funds in Category	834	784	702	609	341	-		
Small Value															
DFA/Vaughan Nelson/LA Capital	SmallCap Value II Separate Account-R6 ^{1, 15, 35, 38, 41}	10.73	74.86	-6.59	1.99	-	4.03	06/01/2004	-	25	69	62	-	1.25	
	Russell 2000 Value Index	10.02	65.07	-5.71	2.75	8.90	-	-	-	-	-	-	-		
	Morningstar Category Average - Small Value	9.40	70.34	-4.14	2.93	9.18	Total Funds in Category	385	366	312	243	134	-		
Small Growth															
Emerald / Essex	SmallCap Growth II Separate Account-R6 ^{1, 3, 41, 42}	5.08	51.55	-7.00	0.43	-	-0.63	12/29/2000	-	78	84	83	-	1.18	
	Russell 2000 Growth Index	7.61	60.32	-2.42	3.82	-1.53	-	-	-	-	-	-	-		
	Morningstar Category Average - Small Growth	7.36	58.97	-3.54	2.98	-0.04	Total Funds in Category	790	762	660	547	317	-		
International Equity															
Diversified Emerging Markets															
Principal Global Investors	International Emerging Markets Separate Account-R6 ⁴	1.36	73.56	1.72	14.67	9.05	11.08	01/01/1995	-	74	61	27	48	1.51	
	MSCI - Emerging Markets NDTR D Index	2.41	81.08	5.16	15.65	-	-	-	-	-	-	-	-		
	Morningstar Category Average - Diversified Emerging Markets	2.84	81.59	2.22	13.51	8.96	Total Funds in Category	393	371	265	198	118	-		
Foreign Large Value															
AXA Rosenberg/Causeway	International Value I Separate Account-R6 ^{4, 15, 41}	1.62	52.71	-	-	-	8.88	09/30/2008	-	49	-	-	-	1.30	
	MSCI EAFE Value Index	-0.24	58.52	-8.40	3.20	3.70	-	-	-	-	-	-	-		
	Morningstar Category Average - Foreign Large Value	1.09	52.99	-7.33	3.24	3.45	Total Funds in Category	359	342	274	211	124	-		
Foreign Large Blend															
Fidelity / Schroders	International I Separate Account-R6 ^{4, 15, 19, 29, 41, 46}	0.49	48.69	-8.22	3.02	0.16	2.80	07/01/1999	-	75	66	61	54	1.29	
	MSCI - EAFE Index NDTR D	0.87	54.44	-7.02	3.75	1.27	-	-	-	-	-	-	-		
	Morningstar Category Average - Foreign Large Blend	1.28	53.26	-6.84	3.92	0.54	Total Funds in Category	844	819	638	466	255	-		

Investment Option Performance

Investment Advisor	Investment Option	Rates of Return through 03/31/2010							Percentile Rankings as of 03/31/2010					Total Inv. Expense Gross
		Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.	
Foreign Large Growth														
Principal Global Investors	International Growth Separate Account-R6 ^{3, 4}	2.34	47.35	-10.32	2.28	-	2.75	12/29/2000	-	84	92	88	-	1.17
	MSCI World Ex US Growth Index	1.91	50.81	-5.04	4.74	-1.03	-	-	-	-	-	-	-	-
	Morningstar Category Average - Foreign Large Growth	2.56	56.52	-5.14	5.14	0.11	Total Funds in Category	286	273	215	158	81	-	
Real Estate														
Owned Real Estate														
Principal Real Estate Inv	U.S. Property Separate Account-R6 ⁶	0.08	-22.05	-13.28	-2.21	3.06	5.29	01/01/1982	-	-	-	-	-	1.15
	NFI-ODCE Equal-Weight	0.49	-20.90	-12.10	-1.40	3.40	-	-	-	-	-	-	-	-
Real Estate														
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 ^{3, 8}	9.64	97.92	-8.85	5.45	-	11.71	12/31/2002	-	70	12	6	-	1.15
	MSCI US REIT Index	10.09	110.47	-10.95	3.77	11.20	-	-	-	-	-	-	-	-
	Morningstar Category Average - Real Estate	9.33	104.91	-11.46	2.47	10.56	Total Funds in Category	278	265	237	204	97	-	
Fixed Income														
High Yield Bond														
JP Morgan/Neuberger Berman	High Yield I Separate Account-R6 ^{5, 15, 18, 20, 21, 30}	4.27	49.61	8.30	8.14	-	7.64	12/31/2004	-	40	2	4	-	0.81
	Barclays Capital US Corp High Yld 2% Issuer Capped Index	4.51	55.63	6.95	7.78	7.59	-	-	-	-	-	-	-	-
	Morningstar Category Average - High Yield Bond	4.26	47.60	3.64	5.52	5.32	Total Funds in Category	583	549	487	415	273	-	
Intermediate-Term Bond														
PIMCO	Core Plus Bond I Separate Account-R6 ^{15, 18, 21}	2.23	9.77	-	-	-	10.15	09/30/2008	-	77	-	-	-	0.76
	Barclays Capital Aggregate Bond Index	1.78	7.69	6.14	5.44	6.29	-	-	-	-	-	-	-	-
Principal Global Investors	Bond and Mortgage Separate Account-I2 ^{18, 21}	3.90	26.97	3.98	4.30	5.87	8.48	02/01/1983	-	11	73	65	40	0.55
	Barclays Capital Aggregate Bond Index	1.78	7.69	6.14	5.44	6.29	-	-	-	-	-	-	-	-
	Morningstar Category Average - Intermediate-Term Bond	2.43	16.76	4.81	4.48	5.60	Total Funds in Category	1185	1137	991	866	501	-	

Investment Option Performance

Investment Advisor	Investment Option	Rates of Return through 03/31/2010							Percentile Rankings as of 03/31/2010					Total Inv. Expense Gross	
		Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.		
	Inflation-Protected Bond														
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 ^{15, 18, 21, 32}	0.93	7.60	-3.04	-0.81	-	-0.87	12/31/2004	-	29	94	95	-	0.57	
	Barclays Capital US Treas TIPS Index	0.57	6.18	6.01	4.82	7.30	-	-	-	-	-	-	-	-	
	Morningstar Category Average - Inflation-Protected Bond	0.63	7.37	4.76	3.92	6.15	Total Funds in Category	166	160	144	101	14	-		

Please see important disclosures at the end of this presentation.

Calendar Year Performance Report

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

Investment Advisor	Investment Option	Calendar Year Performance										Inception Date
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	
Large U.S. Equity												
Large Value												
AllianceBernstein / Westwood	LargeCap Value III Separate Account-R6 ^{3, 17, 22, 31, 41}	18.88	-40.90	-3.91	21.72	5.18	13.18	27.48	-13.58	5.52	-	12/29/2000
	Russell 1000 Value Index	19.69	-36.85	-0.17	22.25	7.05	16.49	30.03	-15.52	-5.59	7.01	-
UBS / TS&W	LargeCap Value I Separate Account-R6 ^{15, 41, 45}	22.35	-39.34	0.31	18.01	9.75	-	-	-	-	-	06/01/2004
	Russell 1000 Value Index	19.69	-36.85	-0.17	22.25	7.05	16.49	30.03	-15.52	-5.59	7.01	-
	Morningstar Category Average - Large Value	24.13	-37.09	1.42	18.15	5.95	12.97	28.44	-18.69	-4.99	7.87	
	Total Funds in Category	1272	1433	1432	1371	1296	1220	1050	961	892	809	
Large Blend												
Principal Global Investors	LargeCap S&P 500 Index Separate Account-R6 ^{2, 9, 24}	26.09	-37.10	5.18	15.46	4.58	10.49	28.18	-22.38	-12.34	-9.47	01/01/1990
	Standard & Poor's 500 Index	26.46	-37.00	5.49	15.79	4.91	10.88	28.68	-22.10	-11.89	-9.10	-
	Morningstar Category Average - Large Blend	28.17	-37.79	6.16	14.17	5.88	10.02	27.05	-22.25	-13.50	-6.31	
	Total Funds in Category	2027	2086	2090	1980	1743	1611	1526	1468	1345	1089	
Large Growth												
Columbus Circle Investors	LargeCap Growth Separate Account-R6 ²⁵	26.95	-42.84	23.02	9.67	11.82	9.16	25.98	-28.87	-25.55	-10.07	06/01/1995
	Russell 1000 Growth Index	37.21	-38.44	11.81	9.07	5.26	6.30	29.75	-27.88	-20.42	-22.42	-
T. Rowe Price/Brown Advisory	LargeCap Growth I Separate Account-R6 ^{3, 41, 43}	51.92	-40.69	8.18	5.93	7.44	9.12	24.01	-27.76	-14.36	-	12/29/2000
	Russell 1000 Growth Index	37.21	-38.44	11.81	9.07	5.26	6.30	29.75	-27.88	-20.42	-22.42	-
	Morningstar Category Average - Large Growth	35.68	-40.67	13.35	7.05	6.71	7.81	28.66	-27.64	-22.30	-13.05	
	Total Funds in Category	1796	1809	1748	1642	1495	1400	1311	1234	1064	805	
Small/Mid U.S. Equity												
Mid Cap Value												
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 ^{1, 13, 26}	30.11	-35.92	-0.59	16.00	13.15	16.34	29.08	-7.99	3.63	6.29	01/01/1991
	Russell Midcap Value Index	34.21	-38.44	-1.42	20.22	12.65	23.71	38.07	-9.64	2.33	19.18	-
	Morningstar Category Average - Mid Cap Value	35.41	-36.77	0.83	15.87	8.82	17.85	33.85	-13.25	6.67	18.45	
	Total Funds in Category	416	442	405	375	310	320	331	311	261	233	

Calendar Year Performance Report

Investment Advisor	Investment Option	Calendar Year Performance										Inception Date
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	
Mid Cap Growth												
Turner/Mellon/Jacobs Levy	MidCap Growth III Separate Account-R6 ^{1, 12, 27, 41}	44.81	-48.56	24.40	6.26	11.59	11.41	49.44	-32.65	-28.17	-3.54	10/28/1999
	Russell Midcap Growth Index	46.29	-44.32	11.43	10.66	12.10	15.48	42.71	-27.41	-20.15	-11.75	-
	Morningstar Category Average - Mid Cap Growth	39.11	-43.77	15.09	9.00	9.84	13.23	35.96	-27.24	-19.98	-4.78	
	Total Funds in Category	812	934	967	994	936	903	890	786	714	549	
Small Value												
DFA/Vaughan Nelson/LA Capital	SmallCap Value II Separate Account-R6 ^{1, 15, 35, 38, 41}	32.13	-37.14	-9.11	20.37	6.85	-	-	-	-	-	06/01/2004
	Russell 2000 Value Index	20.58	-28.92	-9.78	23.48	4.71	22.25	46.03	-11.43	14.02	22.83	-
	Morningstar Category Average - Small Value	31.32	-32.24	-6.08	16.27	6.40	21.14	42.38	-10.12	15.92	18.64	
	Total Funds in Category	370	438	438	389	348	307	303	273	261	241	
Small Growth												
Emerald / Essex	SmallCap Growth II Separate Account-R6 ^{1, 3, 41, 42}	31.14	-42.31	5.64	8.79	6.88	11.00	45.09	-24.62	-20.42	-	12/29/2000
	Russell 2000 Growth Index	34.47	-38.54	7.05	13.35	4.15	14.31	48.54	-30.26	-9.23	-22.43	-
	Morningstar Category Average - Small Growth	35.46	-41.55	7.59	10.81	6.02	12.41	45.54	-27.88	-8.91	-3.85	
	Total Funds in Category	778	834	829	763	723	711	696	630	560	470	
International Equity												
Diversified Emerging Markets												
Principal Global Investors	International Emerging Markets Separate Account-R6 ⁴	68.87	-54.93	41.60	36.36	35.09	25.63	58.03	-7.18	-4.68	-29.19	01/01/1995
	MSCI - Emerging Markets NDTR D Index	78.51	-53.33	39.39	32.17	34.00	25.55	55.82	-6.17	-2.62	-30.83	-
	Morningstar Category Average - Diversified Emerging Markets	73.81	-54.44	36.68	32.06	31.54	23.54	55.19	-6.05	-3.83	-30.33	
	Total Funds in Category	367	312	274	242	212	202	196	184	175	159	
Foreign Large Value												
AXA Rosenberg/Causeway	International Value I Separate Account-R6 ^{4, 15, 41}	26.68	-	-	-	-	-	-	-	-	-	09/30/2008
	MSCI EAFE Value Index	34.23	-44.09	5.96	30.38	13.80	24.33	45.30	-15.91	-18.52	-3.17	-
	Morningstar Category Average - Foreign Large Value	30.33	-42.41	9.01	25.98	13.19	21.99	39.07	-12.37	-15.98	-6.76	
	Total Funds in Category	340	307	280	215	181	169	156	154	130	117	

Calendar Year Performance Report

Investment Advisor	Investment Option	Calendar Year Performance										Inception Date
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	
Foreign Large Blend												
Fidelity / Schroders	International I Separate Account-R6 ^{4, 15, 19, 29, 41, 46}	25.40	-44.35	15.06	26.36	13.40	18.44	44.11	-20.25	-20.29	-18.60	07/01/1999
	MSCI - EAFE Index NDTR D	31.78	-43.38	11.17	26.34	13.54	20.25	38.59	-15.94	-21.44	-14.17	-
	Morningstar Category Average - Foreign Large Blend	31.24	-43.99	12.71	24.77	14.72	17.39	33.58	-16.69	-21.67	-16.34	
	Total Funds in Category	823	778	743	657	608	551	504	482	439	396	
Foreign Large Growth												
Principal Global Investors	International Growth Separate Account-R6 ^{3, 4}	23.40	-47.02	12.32	24.16	22.14	22.64	38.97	-16.18	-21.06	-	12/29/2000
	MSCI World Ex US Growth Index	30.66	-42.88	18.03	22.12	14.41	16.27	32.99	-15.72	-25.33	-24.20	-
	Morningstar Category Average - Foreign Large Growth	38.02	-46.56	16.26	23.95	15.23	16.23	33.83	-19.15	-24.05	-21.04	
	Total Funds in Category	266	251	220	243	213	221	226	214	191	161	
Real Estate												
Owned Real Estate												
Principal Real Estate Inv	U.S. Property Separate Account-R6 ⁶	-31.59	-13.23	13.42	15.14	18.61	12.52	8.26	3.77	6.56	12.01	01/01/1982
	NFI-ODCE Equal-Weight	-31.30	-	-	-	-	-	-	-	-	-	-
Real Estate												
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 ^{3, 8}	27.56	-32.82	-17.73	36.03	15.28	33.69	37.83	-	-	-	12/31/2002
	MSCI US REIT Index	28.61	-37.97	-16.82	35.92	12.13	31.49	36.74	3.64	12.83	26.81	-
	Morningstar Category Average - Real Estate	31.26	-39.55	-14.66	33.58	11.51	32.02	36.80	4.54	10.00	27.02	
	Total Funds in Category	262	265	372	306	279	252	206	168	152	138	
Fixed Income												
High Yield Bond												
JP Morgan/Neuberger Berman	High Yield I Separate Account-R6 ^{5, 15, 18, 20, 21, 30}	52.86	-20.12	2.37	8.71	3.91	-	-	-	-	-	12/31/2004
	Barclays Capital US Corp High Yld 2% Issuer Capped Index	58.76	-25.88	2.27	10.76	2.76	11.14	28.78	-0.24	5.46	-5.79	-
	Morningstar Category Average - High Yield Bond	46.70	-26.41	1.47	10.14	2.59	9.99	24.36	-1.52	2.39	-7.12	
	Total Funds in Category	543	559	542	549	518	493	455	425	414	365	

Calendar Year Performance Report

Investment Advisor	Investment Option	Calendar Year Performance										Inception Date
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	
Intermediate-Term Bond												
PIMCO	Core Plus Bond I Separate Account-R6 ^{15, 18, 21}	6.76	-	-	-	-	-	-	-	-	-	09/30/2008
	Barclays Capital Aggregate Bond Index	5.93	5.24	6.97	4.33	2.43	4.34	4.10	10.25	8.44	11.63	-
Principal Global Investors	Bond and Mortgage Separate Account-I2 ^{18, 21}	21.81	-13.06	3.83	4.72	2.64	5.02	5.21	9.91	8.40	11.99	02/01/1983
	Barclays Capital Aggregate Bond Index	5.93	5.24	6.97	4.33	2.43	4.34	4.10	10.25	8.44	11.63	-
	Morningstar Category Average - Intermediate-Term Bond	13.97	-4.70	4.70	4.15	1.80	3.91	5.10	8.04	7.64	9.44	
	Total Funds in Category	1123	1135	1097	1092	1043	1035	952	784	706	614	
Inflation-Protected Bond												
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 ^{15, 18, 21, 32}	6.42	-18.00	5.77	0.27	2.28	-	-	-	-	-	12/31/2004
	Barclays Capital US Treas TIPS Index	11.41	-2.35	11.64	0.41	2.84	8.46	8.40	16.57	7.90	13.18	-
	Morningstar Category Average - Inflation-Protected Bond	10.88	-4.08	9.86	0.09	2.09	7.48	7.15	14.81	7.27	12.36	
	Total Funds in Category	158	160	156	140	109	69	44	18	15	13	

Please see important disclosures at the end of this presentation.

Calendar Year Percentile Ranks

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

Investment Advisor	Investment Option	Calendar Year Percentile Ranks										Inception Date
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	
	Large U.S. Equity											
	Large Value											
AllianceBernstein / Westwood	LargeCap Value III Separate Account-R6 ^{3, 17, 22, 31, 41}	74	80	85	10	55	45	52	13	7	-	12/29/2000
UBS / TS&W	LargeCap Value I Separate Account-R6 ^{15, 41, 45}	54	70	61	53	16	-	-	-	-	-	06/01/2004
	Large Blend											
Principal Global Investors	LargeCap S&P 500 Index Separate Account-R6 ^{2, 9, 24}	59	40	55	29	63	43	33	48	46	61	01/01/1990
	Large Growth											
Columbus Circle Investors	LargeCap Growth Separate Account-R6 ²⁵	82	71	9	25	14	36	59	59	68	36	06/01/1995
T. Rowe Price/Brown Advisory	LargeCap Growth I Separate Account-R6 ^{3, 41, 43}	6	51	75	62	40	37	75	51	20	-	12/29/2000
	Small/Mid U.S. Equity											
	Mid Cap Value											
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 ^{1, 13, 26}	68	41	65	46	9	55	70	18	60	84	01/01/1991
	Mid Cap Growth											
Turner/Mellon/Jacobs Levy	MidCap Growth III Separate Account-R6 ^{1, 12, 27, 41}	31	80	12	69	37	65	5	78	74	44	10/28/1999
	Small Value											
DFA/Vaughan Nelson/LA Capital	SmallCap Value II Separate Account-R6 ^{1, 15, 35, 38, 41}	36	81	71	15	50	-	-	-	-	-	06/01/2004
	Small Growth											
Emerald / Essex	SmallCap Growth II Separate Account-R6 ^{1, 3, 41, 42}	65	57	58	63	42	60	44	35	82	-	12/29/2000
	International Equity											
	Diversified Emerging Markets											
Principal Global Investors	International Emerging Markets Separate Account-R6 ⁴	64	55	20	17	29	34	27	60	62	38	01/01/1995
	Foreign Large Value											
AXA Rosenberg/Causeway	International Value I Separate Account-R6 ^{4, 15, 41}	67	-	-	-	-	-	-	-	-	-	09/30/2008
	Foreign Large Blend											
Fidelity / Schroders	International I Separate Account-R6 ^{4, 15, 19, 29, 41, 46}	80	55	27	30	62	37	3	86	39	68	07/01/1999
	Foreign Large Growth											
Principal Global Investors	International Growth Separate Account-R6 ^{3, 4}	90	50	80	39	8	8	24	24	27	-	12/29/2000

Calendar Year Percentile Ranks

Investment Advisor	Investment Option	Calendar Year Percentile Ranks										Inception Date	
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000		
	Real Estate												
	Owned Real Estate												
Principal Real Estate Inv	U.S. Property Separate Account-R6 ⁶	-	-	-	-	-	-	-	-	-	-	-	01/01/1982
	Real Estate												
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 ^{3, 8}	66	5	71	30	16	36	32	-	-	-	-	12/31/2002
	Fixed Income												
	High Yield Bond												
JP Morgan/Neuberger Berman	High Yield I Separate Account-R6 ^{5, 15, 18, 20, 21, 30}	24	14	34	81	15	-	-	-	-	-	-	12/31/2004
	Intermediate-Term Bond												
PIMCO	Core Plus Bond I Separate Account-R6 ^{15, 18, 21}	85	-	-	-	-	-	-	-	-	-	-	09/30/2008
Principal Global Investors	Bond and Mortgage Separate Account-I2 ^{18, 21}	11	89	78	20	9	14	34	16	25	8	-	02/01/1983
	Inflation-Protected Bond												
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 ^{15, 18, 21, 32}	94	93	90	27	37	-	-	-	-	-	-	12/31/2004

Please see important disclosures at the end of this presentation.

Disclosures

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

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

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

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- 1. Small-cap and mid-cap investment options are subject to more fluctuation in value and may have additional risks than other investment options with stocks of larger, more stable companies.*
- 2. Each index based investment option is invested in the stocks or bonds of the index it tracks. Performance of indexes reflects the unmanaged results for the market segment the selected stocks or bonds represent. There is no assurance an index based investment option will match the performance of the index tracked.*
- 3. This Separate Account invests solely in the Institutional class shares of the Principal Funds. All voting rights associated with ownership of shares in the mutual fund are the rights of the Separate Account, not of contract holders investing in the Separate Account. For further information on the underlying mutual fund, see the prospectus of the fund.*
- 4. International and global investment options are subject to additional risk due to fluctuating exchange rates, foreign accounting and financial policies, and other economic and political environments.*
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- 6. 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.*
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10. *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.*
12. *This Separate Account invests solely in the Institutional class shares of the Principal Funds. All voting rights associated with ownership of shares in the mutual fund are the rights of the Separate Account, not of contract holder investing in the Separate Account. For further information on the underlying mutual fund see the prospectus of the fund.*
13. *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.*
15. *This Separate Account invests solely in the Institutional class shares of the Principal Funds. All voting rights associated with ownership of shares in the mutual fund are the rights of the Separate Account, not of contract holders investing in the Separate Account. For further information on the underlying mutual fund, see the prospectus of the fund.*
16. *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.*
17. *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.*
18. *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.*
19. *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.*
20. *Effective January 2, 2008, this portfolio is co-sub-advised by JP Morgan and Neuberger Berman Fixed Income LLC (formerly named Lehman Brothers Asset Management). Prior to January 2, 2008 Post Advisory Group was a third sub-advisor for this portfolio. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.*
21. *Fixed-income and asset allocation investment options that invest in mortgage securities are subject to increased risk due to real estate exposure.*
22. *Formerly known as Large-Cap Value Separate Account.*
24. *Formerly known as Large-Cap Stock Index Separate Account.*
25. *Formerly known as Large Company Growth Separate Account.*
26. *Formerly known as Medium Company Value Separate Account.*
27. *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.

35. This investment option maintains a voluntary waiver which is reflected in the value displayed for Total Investment Expense - Net. This waiver may be discontinued at any time.

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 on that date.

38. Effective May 1, 2009, LA Capital was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.

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

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

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

44. Effective July 14, 2009, Montag & Caldwell was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.

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

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

Benchmark Descriptions

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

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

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

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

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

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

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

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

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

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

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 60% Russell 3000 Index and 40% Barclays Capital Aggregate Bond Index.

Weighted Index is composed of:

04/01/2005 - 02/28/2007 47.9% Russell 3000 Index, 10% MSCI EAFE Index, 6% NFI-ODCE Equal-Weight, 2.1% MSCI US REIT Index, and 34% Barclays Capital Aggregate Bond Index.

03/01/2007 - 03/31/2010 44% Russell 3000 Index, 13.9% MSCI EAFE Index, 6% NFI-ODCE Equal-Weight, 2.1% MSCI US REIT Index, and 34% Barclays Capital Aggregate Bond Index.

LargeCap Value III Separate Account-R6 as of 03/31/2010

Investment Strategy

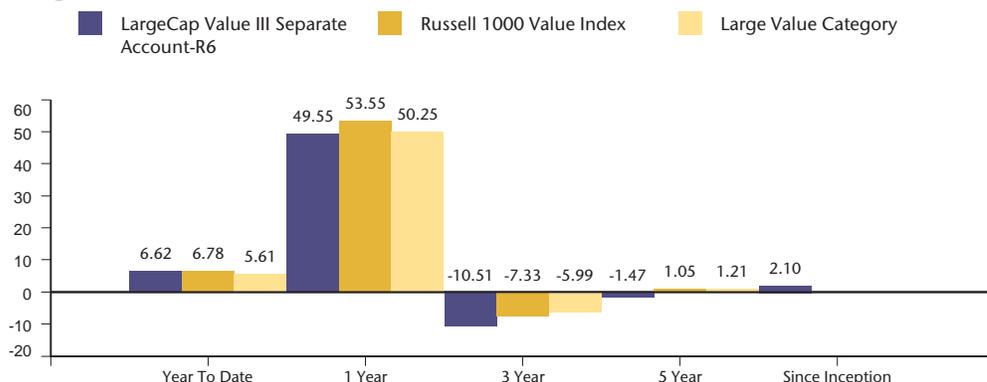
The investment seeks long-term growth of capital. The fund generally invests at least 80% of assets in companies with large market capitalizations (those with market capitalizations similar to companies in the Russell 1000 Value index) at the time of purchase. The fund may invest up to 25% of assets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



Portfolio managers

Marilyn G. Fedak, CFA. Since 12/29/2000. M.B.A., Harvard Business School
John D. Phillips Jr., CFA. Since 11/01/2002. M.B.A., Harvard University
Susan M. Byrne Since 07/15/2008. , University of California, Berkeley
Mark R. Freeman, CFA. Since 07/15/2008. M.S., Louisiana State University
Mariateresa Monaco Since 06/02/2009. M.B.A., Massachusetts Institute of Technology

Long-term returns % as of 03/31/2010



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 %	6.62	49.55	-10.51	-1.47	2.10
Russell 1000 Value Index %	6.78	53.55	-7.33	1.05	-
Large Value Category %	5.61	50.25	-5.99	1.21	-
Morningstar Percentile Rankings	-	50	93	92	-
# of Funds in Category	1325	1275	1120	941	-

Annual Returns	2009	2008	2007	2006	2005
Total Return %	18.88	-40.90	-3.91	21.72	5.18
Russell 1000 Value Index %	19.69	-36.85	-0.17	22.25	7.05
Large Value Category %	24.13	-37.09	1.42	18.15	5.95
Morningstar Percentile Rankings	74	80	85	10	55
# of Funds in Category	1272	1433	1432	1371	1296

Morningstar percentile rankings are based on total returns.

Morningstar category

Large Value

Morningstar Style Box™

As of 02/28/2010

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2010 Relative to Russell 1000 Value Index

	3Yr	5Yr
Alpha	-3.68	-2.55
Beta	0.98	0.99
R-Squared	99.00	98.86
Standard Deviation	21.52	17.38
Mean	-10.51	-1.47
Sharpe Ratio	-0.49	-0.16
Excess Return	-3.18	-2.52
Excess Risk	2.21	1.87
Information Ratio	-1.44	-1.34

Operations

Total Investment Expense Net	0.93%
Total Investment Expense Gross	0.94%
Contractual Cap Expiration Date	02/28/2011
Waiver Expiration Date	02/28/2011
Inception Date	12/29/2000
Total Net Assets (mil)	\$2,006.68



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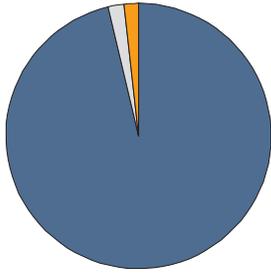
Risk and return statistical data is provided by Markov Processes International (MPI).

LargeCap Value III Separate Account-R6 as of 03/31/2010

Portfolio information†

Composition as of
02/28/2010

% of Assets	
U.S. Stocks	96.24
Cash	1.96
Non-U.S. Stocks	1.80



Top ten holdings

	% of net assets
1. General Electric Company	3.28
2. ExxonMobil Corporation	3.18
3. Pfizer Inc.	3.06
4. J.P. Morgan Chase & Co.	3.00
5. Bank of America Corporation	2.77
6. AT&T, Inc.	2.72
7. Wells Fargo Company	2.62
8. Chevron Corporation	2.58
9. Merck & Co., Inc.	1.76
10. S&P FUTURE - MARCH 2010	1.48
% of net assets in top ten holdings*	26.46

Analysis

# of Stock Hldgs	533
# of Bond Hldgs	0
# of Other Hldgs	6
GeoAvgCap (mil)	\$36,244.72
Turnover Ratio	99%
P/C Ratio	2.40
P/E Ratio	12.73
P/B Ratio	1.61

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	2.26	Healthcare	9.31	Consumer Goods	7.59
Hardware	4.86	Consumer Services	6.00	Industrial Materials	13.37
Media	4.76	Business Services	2.00	Energy	16.31
Telecom	7.43	Financial Services	22.05	Utilities	4.07

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 and 5 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.

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

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

International Value I Separate Account-R6 as of 03/31/2010

Investment Strategy

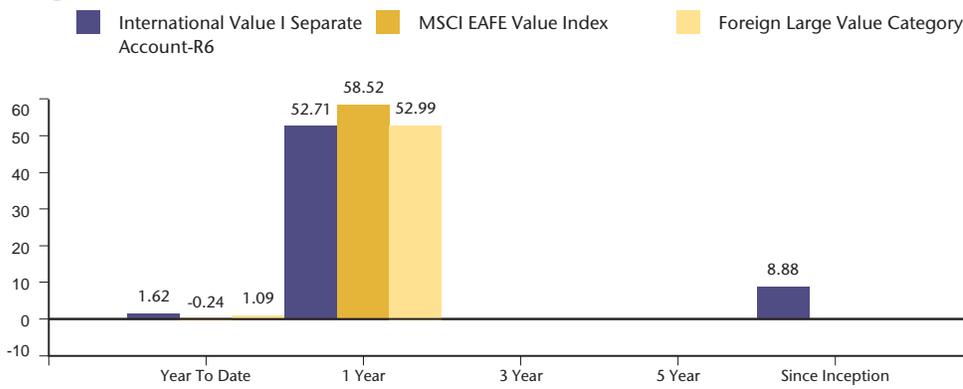
The investment seeks long-term growth of capital. The fund invests in the securities of foreign companies. The advisor may invest up to 32% of assets allocated to it in securities of companies located in any one country, except this limit is 37% in the U.K., and up to 10% in emerging markets. It also invests in forward foreign currency contracts or other derivatives for hedging and other purposes. The advisor typically invests 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., University of Pennsylvania
Jonathan Eng Since 09/30/2008. M.B.A., University of California, Los Angeles
Harry Hartford Since 09/30/2008. M.S., Oklahoma State University
Sarah H. Ketterer Since 09/30/2008. M.B.A., Dartmouth College
William E. Ricks Since 09/30/2008. Ph.D., University of California, Berkeley

Long-term returns % as of 03/31/2010



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	1.62	52.71	-	-	8.88
MSCI EAFE Value Index %	-0.24	58.52	-8.40	3.20	-
Foreign Large Value Category %	1.09	52.99	-7.33	3.24	-
Morningstar Percentile Rankings	-	49	-	-	-
# of Funds in Category	359	342	274	211	-

Annual Returns	2009	2008	2007	2006	2005
Total Return %	26.68	-	-	-	-
MSCI EAFE Value Index %	34.23	-44.09	5.96	30.38	13.80
Foreign Large Value Category %	30.33	-42.41	9.01	25.98	13.19
Morningstar Percentile Rankings	67	-	-	-	-
# of Funds in Category	340	307	280	215	181

Morningstar percentile rankings are based on total returns.

Morningstar category

Foreign Large Value

Morningstar Style Box™

As of 02/28/2010

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2010 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	1.26%
Total Investment Expense Gross	1.30%
Contractual Cap Expiration Date	02/28/2011
Waiver Expiration Date	02/28/2011
Inception Date	09/30/2008
Total Net Assets (mil)	\$1,002.52



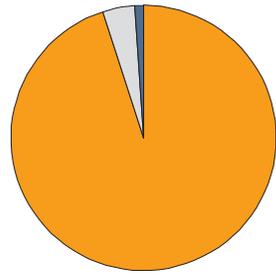
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Risk and return statistical data is provided by Markov Processes International (MPI).

International Value I Separate Account-R6 as of 03/31/2010

Portfolio information[†]

Composition as of
02/28/2010



Category	% of Assets
Non-U.S. Stocks	95.00
Cash	3.92
U.S. Stocks	1.05
Other	0.03

Top ten holdings

Rank	Company	% of net assets
1.	HSBC Holdings PLC	2.64
2.	EMINI MSCI EAFE MAR10	2.59
3.	Sanofi-Aventis	2.31
4.	Siemens AG	2.29
5.	Vodafone Group PLC	2.08
6.	Toyota Motor Corporation	1.83
7.	Banco Santander SA	1.80
8.	France Telecom SA	1.67
9.	BP Plc	1.65
10.	Technip	1.60
Total % of net assets in top ten holdings*		20.46

Analysis

# of Stock Hldgs	649
# of Bond Hldgs	0
# of Other Hldgs	8
GeoAvgCap (mil)	\$24,940.77
Turnover Ratio	78%
P/C Ratio	3.62
P/E Ratio	12.39
P/B Ratio	1.20

Top 5 Countries

Country	% of net assets
Japan	20.08
United Kingdom	18.15
France	14.47
Germany	9.25
Switzerland	7.67

Regional exposure

Region	% of net assets
Europe	69.46
Japan	20.08
Pacific Rim	9.34
United States	1.12

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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 and 5 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 03/31/2010

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 in non-investment-grade bonds (high-yield or junk bonds) or securities of emerging-market issuers. The fund maintains an average portfolio duration that is within 20% of the duration of the Barclays Capital U.S. Treasury Inflation Protected Securities (TIPS) index.

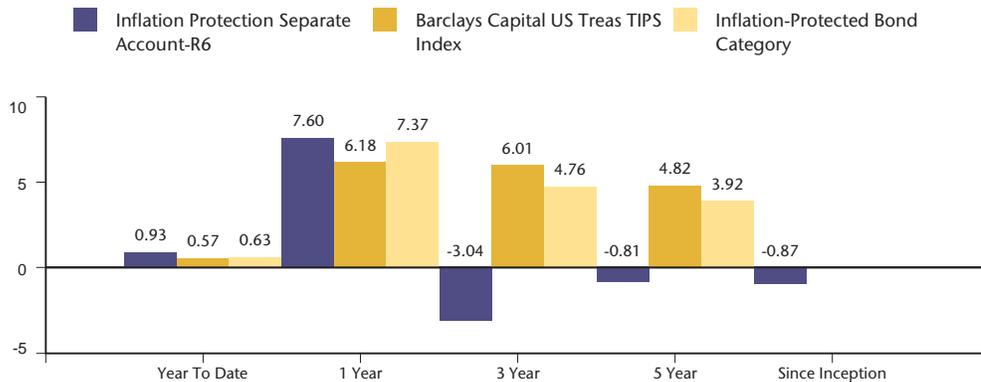
BLACKROCK

Portfolio managers

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

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

Long-term returns % as of 03/31/2010



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	0.93	7.60	-3.04	-0.81	-0.87
Barclays Capital US Treas TIPS Index %	0.57	6.18	6.01	4.82	-
Inflation-Protected Bond Category %	0.63	7.37	4.76	3.92	-
Morningstar Percentile Rankings	-	29	94	95	-
# of Funds in Category	166	160	144	101	-

Annual Returns	2009	2008	2007	2006	2005
Total Return %	6.42	-18.00	5.77	0.27	2.28
Barclays Capital US Treas TIPS Index %	11.41	-2.35	11.64	0.41	2.84
Inflation-Protected Bond Category %	10.88	-4.08	9.86	0.09	2.09
Morningstar Percentile Rankings	94	93	90	27	37
# of Funds in Category	158	160	156	140	109

Morningstar percentile rankings are based on total returns.

Morningstar category
Inflation-Protected Bond

Morningstar Style Box™
As of 02/28/2010

Duration			Quality	
Short	Int	Long		
				High
				Medium
			Low	

Risk and Return Statistics

as of 03/31/2010 Relative to
Barclays Capital US Treas TIPS Index

	3Yr	5Yr
Alpha	-9.02	-5.49
Beta	1.05	1.02
R-Squared	82.59	82.16
Standard Deviation	10.21	8.34
Mean	-3.05	-0.81
Sharpe Ratio	-0.44	-0.40
Excess Risk	4.29	3.52
Information Ratio	-2.11	-1.60

Operations

Total Investment Expense Net	0.57%
Total Investment Expense Gross	0.57%
Inception Date	12/31/2004
Total Net Assets (mil)	\$471.16



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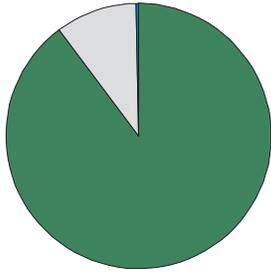
Risk and return statistical data is provided by Markov Processes International (MPI).

Inflation Protection Separate Account-R6 as of 03/31/2010

Portfolio information†

Composition as of
02/28/2010

% of Assets	
U.S. Bonds	89.74
Cash	9.88
Non-U.S. Bonds	0.38



Top ten holdings

	% of net assets
1. US Treasury Note 2%	9.92
2. US Treasury Note 2%	8.46
3. US Treasury Bond 2.5%	8.44
4. US Treasury Note 3%	6.23
5. US Treasury Bond 2.375%	5.13
6. US Treasury Note 2.625%	4.89
7. US Treasury Bond 1.75%	3.96
8. US Treasury Bond 3.875%	3.86
9. US Treasury Note 1.625%	3.63
10. US Treasury Note 1.625%	3.62
% of net assets in top ten holdings*	58.14

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	118
# of Other Hldgs	9
Turnover Ratio	110%

Credit Analysis

As of 02/28/2010

	% Bonds
AAA	94.99
AA	0.31
A	0.49
BBB	1.27
BB	0.49
B	0.13
Below B	1.91
Not Rated	0.41

Statistics

Avg Eff Duration (Yrs)	7.33
Avg Eff Maturity (Yrs)	8.80
Avg Credit Quality	AAA
Avg Weighted Price	114.53

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 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 03/31/2010

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.



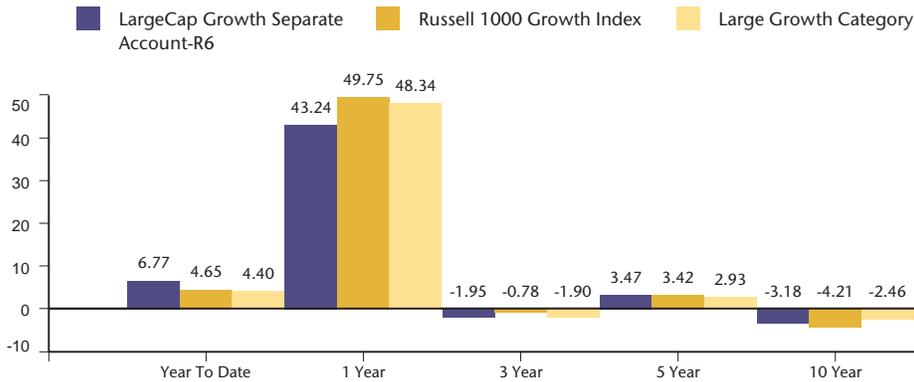
Columbus Circle
Investors

Portfolio managers

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

Thomas J. Bisighini, CFA. Since 03/02/2009. M.B.A., Fordham University

Long-term returns % as of 03/31/2010



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	6.77	43.24	-1.95	3.47	-3.18
Russell 1000 Growth Index %	4.65	49.75	-0.78	3.42	-4.21
Large Growth Category %	4.40	48.34	-1.90	2.93	-2.46
Morningstar Percentile Rankings	-	74	51	35	62
# of Funds in Category	1869	1775	1547	1276	718

Annual Returns	2009	2008	2007	2006	2005
Total Return %	26.95	-42.84	23.02	9.67	11.82
Russell 1000 Growth Index %	37.21	-38.44	11.81	9.07	5.26
Large Growth Category %	35.68	-40.67	13.35	7.05	6.71
Morningstar Percentile Rankings	82	71	9	25	14
# of Funds in Category	1796	1809	1748	1642	1495

Morningstar percentile rankings are based on total returns.

Morningstar category

Large Growth

Morningstar Style Box™

As of 02/28/2010

Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2010 Relative to
Russell 1000 Growth Index

	3Yr	5Yr
Alpha	-1.03	0.18
Beta	1.00	1.00
R-Squared	93.46	91.96
Standard Deviation	21.23	17.40
Mean	-1.95	3.46
Sharpe Ratio	-0.08	0.12
Excess Return	-1.17	0.04
Excess Risk	5.45	4.95
Information Ratio	-0.21	0.01

Operations

Total Investment Expense Net	0.71%
Total Investment Expense Gross	0.71%
Inception Date	06/01/1995
Total Net Assets (mil)	\$1,311.18



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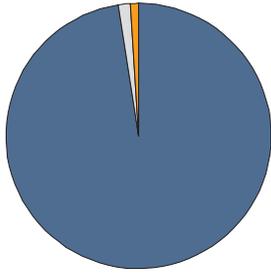
Risk and return statistical data is provided by Markov Processes International (MPI).

LargeCap Growth Separate Account-R6 as of 03/31/2010

Portfolio information[†]

Composition as of
02/28/2010

% of Assets	
U.S. Stocks	97.55
Cash	1.42
Non-U.S. Stocks	1.03



Top ten holdings

	% of net assets
1. Apple, Inc.	4.87
2. Google, Inc.	3.57
3. Ford Motor Company	3.19
4. Broadcom Corporation	3.15
5. Amazon.com, Inc.	3.13
6. Intuitive Surgical, Inc.	3.06
7. Visa, Inc.	3.03
8. Cisco Systems, Inc.	3.00
9. Marvell Technology Group, Ltd.	2.79
10. MasterCard Incorporated A	2.70
% of net assets in top ten holdings*	32.48

Analysis

# of Stock Hldgs	52
# of Bond Hldgs	0
# of Other Hldgs	1
GeoAvgCap (mil)	\$31,793.75
Turnover Ratio	88%
P/C Ratio	3.91
P/E Ratio	17.41
P/B Ratio	2.40

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	1.35	Healthcare	14.85	Consumer Goods	11.68
Hardware	20.56	Consumer Services	18.93	Industrial Materials	7.56
Media	0.00	Business Services	7.04	Energy	1.61
Telecom	4.42	Financial Services	12.00	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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SmallCap Value II Separate Account-R6 as of 03/31/2010

Investment Strategy

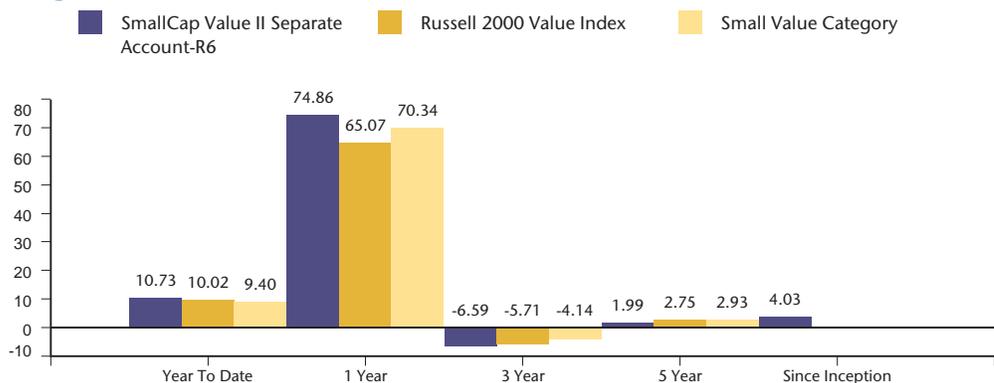
The investment seeks long-term growth of capital. The fund normally invests at least 80% of net assets in equity securities of U.S. companies with small market capitalizations (those with market capitalizations similar to companies in the Russell 2000 Value Index) or in securities with market capitalizations of \$3.5 billion or less at the time of purchase. The advisor uses a market capitalization weighted approach in determining individual security weights.



Portfolio managers

Chris D. Wallis, CPA, CFA. Since 10/03/2005. M.B.A., Harvard University
David R. Borger, CFA. Since 05/01/2009. M.A., University of Michigan
Christine M. Kugler Since 05/01/2009. B.A., University of California
Stuart K. Matsuda Since 05/01/2009. M.B.A., California State University Northridge
Thomas D. Stevens, CFA. Since 05/01/2009. M.B.A., University of Wisconsin

Long-term returns % as of 03/31/2010



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	10.73	74.86	-6.59	1.99	4.03
Russell 2000 Value Index %	10.02	65.07	-5.71	2.75	-
Small Value Category %	9.40	70.34	-4.14	2.93	-
Morningstar Percentile Rankings	-	25	69	62	-
# of Funds in Category	385	366	312	243	-

Annual Returns	2009	2008	2007	2006	2005
Total Return %	32.13	-37.14	-9.11	20.37	6.85
Russell 2000 Value Index %	20.58	-28.92	-9.78	23.48	4.71
Small Value Category %	31.32	-32.24	-6.08	16.27	6.40
Morningstar Percentile Rankings	36	81	71	15	50
# of Funds in Category	370	438	438	389	348

Morningstar percentile rankings are based on total returns.

Morningstar category

Small Value

Morningstar Style Box™

As of 02/28/2010

Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2010 Relative to Russell 2000 Value Index

	3Yr	5Yr
Alpha	-0.64	-0.61
Beta	1.02	1.03
R-Squared	98.06	97.53
Standard Deviation	27.46	22.88
Mean	-6.59	1.99
Sharpe Ratio	-0.18	0.08
Excess Return	-0.88	-0.76
Excess Risk	3.89	3.67
Information Ratio	-0.23	-0.21

Operations

Total Investment Expense Net	1.23%
Total Investment Expense Gross	1.25%
Contractual Cap Expiration Date	02/28/2011
Waiver Expiration Date	02/28/2011
Inception Date	06/01/2004
Total Net Assets (mil)	\$383.99



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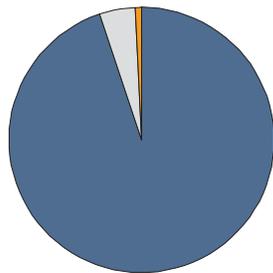
Risk and return statistical data is provided by Markov Processes International (MPI).

SmallCap Value II Separate Account-R6 as of 03/31/2010

Portfolio information†

Composition as of
02/28/2010

% of Assets	
U.S. Stocks	94.83
Cash	4.36
Non-U.S. Stocks	0.81



Top ten holdings

1. Russell 2000 Mini Mar10	4.27
2. Sybase Inc.	0.80
3. Waste Connections, Inc.	0.76
4. Prosperity Bancshares, Inc.	0.74
5. Regis Corporation	0.66
6. Hanover Insurance Group, Inc.	0.65
7. Consec, Inc.	0.64
8. HCC Insurance Holdings Inc.	0.58
9. Apollo Investment Corporation	0.56
10. Washington Federal Inc.	0.55
% of net assets in top ten holdings*	10.20

% of net
assets

Analysis

# of Stock Hldgs	1690
# of Bond Hldgs	0
# of Other Hldgs	13
GeoAvgCap (mil)	\$948.68
Turnover Ratio	79%
P/C Ratio	3.63
P/E Ratio	14.51
P/B Ratio	1.10

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	3.07	Healthcare	5.99	Consumer Goods	9.89
Hardware	6.19	Consumer Services	9.25	Industrial Materials	14.53
Media	1.87	Business Services	10.59	Energy	6.57
Telecom	2.27	Financial Services	27.90	Utilities	1.90

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 SmallCap Value II 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.

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 and 5 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.

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.

This investment option maintains a voluntary waiver which is reflected in the value displayed for Total Investment Expense - Net. This waiver may be discontinued at any time.

Effective May 1, 2009, LA Capital was added as an additional sub-advisor. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.

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

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

SmallCap Growth II Separate Account-R6 as of 03/31/2010

Investment Strategy

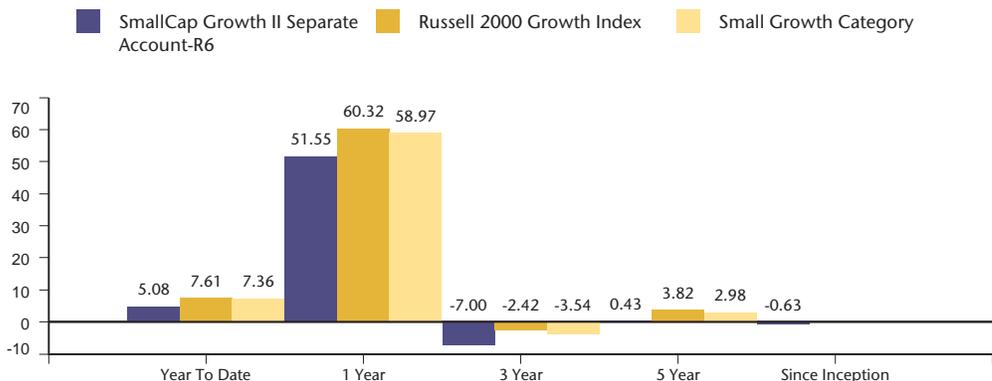
The investment seeks long-term growth of capital. The fund normally invests at least 80% of assets in common stocks of companies with small market capitalizations (those with market capitalizations equal to or smaller than the greater of \$2.5 billion or the highest market capitalization of the companies 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

Kenneth G. Mertz II, CFA. Since 09/01/2004. B.A., Millersville University
Stacey Sears Since 09/01/2004. M.B.A., Villanova University
Joseph W. Garner Since 03/01/2006. M.B.A., University of Pittsburgh
Nancy B. Prial, CFA. Since 06/30/2006. M.B.A., Harvard University
Mariateresa Monaco Since 06/02/2009. M.B.A., Massachusetts Institute of Technology

Long-term returns % as of 03/31/2010



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 %	5.08	51.55	-7.00	0.43	-0.63
Russell 2000 Growth Index %	7.61	60.32	-2.42	3.82	-
Small Growth Category %	7.36	58.97	-3.54	2.98	-
Morningstar Percentile Rankings	-	78	84	83	-
# of Funds in Category	790	762	660	547	-

Annual Returns	2009	2008	2007	2006	2005
Total Return %	31.14	-42.31	5.64	8.79	6.88
Russell 2000 Growth Index %	34.47	-38.54	7.05	13.35	4.15
Small Growth Category %	35.46	-41.55	7.59	10.81	6.02
Morningstar Percentile Rankings	65	57	58	63	42
# of Funds in Category	778	834	829	763	723

Morningstar percentile rankings are based on total returns.

Morningstar category

Small Growth

Morningstar Style Box™

As of 02/28/2010

Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2010 Relative to Russell 2000 Growth Index

	3Yr	5Yr
Alpha	-4.89	-3.30
Beta	0.97	0.96
R-Squared	97.91	97.68
Standard Deviation	25.36	21.34
Mean	-7.00	0.43
Sharpe Ratio	-0.23	0.00
Excess Return	-4.58	-3.39
Excess Risk	3.76	3.40
Information Ratio	-1.22	-1.00

Operations

Total Investment Expense Net	1.16%
Total Investment Expense Gross	1.18%
Contractual Cap Expiration Date	02/28/2011
Waiver Expiration Date	02/28/2011
Inception Date	12/29/2000
Total Net Assets (mil)	\$374.01



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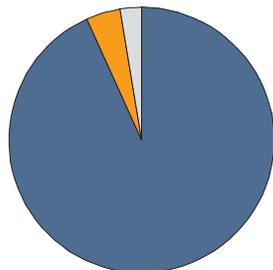
Risk and return statistical data is provided by Markov Processes International (MPI).

SmallCap Growth II Separate Account-R6 as of 03/31/2010

Portfolio information†

Composition as of
02/28/2010

% of Assets	
U.S. Stocks	93.17
Non-U.S. Stocks	4.17
Cash	2.66



Top ten holdings	% of net assets
1. Russell 2000 Mini Mar10	2.71
2. GSI Commerce, Inc.	1.69
3. Volcano Corporation	1.19
4. BioScrip, Inc.	1.15
5. Human Genome Sciences	1.03
6. Tupperware Brands Corporation	0.96
7. Catalyst Health Solutions, Inc.	0.94
8. Impax Laboratories, Inc.	0.88
9. Bio-Reference Labs, Inc.	0.87
10. Blackboard, Inc.	0.86
% of net assets in top ten holdings*	12.26

Analysis	
# of Stock Hldgs	1039
# of Bond Hldgs	0
# of Other Hldgs	6
GeoAvgCap (mil)	\$790.90
Turnover Ratio	132%
P/C Ratio	6.75
P/E Ratio	19.80
P/B Ratio	2.11

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	11.09	Healthcare	19.39	Consumer Goods	11.35
Hardware	14.92	Consumer Services	9.85	Industrial Materials	7.76
Media	0.78	Business Services	8.58	Energy	3.87
Telecom	6.97	Financial Services	5.31	Utilities	0.15

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The full name of this investment option is Principal SmallCap Growth II Separate Account-R6.

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.

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

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

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

International I Separate Account-R6 as of 03/31/2010

Investment Strategy

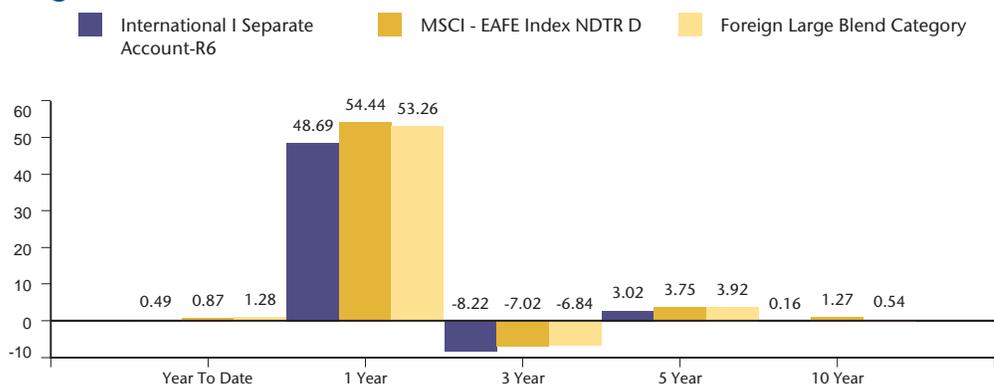
The investment seeks long-term growth of capital. The fund normally invests the fund's assets primarily in non-U.S. securities. The advisor normally invests the fund's assets primarily in common stocks of companies with large market capitalizations (those with market capitalizations similar to companies 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
Mariateresa Monaco Since 06/02/2009. M.B.A., Massachusetts Institute of Technology
Virginie Maisonneuve, CFA. Since 01/11/2010. M.B.A., ESLSA
Simon Webber, CFA. Since 01/11/2010. B.S., University of Manchester

Long-term returns % as of 03/31/2010



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	0.49	48.69	-8.22	3.02	0.16
MSCI - EAFE Index NDTR D %	0.87	54.44	-7.02	3.75	1.27
Foreign Large Blend Category %	1.28	53.26	-6.84	3.92	0.54
Morningstar Percentile Rankings	-	75	66	61	54
# of Funds in Category	844	819	638	466	255

Annual Returns	2009	2008	2007	2006	2005
Total Return %	25.40	-44.35	15.06	26.36	13.40
MSCI - EAFE Index NDTR D %	31.78	-43.38	11.17	26.34	13.54
Foreign Large Blend Category %	31.24	-43.99	12.71	24.77	14.72
Morningstar Percentile Rankings	80	55	27	30	62
# of Funds in Category	823	778	743	657	608

Morningstar percentile rankings are based on total returns.

Morningstar category

Foreign Large Blend

Morningstar Style Box™

As of 02/28/2010

Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2010 Relative to MSCI - EAFE Index NDTR D

	3Yr	5Yr
Alpha	-0.97	-0.61
Beta	1.02	1.02
R-Squared	97.96	97.90
Standard Deviation	24.99	20.48
Mean	-8.22	3.02
Sharpe Ratio	-0.29	0.11
Excess Return	-1.21	-0.73
Excess Risk	3.61	3.01
Information Ratio	-0.33	-0.24

Operations

Total Investment Expense Net	1.26%
Total Investment Expense Gross	1.29%
Contractual Cap Expiration Date	02/28/2011
Waiver Expiration Date	02/28/2011
Inception Date	07/01/1999
Total Net Assets (mil)	\$1,466.37



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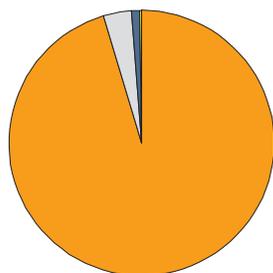
Risk and return statistical data is provided by Markov Processes International (MPI).

International I Separate Account-R6 as of 03/31/2010

Portfolio information[†]

Composition as of
02/28/2010

% of Assets	
Non-U.S. Stocks	95.36
Cash	3.39
U.S. Stocks	0.98
Other	0.27



Top ten holdings	% of net assets
1. HSBC Holdings PLC	2.16
2. EMINI MSCI EAFE MAR10	2.11
3. Roche Holding AG	1.74
4. BG Group PLC	1.41
5. Vodafone Group PLC	1.39
6. Honda Motor Company	1.38
7. Novartis AG	1.37
8. Nestle SA	1.32
9. Tesco PLC	1.30
10. Rio Tinto PLC	1.26
% of net assets in top ten holdings*	15.44

Analysis	
# of Stock Hldgs	790
# of Bond Hldgs	0
# of Other Hldgs	9
GeoAvgCap (mil)	\$25,789.25
Turnover Ratio	102%
P/C Ratio	4.42
P/E Ratio	13.55
P/B Ratio	1.58

Top 5 Countries

	% of net assets
United Kingdom	20.58
Japan	20.46
Switzerland	8.81
France	8.50
Germany	8.10

Regional exposure

	% of net assets
Europe	61.83
Japan	20.46
Pacific Rim	13.04
Latin America	2.32
Other	1.30
United States	1.03

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

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.

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 and 5 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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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.

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

Effective January 11, 2010, Schroders 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.

High Yield I Separate Account-R6 as of 03/31/2010

Investment Strategy

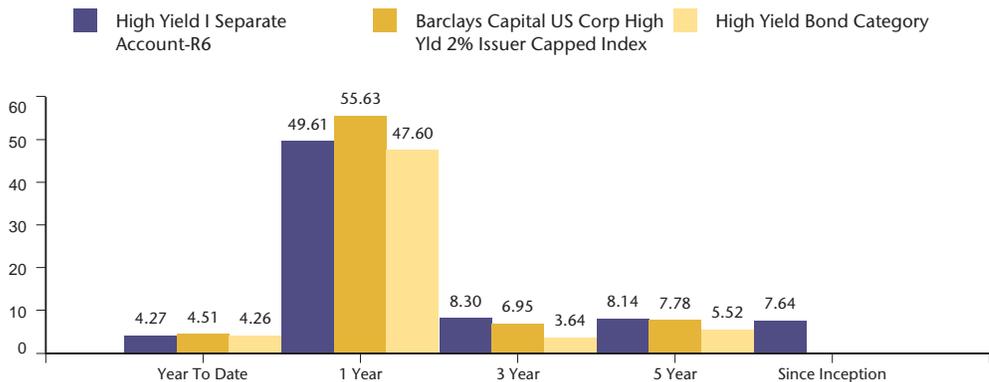
The investment seeks high current income. The fund invests at least 80% of assets in high-yield, below investment-grade quality debt (sometimes called "junk bonds" and rated, at the time of purchase, BB+ or lower by S&P or rated Ba1 or lower by Moody's, or of equivalent quality as determined by the Sub-Advisors) and other income-producing securities including corporate bonds, corporate loan participations and assignments, convertible securities, and preferred securities.



Portfolio managers

- Ann H. Benjamin** Since 07/19/2007. M.B.A., Carnegie Mellon University
James E. Gibson Since 07/19/2007. M.S., University of Windsor
William J. Morgan Since 07/19/2007. M.B.A., Xavier College
Thomas P. O'Reilly, CFA Since 07/19/2007. M.B.A., Loyola University New Orleans
James Shanahan Since 07/19/2007. B.A., Xavier University

Long-term returns % as of 03/31/2010



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	4.27	49.61	8.30	8.14	7.64
Barclays Capital US Corp High Yld 2% Issuer Capped Index %	4.51	55.63	6.95	7.78	-
High Yield Bond Category %	4.26	47.60	3.64	5.52	-
Morningstar Percentile Rankings	-	40	2	4	-
# of Funds in Category	583	549	487	415	-

Annual Returns	2009	2008	2007	2006	2005
Total Return %	52.86	-20.12	2.37	8.71	3.91
Barclays Capital US Corp High Yld 2% Issuer Capped Index %	58.76	-25.88	2.27	10.76	2.76
High Yield Bond Category %	46.70	-26.41	1.47	10.14	2.59
Morningstar Percentile Rankings	24	14	34	81	15
# of Funds in Category	543	559	542	549	518

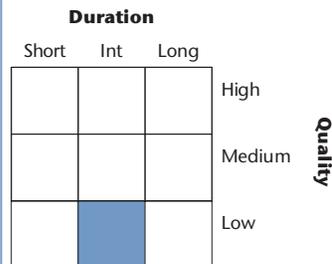
Morningstar percentile rankings are based on total returns.

Morningstar category

High Yield Bond

Morningstar Style Box™

As of 02/28/2010



Risk and Return Statistics

as of 03/31/2010 Relative to Barclays Capital US Corp High Yld 2% Issuer Capped Index

	3Yr	5Yr
Alpha	1.88	1.02
Beta	0.83	0.82
R-Squared	98.88	98.69
Standard Deviation	14.01	10.90
Mean	8.30	8.14
Sharpe Ratio	0.49	0.50
Excess Risk	3.36	2.66
Information Ratio	0.40	0.13

Operations

Total Investment Expense Net	0.81%
Total Investment Expense Gross	0.81%
Inception Date	12/31/2004
Total Net Assets (mil)	\$1,084.82



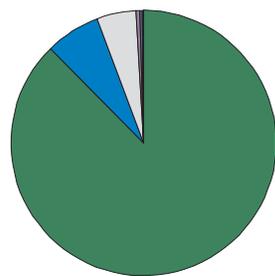
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High Yield I Separate Account-R6 as of 03/31/2010

Portfolio information[†]

Composition as of
02/28/2010



% of Assets	
U.S. Bonds	87.61
Non-U.S. Bonds	6.70
Cash	4.77
Preferred	0.44
U.S. Stocks	0.27
Convertibles	0.12
Other	0.08
Non-U.S. Stocks	0.02

Top ten holdings

1. Gmac 8%	1.38
2. Sabine Pass Lng L P 7.5%	0.96
3. Cit Grp 7%	0.95
4. Ford Motor Credit Co 8.125%	0.94
5. Hca 9.25%	0.85
6. Engy Future Hldgs 11.25%	0.85
7. Gmac 8%	0.84
8. Sprint Cap 6.875%	0.83
9. Clearwire Comm Llc 144a 144A 12%	0.79
10. Ford, Term Loan B	0.71
% of net assets in top ten holdings*	9.11

% of net
assets

Analysis

# of Stock Hldgs	6
# of Bond Hldgs	632
# of Other Hldgs	25
GeoAvgCap (mil)	\$1,546.96
Turnover Ratio	104%

Credit Analysis

As of 02/28/2010

	% Bonds
AAA	3.53
AA	0.00
A	0.29
BBB	1.48
BB	19.10
B	43.87
Below B	27.31
Not Rated	4.40

Statistics

Avg Eff Duration (Yrs)	4.11
Avg Eff Maturity (Yrs)	7.09
Avg Credit Quality	B
Avg Weighted Price	96.31

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 High Yield I Separate Account-R6.

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

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 and 5 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 Neuberger Berman Fixed Income LLC (formerly named Lehman Brothers Asset Management). Prior to January 2, 2008 Post Advisory Group was a third sub-advisor for this portfolio. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.

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.

Core Plus Bond I Separate Account-R6 as of 03/31/2010

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 Barclays Capital 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.

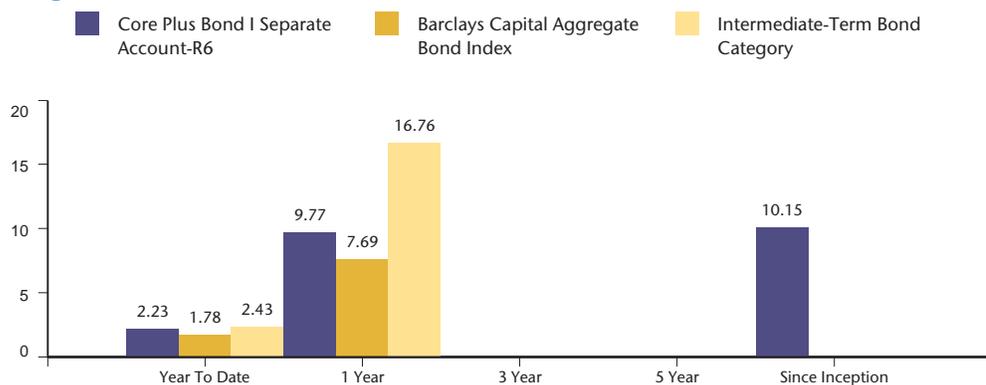
P I M C O

The Authority On Bonds™

Portfolio managers

William H. Gross, CFA. Since 09/30/2008. M.B.A., University of California, Los Angeles (Anderson)

Long-term returns % as of 03/31/2010



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 %	2.23	9.77	-	-	10.15
Barclays Capital Aggregate Bond Index %	1.78	7.69	6.14	5.44	-
Intermediate-Term Bond Category %	2.43	16.76	4.81	4.48	-
Morningstar Percentile Rankings	-	77	-	-	-
# of Funds in Category	1185	1137	991	866	-

Annual Returns	2009	2008	2007	2006	2005
Total Return %	6.76	-	-	-	-
Barclays Capital Aggregate Bond Index %	5.93	5.24	6.97	4.33	2.43
Intermediate-Term Bond Category %	13.97	-4.70	4.70	4.15	1.80
Morningstar Percentile Rankings	85	-	-	-	-
# of Funds in Category	1123	1135	1097	1092	1043

Morningstar percentile rankings are based on total returns.

Morningstar category
Intermediate-Term Bond

Morningstar Style Box™
As of 02/28/2010

Duration			Quality	
Short	Int	Long		
				High
				Medium
			Low	

Risk and Return Statistics

as of 03/31/2010 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	0.76%
Total Investment Expense Gross	0.76%
Inception Date	09/30/2008
Total Net Assets (mil)	\$2,236.15



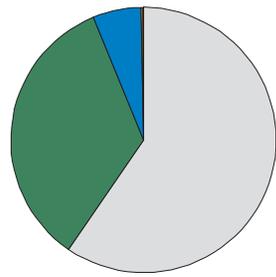
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Risk and return statistical data is provided by Markov Processes International (MPI).

Core Plus Bond I Separate Account-R6 as of 03/31/2010

Portfolio information†

Composition as of
02/28/2010



% of Assets

Cash	59.56
U.S. Bonds	34.24
Non-U.S. Bonds	5.87
Non-U.S. Stocks	0.26
Preferred	0.08

Top ten holdings

1. Interest Rate Swap Receive Fixed	12.51
2. United States Treas Nts 1%	11.06
3. Interest Rate Swap Receive Fixed	6.59
4. United States Treas Nts 3%	5.54
5. Interest Rate Swap Receive Fixed	4.37
6. 5.0% Irs Sell Swaption	4.29
7. Interest Rate Swap Receive Fixed	3.95
8. 4.75% Irs Swaption	3.20
9. 3.25% Irs Swaption	2.79
10. FNMA	2.70
% of net assets in top ten holdings*	56.99

% of net assets

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	450
# of Other Hldgs	45
Turnover Ratio	356%

Credit Analysis

As of 02/28/2010

	% Bonds
AAA	77.18
AA	3.85
A	8.60
BBB	3.46
BB	3.29
B	2.08
Below B	0.77
Not Rated	0.77

Statistics

Avg Eff Duration (Yrs)	4.84
Avg Eff Maturity (Yrs)	6.30
Avg Credit Quality	AA
Avg Weighted Price	103.67

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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.

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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 03/31/2010

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

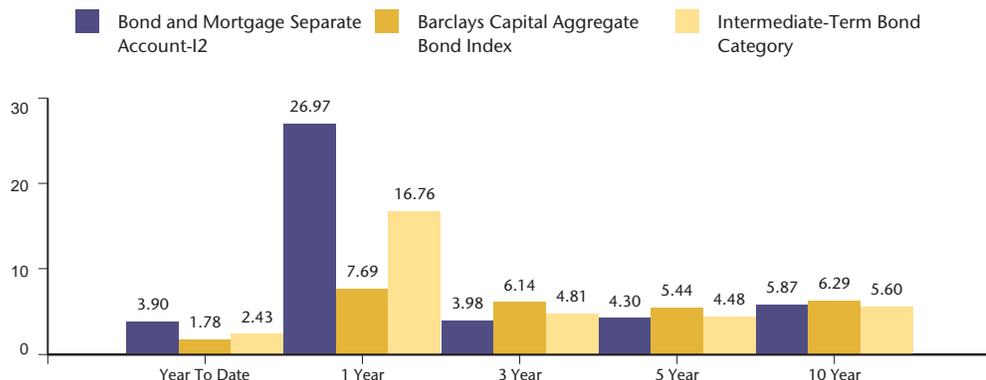
William C. Armstrong, CFA. Since 01/01/1997. Master, University of Iowa

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

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

Mark A. Lieb Since 07/01/2009. M.B.A., University of Hartford

Long-term returns % as of 03/31/2010



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	3.90	26.97	3.98	4.30	5.87
Barclays Capital Aggregate Bond Index %	1.78	7.69	6.14	5.44	6.29
Intermediate-Term Bond Category %	2.43	16.76	4.81	4.48	5.60
Morningstar Percentile Rankings	-	11	73	65	40
# of Funds in Category	1185	1137	991	866	501

Annual Returns	2009	2008	2007	2006	2005
Total Return %	21.81	-13.06	3.83	4.72	2.64
Barclays Capital Aggregate Bond Index %	5.93	5.24	6.97	4.33	2.43
Intermediate-Term Bond Category %	13.97	-4.70	4.70	4.15	1.80
Morningstar Percentile Rankings	11	89	78	20	9
# of Funds in Category	1123	1135	1097	1092	1043

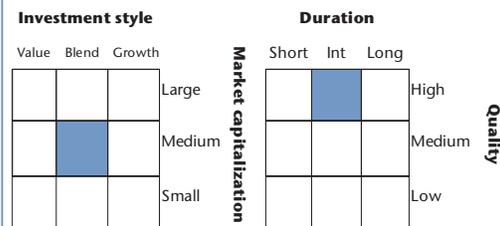
Morningstar percentile rankings are based on total returns.

Morningstar category

Intermediate-Term Bond

Morningstar Style Box™

As of 02/28/2010



Risk and Return Statistics

as of 03/31/2010 Relative to Barclays Capital Aggregate Bond Index

	3Yr	5Yr
Alpha	-2.13	-1.05
Beta	1.06	1.03
R-Squared	35.20	40.28
Standard Deviation	7.34	5.92
Mean	3.99	4.30
Sharpe Ratio	0.29	0.25
Excess Risk	6.05	4.68
Information Ratio	-0.36	-0.24

Operations

Total Investment Expense Net	0.55%
Total Investment Expense Gross	0.55%
Inception Date	02/01/1983
Total Net Assets (mil)	\$4,213.17



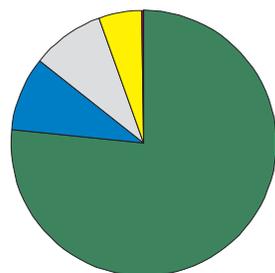
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Risk and return statistical data is provided by Markov Processes International (MPI).

Bond and Mortgage Separate Account-I2 as of 03/31/2010

Portfolio information†

Composition as of
02/28/2010



% of Assets	
U.S. Bonds	76.65
Non-U.S. Bonds	9.02
Cash	8.88
Other	5.18
Convertibles	0.24
U.S. Stocks	0.02
Preferred	0.01

Top ten holdings

Rank	Asset	% of net assets
1.	United States Treas Bds	6.25%
2.	FNMA	
3.	FNMA	
4.	FHLMC	
5.	United States Treas Nts	3.125%
6.	United States Treas Nts	
7.	FNMA	
8.	Citigroup	6.01%
9.	United States Treas Nts	3.375%
10.	Morgan Stanley Re-Remic Tr 2009-Io	
% of net assets in top ten holdings*		19.00

Analysis

# of Stock Hldgs	2
# of Bond Hldgs	1071
# of Other Hldgs	146
GeoAvgCap (mil)	\$6,220.66
Turnover Ratio	540%
P/E Ratio	68.63

Credit Analysis

As of 02/28/2010

Rating	% Bonds
AAA	53.61
AA	6.73
A	9.57
BBB	18.64
BB	6.73
B	2.13
Below B	2.37
Not Rated	0.22

Statistics

Avg Eff Duration (Yrs)	4.80
Avg Eff Maturity (Yrs)	7.26
Avg Credit Quality	AA
Avg Weighted Price	100.11

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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.

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

International Emerging Markets Separate Account-R6

as of 03/31/2010

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.



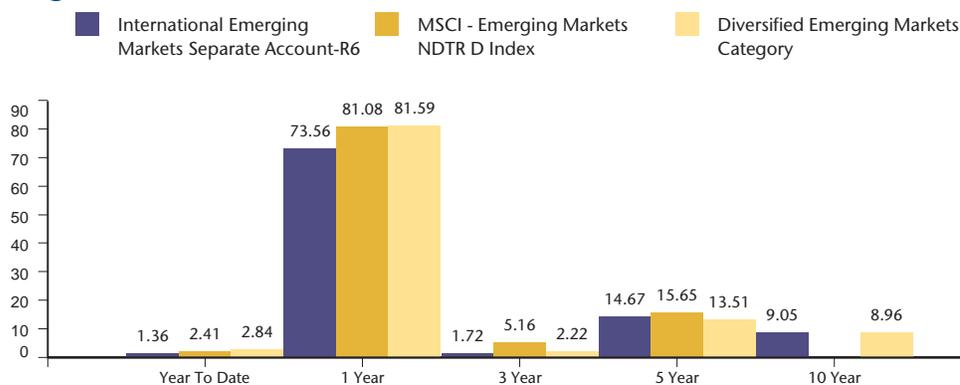
Portfolio managers

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

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

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

Long-term returns % as of 03/31/2010



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	1.36	73.56	1.72	14.67	9.05
MSCI - Emerging Markets NDTR D Index %	2.41	81.08	5.16	15.65	-
Diversified Emerging Markets Category %	2.84	81.59	2.22	13.51	8.96
Morningstar Percentile Rankings	-	74	61	27	48
# of Funds in Category	393	371	265	198	118

Annual Returns	2009	2008	2007	2006	2005
Total Return %	68.87	-54.93	41.60	36.36	35.09
MSCI - Emerging Markets NDTR D Index %	78.51	-53.33	39.39	32.17	34.00
Diversified Emerging Markets Category %	73.81	-54.44	36.68	32.06	31.54
Morningstar Percentile Rankings	64	55	20	17	29
# of Funds in Category	367	312	274	242	212

Morningstar percentile rankings are based on total returns.

Morningstar category
Diversified Emerging Markets

Morningstar Style Box™

As of 02/28/2010

Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2010 Relative to
MSCI - Emerging Markets NDTR D Index

	3Yr	5Yr
Alpha	-3.25	-0.78
Beta	1.00	1.00
R-Squared	98.65	98.53
Standard Deviation	33.29	28.09
Mean	1.72	14.66
Sharpe Ratio	0.16	0.53
Excess Return	-3.44	-0.99
Excess Risk	3.88	3.41
Information Ratio	-0.89	-0.29

Operations

Total Investment Expense Net	1.51%
Total Investment Expense Gross	1.51%
Inception Date	01/01/1995
Total Net Assets (mil)	\$1,227.30



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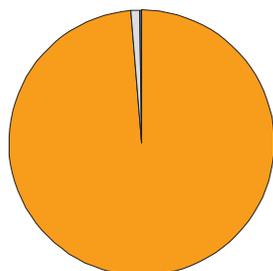
International Emerging Markets Separate Account-R6

as of 03/31/2010

Portfolio information†

Composition as of
02/28/2010

% of Assets	
Non-U.S. Stocks	98.67
Cash	1.07
U.S. Stocks	0.27



Top ten holdings

	% of net assets
1. Petroleo Brasileiro S.A. ADR	4.22
2. Vale SA	3.41
3. Samsung Electronics Co Ltd	3.14
4. China Mobile Ltd.	2.17
5. Taiwan Semiconductor Manufacturing	2.03
6. America Movil S.A.B. de C.V. ADR L	1.82
7. Industrial And Commercial Bank Of China Limited	1.69
8. Banco Bradesco Sa Brad	1.55
9. Posco ADR	1.54
10. Infosys Technologies, Ltd. ADR	1.53
% of net assets in top ten holdings*	23.12

Analysis

# of Stock Hldgs	163
# of Bond Hldgs	0
# of Other Hldgs	2
GeoAvgCap (mil)	\$18,534.85
Turnover Ratio	123%
P/C Ratio	3.70
P/E Ratio	11.29
P/B Ratio	1.83

Top 5 Countries

	% of net assets
China	17.22
Brazil	16.88
South Korea	14.44
Taiwan	10.61
Russia	9.33

Regional exposure

	% of net assets
Pacific Rim	55.85
Latin America	21.47
Other	21.04
Europe	1.37
United States	0.27

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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 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.

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

International Growth Separate Account-R6 as of 03/31/2010

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., University of Minnesota

John Pihlblad, CFA. Since 03/01/2005. B.A., Westminster College

Long-term returns % as of 03/31/2010



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	2.34	47.35	-10.32	2.28	2.75
MSCI World Ex US Growth Index %	1.91	50.81	-5.04	4.74	-
Foreign Large Growth Category %	2.56	56.52	-5.14	5.14	-
Morningstar Percentile Rankings	-	84	92	88	-
# of Funds in Category	286	273	215	158	-

Annual Returns	2009	2008	2007	2006	2005
Total Return %	23.40	-47.02	12.32	24.16	22.14
MSCI World Ex US Growth Index %	30.66	-42.88	18.03	22.12	14.41
Foreign Large Growth Category %	38.02	-46.56	16.26	23.95	15.23
Morningstar Percentile Rankings	90	50	80	39	8
# of Funds in Category	266	251	220	243	213

Morningstar percentile rankings are based on total returns.

Morningstar category

Foreign Large Growth

Morningstar Style Box™

As of 02/28/2010

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2010 Relative to MSCI World Ex US Growth Index

	3Yr	5Yr
Alpha	-5.19	-2.30
Beta	1.04	1.06
R-Squared	98.28	97.96
Standard Deviation	25.01	20.83
Mean	-10.32	2.28
Sharpe Ratio	-0.38	0.08
Excess Return	-5.28	-2.47
Excess Risk	3.43	3.17
Information Ratio	-1.54	-0.78

Operations

Total Investment Expense Net	1.17%
Total Investment Expense Gross	1.17%
Inception Date	12/29/2000
Total Net Assets (mil)	\$1,338.04



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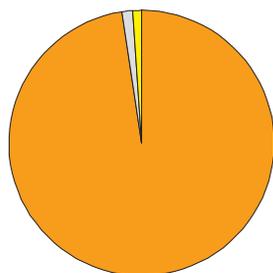
Risk and return statistical data is provided by Markov Processes International (MPI).

International Growth Separate Account-R6 as of 03/31/2010

Portfolio information[†]

Composition as of
02/28/2010

% of Assets	
Non-U.S. Stocks	97.61
Cash	1.25
Other	1.14



Top ten holdings

	% of net assets
1. BHP Billiton Limited	2.94
2. Nestle SA	2.90
3. Novartis AG	2.71
4. Roche Holding AG	1.71
5. Rio Tinto PLC	1.55
6. iShares MSCI EAFE Index	1.47
7. Anglo American PLC	1.46
8. Standard Chartered PLC	1.44
9. GlaxoSmithKline PLC	1.33
10. Telefonica, S.A.	1.28
% of net assets in top ten holdings*	18.79

Analysis

# of Stock Hldgs	185
# of Bond Hldgs	0
# of Other Hldgs	9
GeoAvgCap (mil)	\$22,033.32
Turnover Ratio	138%
P/C Ratio	4.32
P/E Ratio	13.02
P/B Ratio	1.64

Top 5 Countries

	% of net assets
Japan	22.19
United Kingdom	21.10
Switzerland	12.45
Germany	6.85
Australia	6.33

Regional exposure

	% of net assets
Europe	62.23
Japan	22.19
Pacific Rim	10.74
Other	4.85

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

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).

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 and 5 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.

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

LargeCap S&P 500 Index Separate Account-R6 as of 03/31/2010

Investment Strategy

The investment option normally invests the majority of assets in common stocks of companies that compose the S&P 500 Index. Management attempts to mirror the investment performance of the index by allocating assets in approximately the same weightings as the S&P 500 Index. Over the long-term, management seeks a very close correlation between the performance of the Separate Account before expenses and that of the S&P 500 Index.

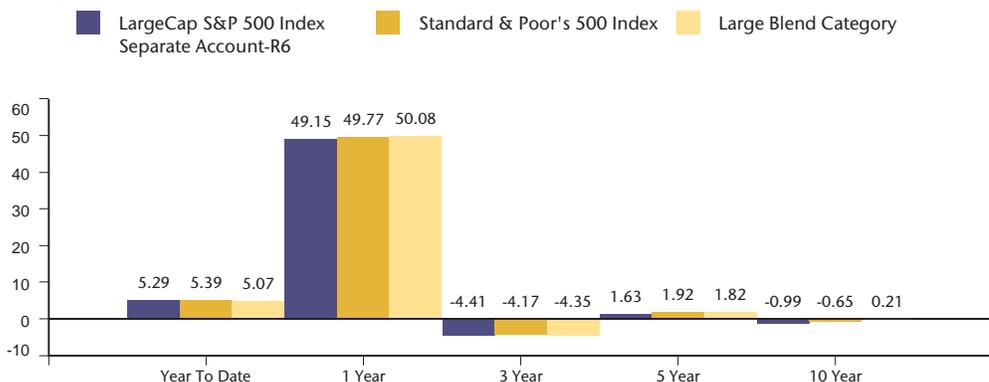


Portfolio managers

Dirk Laschanzky, CFA. Since 10/01/2003. M.B.A., University of Iowa

Scott Smith Since 12/31/2007. B.S., Iowa State University

Long-term returns % as of 03/31/2010



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	10 Year
Total Return %	5.29	49.15	-4.41	1.63	-0.99
Standard & Poor's 500 Index %	5.39	49.77	-4.17	1.92	-0.65
Large Blend Category %	5.07	50.08	-4.35	1.82	0.21
Morningstar Percentile Rankings	-	46	52	55	66
# of Funds in Category	2130	2025	1785	1402	731

Annual Returns	2009	2008	2007	2006	2005
Total Return %	26.09	-37.10	5.18	15.46	4.58
Standard & Poor's 500 Index %	26.46	-37.00	5.49	15.79	4.91
Large Blend Category %	28.17	-37.79	6.16	14.17	5.88
Morningstar Percentile Rankings	59	40	55	29	63
# of Funds in Category	2027	2086	2090	1980	1743

Morningstar percentile rankings are based on total returns.

Morningstar category

Large Blend

Morningstar Style Box™

As of 02/28/2010

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2010 Relative to Standard & Poor's 500 Index

	3Yr	5Yr
Alpha	-0.28	-0.29
Beta	1.00	1.00
R-Squared	100.00	100.00
Standard Deviation	20.31	16.27
Mean	-4.41	1.63
Sharpe Ratio	-0.22	0.01
Excess Return	-0.24	-0.28
Excess Risk	0.07	0.06
Information Ratio	-3.30	-4.76

Operations

Total Investment Expense Net	0.31%
Total Investment Expense Gross	0.31%
Inception Date	01/01/1990
Total Net Assets (mil)	\$5,509.11



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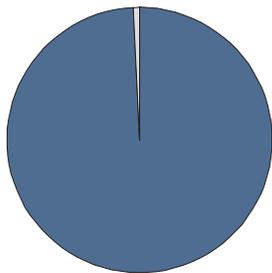
Risk and return statistical data is provided by Markov Processes International (MPI).

LargeCap S&P 500 Index Separate Account-R6 as of 03/31/2010

Portfolio information[†]

Composition as of
02/28/2010

% of Assets	
■ U.S. Stocks	99.23
■ Cash	0.77



Top ten holdings

	% of net assets
1. ExxonMobil Corporation	3.08
2. Microsoft Corporation	2.21
3. Procter & Gamble Company	1.85
4. Apple, Inc.	1.84
5. Johnson & Johnson	1.73
6. General Electric Company	1.71
7. International Business Machines Corp	1.67
8. J.P. Morgan Chase & Co.	1.65
9. Bank of America Corporation	1.65
10. AT&T, Inc.	1.46
% of net assets in top ten holdings*	18.85

Analysis

# of Stock Hldgs	499
# of Bond Hldgs	0
# of Other Hldgs	1
GeoAvgCap (mil)	\$43,758.61
Turnover Ratio	4%
P/C Ratio	3.61
P/E Ratio	14.36
P/B Ratio	2.03

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	4.51	Healthcare	11.90	Consumer Goods	11.16
Hardware	10.75	Consumer Services	8.93	Industrial Materials	10.90
Media	2.54	Business Services	3.52	Energy	11.23
Telecom	5.20	Financial Services	15.94	Utilities	3.44

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The full name of this investment option is Principal LargeCap S&P 500 Index 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 and 5 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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Each index based investment option is invested in the stocks or bonds of the index it tracks. Performance of indexes reflects the unmanaged results for the market segment the selected stocks or bonds represent. There is no assurance an index based investment option will match the performance of the index tracked.

S&P 500 is a trademark of The McGraw-Hill Companies, Inc., and has been licensed for use by Principal Life Insurance Company and Principal Management Corporation. The product is not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of investing in the product.

Formerly known as Large-Cap Stock Index Separate Account.

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

MidCap Value III Separate Account-R6 as of 03/31/2010

Investment Strategy

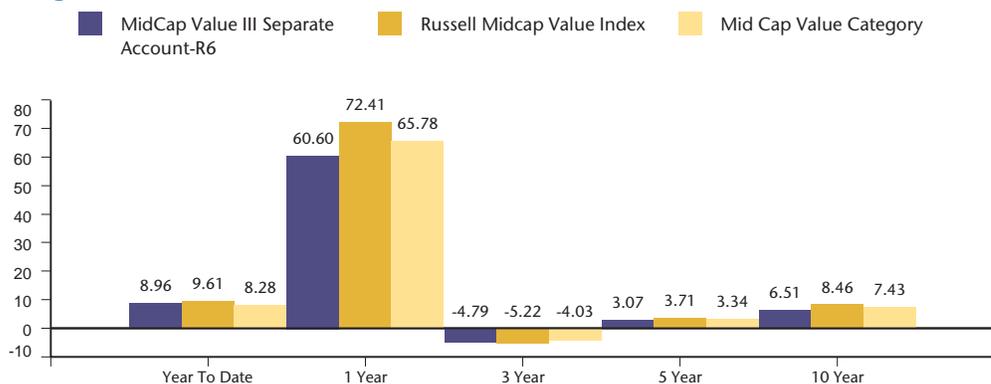
The investment seeks long-term growth of capital and normally invests the majority of assets in companies with market capitalizations similar to those of companies in the Russell MidCap Value Index. Management selects investments primarily on the basis of fundamental security analysis, focusing on the 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., University of Northern Iowa
Mark Giambrone, CPA. Since 07/01/2005. M.B.A., University of Chicago
James P. Barrow Since 07/12/2005. B.S., University of South Carolina

Long-term returns % as of 03/31/2010



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	8.96	60.60	-4.79	3.07	6.51
Russell Midcap Value Index %	9.61	72.41	-5.22	3.71	8.46
Mid Cap Value Category %	8.28	65.78	-4.03	3.34	7.43
Morningstar Percentile Rankings	-	60	59	49	78
# of Funds in Category	429	413	350	256	85

Annual Returns	2009	2008	2007	2006	2005
Total Return %	30.11	-35.92	-0.59	16.00	13.15
Russell Midcap Value Index %	34.21	-38.44	-1.42	20.22	12.65
Mid Cap Value Category %	35.41	-36.77	0.83	15.87	8.82
Morningstar Percentile Rankings	68	41	65	46	9
# of Funds in Category	416	442	405	375	310

Morningstar percentile rankings are based on total returns.

Morningstar category

Mid Cap Value

Morningstar Style Box™

As of 02/28/2010

Investment style

	Value	Blend	Growth	
				Large
				Medium
				Small

Market capitalization

Risk and Return Statistics

as of 03/31/2010 Relative to Russell Midcap Value Index

	3Yr	5Yr
Alpha	-1.02	-0.74
Beta	0.85	0.86
R-Squared	97.95	97.69
Standard Deviation	22.25	17.94
Mean	-4.78	3.08
Sharpe Ratio	-0.19	0.10
Excess Return	0.44	-0.63
Excess Risk	5.00	4.01
Information Ratio	0.09	-0.16

Operations

Total Investment Expense Net	0.81 %
Total Investment Expense Gross	0.81 %
Inception Date	01/01/1991
Total Net Assets (mil)	\$573.66



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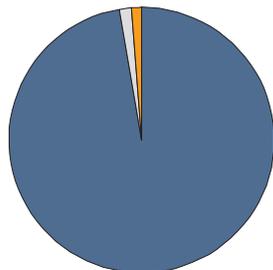
Risk and return statistical data is provided by Markov Processes International (MPI).

MidCap Value III Separate Account-R6 as of 03/31/2010

Portfolio information[†]

Composition as of
02/28/2010

% of Assets	
U.S. Stocks	97.26
Cash	1.46
Non-U.S. Stocks	1.28



Top ten holdings

Top ten holdings	% of net assets
1. Computer Sciences Corporation	1.90
2. Xcel Energy, Inc.	1.74
3. New York Community Bancorp, Inc.	1.65
4. Spectra Energy Corporation	1.62
5. ITT Corporation	1.61
6. L-3 Communications Holdings, Inc.	1.53
7. Fifth Third Bancorp	1.52
8. Ameriprise Financial, Inc.	1.48
9. Omnicare, Inc.	1.47
10. El Paso Corporation	1.46
% of net assets in top ten holdings*	16.00

Analysis

# of Stock Hldgs	172
# of Bond Hldgs	0
# of Other Hldgs	1
GeoAvgCap (mil)	\$5,692.76
Turnover Ratio	93%
P/C Ratio	2.72
P/E Ratio	12.29
P/B Ratio	1.40

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	2.35	Healthcare	5.59	Consumer Goods	10.81
Hardware	3.38	Consumer Services	10.43	Industrial Materials	15.09
Media	2.22	Business Services	3.63	Energy	7.49
Telecom	1.48	Financial Services	28.45	Utilities	9.08

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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 and 5 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 03/31/2010

Investment Strategy

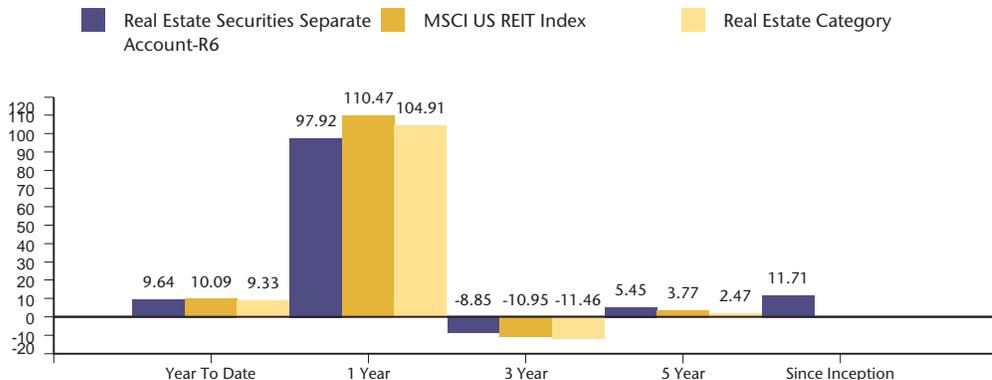
The investment seeks to generate a total return. The fund normally invests at least 80% of the net assets (plus any borrowings for investment purposes) in equity securities of companies principally engaged in the real estate industry, which include real estate investment trusts and companies with substantial 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., University of Iowa

Long-term returns % as of 03/31/2010



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	9.64	97.92	-8.85	5.45	11.71
MSCI US REIT Index %	10.09	110.47	-10.95	3.77	-
Real Estate Category %	9.33	104.91	-11.46	2.47	-
Morningstar Percentile Rankings	-	70	12	6	-
# of Funds in Category	278	265	237	204	-

Annual Returns	2009	2008	2007	2006	2005
Total Return %	27.56	-32.82	-17.73	36.03	15.28
MSCI US REIT Index %	28.61	-37.97	-16.82	35.92	12.13
Real Estate Category %	31.26	-39.55	-14.66	33.58	11.51
Morningstar Percentile Rankings	66	5	71	30	16
# of Funds in Category	262	265	372	306	279

Morningstar percentile rankings are based on total returns.

Morningstar category

Real Estate

Morningstar Style Box™

As of 02/28/2010

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2010 Relative to MSCI US REIT Index

	3Yr	5Yr
Alpha	-0.24	1.17
Beta	0.88	0.89
R-Squared	99.21	98.97
Standard Deviation	36.04	29.41
Mean	-8.84	5.45
Sharpe Ratio	-0.13	0.23
Excess Return	2.11	1.69
Excess Risk	5.91	4.70
Information Ratio	0.36	0.36

Operations

Total Investment Expense Net	1.15%
Total Investment Expense Gross	1.15%
Inception Date	12/31/2002
Total Net Assets (mil)	\$1,628.74



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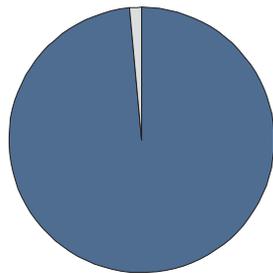
Risk and return statistical data is provided by Markov Processes International (MPI).

Real Estate Securities Separate Account-R6 as of 03/31/2010

Portfolio information[†]

Composition as of
02/28/2010

% of Assets	
■ U.S. Stocks	98.49
■ Cash	1.51



Top ten holdings

	% of net assets
1. Simon Property Group, Inc.	11.86
2. Public Storage	6.05
3. Boston Properties, Inc.	5.52
4. Ventas, Inc.	4.18
5. SL Green Realty Corporation	4.12
6. Vornado Realty Trust	3.77
7. Federal Realty Investment Trust	3.33
8. Equity Residential	3.33
9. HCP, Inc.	3.22
10. Health Care REIT, Inc.	2.93
% of net assets in top ten holdings*	48.31

Analysis

# of Stock Hldgs	47
# of Bond Hldgs	0
# of Other Hldgs	4
GeoAvgCap (mil)	\$4,825.52
Turnover Ratio	57%
P/C Ratio	11.55
P/E Ratio	34.67
P/B Ratio	1.93

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	0.74	Industrial Materials	0.00
Media	0.00	Business Services	0.00	Energy	0.00
Telecom	0.00	Financial Services	99.26	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 and 5 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 03/31/2010

Investment Strategy

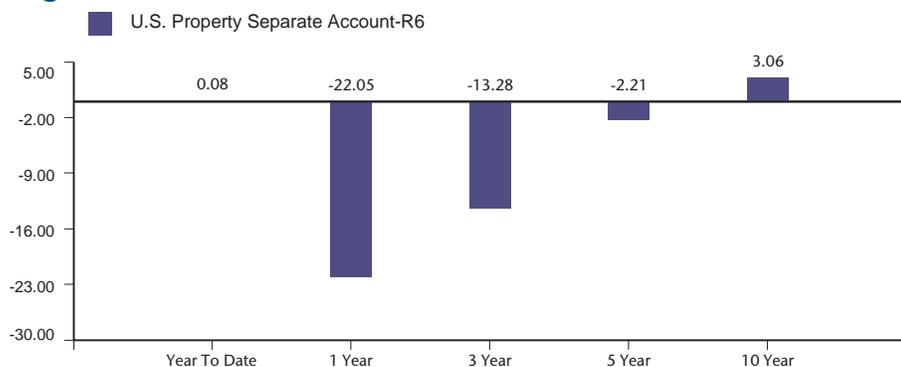
The investment invests the majority of assets on commercial real estate holdings. It focuses on properties that return both lease income and appreciation of the buildings' marketable value. The property holdings usually contain real estate from the multi-family, office, warehouse/manufacturing, and retail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

Principal Real Estate Investors

Portfolio managers

John Berg Since 12/01/2003. M.B.A., University of Iowa

Long-term returns % as of 03/31/2010



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 %	0.08	-22.05	-13.28	-2.21	3.06

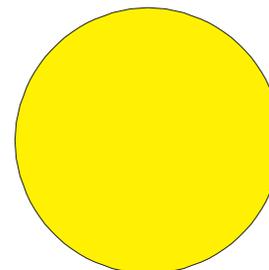
Annual Returns	2009	2008	2007	2006	2005
Total Return %	-31.59	-13.23	13.42	15.14	18.61

Operations

Total Investment Expense Net	1.15%
Total Investment Expense Gross	1.15%
Inception Date	01/01/1982
Total Net Assets (mil)	\$3,299.19

Portfolio information

Composition as of 02/28/2010



% of Assets

Other	100.00
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Analysis

Total Number of Hldgs	127
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Portfolio composition

Top ten holdings % of net assets

Office San Francisco, CA	7.49
Office New York, NY	4.85
Office Seattle, WA	4.09
Retail Los Angeles, CA	3.33
Hotel San Antonio, TX	2.87
Multi-family/Retail Cambridge, MA	2.47
Office Phoenix, AZ	2.42
Multi-family Seattle, WA	2.32
Office/Retail San Diego, CA	2.15
Office Cambridge, MA	2.04

% of net assets in top ten holdings* 34.00%

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

Geographical diversity % of properties

West	50.67
East	20.51
South	17.46
Midwest	11.36

Property type % of account

Office	41.00
Retail	20.00
Apartments	20.00
Industrial Park	18.00
Other	1.00

U.S. Property Separate Account-R6 as of 03/31/2010

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.

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 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.

LargeCap Growth I Separate Account-R6 as of 03/31/2010

Investment Strategy

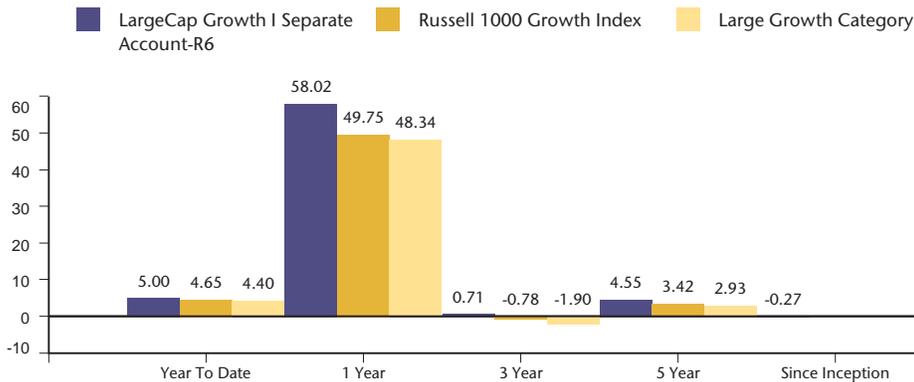
The investment seeks long-term growth of capital. The fund normally invests at least 80% of assets in equity securities of companies with market capitalizations within the range of companies in the Russell 1000 Growth index at the time of purchase. It invests less than 25% of total assets in foreign 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., University of Pennsylvania
Mariateresa Monaco Since 06/02/2009. M.B.A., Massachusetts Institute of Technology
Kenneth M. Stuzin, CFA. Since 07/14/2009. M.B.A., Columbia University

Long-term returns % as of 03/31/2010



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	5.00	58.02	0.71	4.55	-0.27
Russell 1000 Growth Index %	4.65	49.75	-0.78	3.42	-
Large Growth Category %	4.40	48.34	-1.90	2.93	-
Morningstar Percentile Rankings	-	10	17	21	-
# of Funds in Category	1869	1775	1547	1276	-

Annual Returns	2009	2008	2007	2006	2005
Total Return %	51.92	-40.69	8.18	5.93	7.44
Russell 1000 Growth Index %	37.21	-38.44	11.81	9.07	5.26
Large Growth Category %	35.68	-40.67	13.35	7.05	6.71
Morningstar Percentile Rankings	6	51	75	62	40
# of Funds in Category	1796	1809	1748	1642	1495

Morningstar percentile rankings are based on total returns.

Morningstar category

Large Growth

Morningstar Style Box™

As of 02/28/2010

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2010 Relative to Russell 1000 Growth Index

	3Yr	5Yr
Alpha	2.06	1.27
Beta	1.09	1.09
R-Squared	96.12	95.19
Standard Deviation	22.81	18.44
Mean	0.71	4.56
Sharpe Ratio	0.06	0.18
Excess Return	1.50	1.14
Excess Risk	4.92	4.32
Information Ratio	0.30	0.26

Operations

Total Investment Expense Net	0.79%
Total Investment Expense Gross	0.90%
Contractual Cap Expiration Date	02/28/2011
Waiver Expiration Date	02/28/2011
Inception Date	12/29/2000
Total Net Assets (mil)	\$1,858.40



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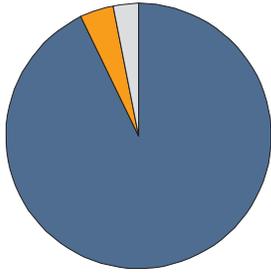
Risk and return statistical data is provided by Markov Processes International (MPI).

LargeCap Growth I Separate Account-R6 as of 03/31/2010

Portfolio information†

Composition as of
02/28/2010

% of Assets	
U.S. Stocks	92.82
Non-U.S. Stocks	4.04
Cash	3.14



Top ten holdings

	% of net assets
1. Apple, Inc.	4.20
2. S&P FUTURE - MARCH 2010	3.94
3. Google, Inc.	3.66
4. Accenture PLC	2.47
5. Qualcomm, Inc.	2.43
6. Danaher Corporation	2.40
7. Schlumberger, Ltd.	2.28
8. MasterCard Incorporated A	2.17
9. Allergan, Inc.	1.98
10. Cisco Systems, Inc.	1.86
% of net assets in top ten holdings*	27.38

Analysis

# of Stock Hldgs	480
# of Bond Hldgs	0
# of Other Hldgs	6
GeoAvgCap (mil)	\$25,833.72
Turnover Ratio	99%
P/C Ratio	7.56
P/E Ratio	17.99
P/B Ratio	2.78

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	6.04	Healthcare	13.44	Consumer Goods	6.92
Hardware	18.14	Consumer Services	13.81	Industrial Materials	11.56
Media	0.76	Business Services	8.35	Energy	7.02
Telecom	6.49	Financial Services	7.13	Utilities	0.35

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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 and 5 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.

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

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

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

MidCap Growth III Separate Account-R6 as of 03/31/2010

Investment Strategy

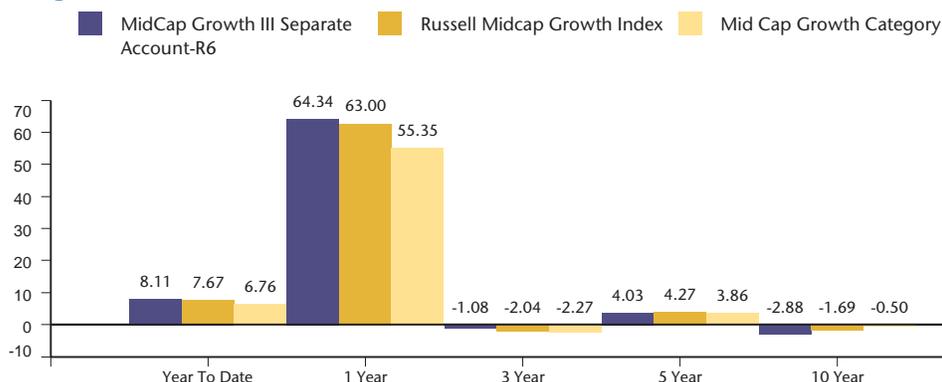
The investment seeks long-term growth of capital. The fund invests primarily in common stocks and other equity securities of U.S. companies with strong earnings growth potential. It normally invests at least 80% of assets in companies with market capitalizations similar to those of companies in the Russell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



Portfolio managers

Christopher K. McHugh Since 12/06/2000. M.B.A., St. Joseph's University
Adam T. Logan, CFA. Since 11/21/2008. M.B.A., University of Pittsburgh
Bruce I. Jacobs Since 05/01/2009. Ph.D., University of Pennsylvania (Wharton)
Mariateresa Monaco Since 06/02/2009. M.B.A., Massachusetts Institute of Technology
Ronald P. Gala, CFA. Since 06/24/2009. M.B.A., University of Pittsburgh

Long-term returns % as of 03/31/2010



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	8.11	64.34	-1.08	4.03	-2.88
Russell Midcap Growth Index %	7.67	63.00	-2.04	4.27	-1.69
Mid Cap Growth Category %	6.76	55.35	-2.27	3.86	-0.50
Morningstar Percentile Rankings	-	16	40	49	72
# of Funds in Category	834	784	702	609	341

Annual Returns	2009	2008	2007	2006	2005
Total Return %	44.81	-48.56	24.40	6.26	11.59
Russell Midcap Growth Index %	46.29	-44.32	11.43	10.66	12.10
Mid Cap Growth Category %	39.11	-43.77	15.09	9.00	9.84
Morningstar Percentile Rankings	31	80	12	69	37
# of Funds in Category	812	934	967	994	936

Morningstar percentile rankings are based on total returns.

Morningstar category

Mid Cap Growth

Morningstar Style Box™

As of 02/28/2010

Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2010 Relative to Russell Midcap Growth Index

	3Yr	5Yr
Alpha	1.24	-0.11
Beta	1.02	1.04
R-Squared	97.01	96.12
Standard Deviation	25.87	21.70
Mean	-1.07	4.04
Sharpe Ratio	0.01	0.16
Excess Return	0.97	-0.24
Excess Risk	4.54	4.37
Information Ratio	0.21	-0.05

Operations

Total Investment Expense Net	1.13%
Total Investment Expense Gross	1.15%
Contractual Cap Expiration Date	02/28/2011
Waiver Expiration Date	02/28/2011
Inception Date	10/28/1999
Total Net Assets (mil)	\$1,380.07



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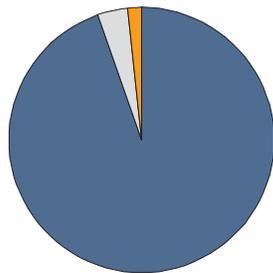
Risk and return statistical data is provided by Markov Processes International (MPI).

MidCap Growth III Separate Account-R6 as of 03/31/2010

Portfolio information†

Composition as of
02/28/2010

% of Assets	
U.S. Stocks	94.60
Cash	3.69
Non-U.S. Stocks	1.71



Top ten holdings

Top ten holdings	% of net assets
1. S&P MID 400 EMINI MAR10	3.78
2. F5 Networks, Inc.	1.53
3. AmerisourceBergen Corporation	1.21
4. NetApp, Inc.	1.17
5. T Rowe Price Group	1.16
6. Priceline.com, Inc.	1.13
7. Coach, Inc.	1.10
8. Avon Products	1.06
9. Cummins, Inc.	1.04
10. Whole Foods Market, Inc.	1.00
% of net assets in top ten holdings*	14.15

Analysis

# of Stock Hldgs	494
# of Bond Hldgs	0
# of Other Hldgs	6
GeoAvgCap (mil)	\$5,265.78
Turnover Ratio	126%
P/C Ratio	7.32
P/E Ratio	17.56
P/B Ratio	2.38

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	24.48	Healthcare	44.30	Consumer Goods	31.24
Hardware	6.19	Consumer Services	12.03	Industrial Materials	10.67
Media	15.53	Business Services	15.35	Energy	12.04
Telecom	1.43	Financial Services	6.86	Utilities	6.78
	1.33		10.06		1.75

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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.

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 and 5 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.

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.

Formerly known as Mid-Cap Growth Separate Account.

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LargeCap Value I Separate Account-R6 as of 03/31/2010

Investment Strategy

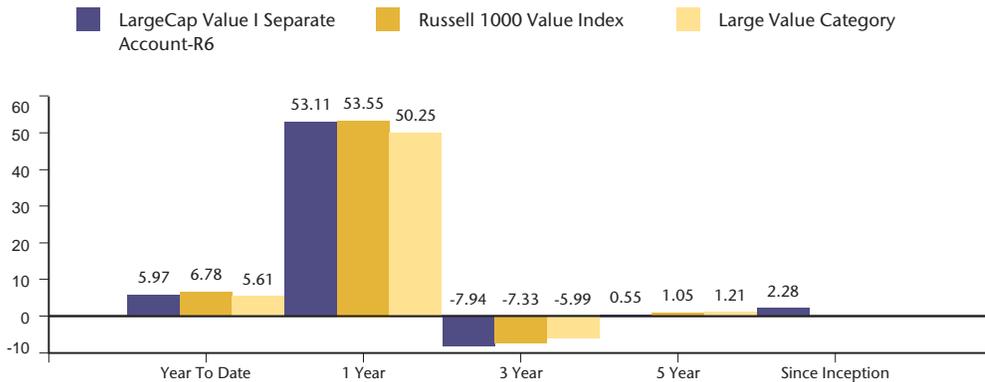
The investment seeks long-term growth of capital. The fund invests primarily in common stocks and other equity securities of large-capitalization companies. It normally invests at least 80% of net assets in securities of companies with large market capitalizations (those with market capitalizations similar 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., University of Wisconsin
Thomas Digenan, CPA, CFA. Since 06/01/2004. M.S., DePaul University
John C. Leonard, CFA. Since 06/01/2004. M.B.A., University of Chicago
Mariateresa Monaco Since 06/02/2009. M.B.A., Massachusetts Institute of Technology
John (Jack) S. Pickler, CFA. Since 10/01/2009. M.B.A., Wake Forest University

Long-term returns % as of 03/31/2010



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	5.97	53.11	-7.94	0.55	2.28
Russell 1000 Value Index %	6.78	53.55	-7.33	1.05	-
Large Value Category %	5.61	50.25	-5.99	1.21	-
Morningstar Percentile Rankings	-	32	77	65	-
# of Funds in Category	1325	1275	1120	941	-

Annual Returns	2009	2008	2007	2006	2005
Total Return %	22.35	-39.34	0.31	18.01	9.75
Russell 1000 Value Index %	19.69	-36.85	-0.17	22.25	7.05
Large Value Category %	24.13	-37.09	1.42	18.15	5.95
Morningstar Percentile Rankings	54	70	61	53	16
# of Funds in Category	1272	1433	1432	1371	1296

Morningstar percentile rankings are based on total returns.

Morningstar category

Large Value

Morningstar Style Box™

As of 02/28/2010

Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2010 Relative to Russell 1000 Value Index

	3Yr	5Yr
Alpha	-0.36	-0.41
Beta	1.02	1.01
R-Squared	96.55	95.87
Standard Deviation	22.64	17.99
Mean	-7.93	0.55
Sharpe Ratio	-0.34	-0.04
Excess Return	-0.61	-0.50
Excess Risk	4.24	3.66
Information Ratio	-0.14	-0.14

Operations

Total Investment Expense Net	0.94%
Total Investment Expense Gross	0.95%
Contractual Cap Expiration Date	02/28/2011
Waiver Expiration Date	02/28/2011
Inception Date	06/01/2004
Total Net Assets (mil)	\$1,357.26



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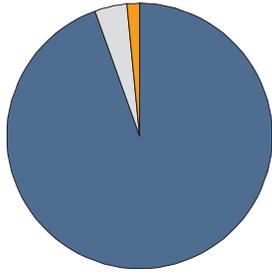
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LargeCap Value I Separate Account-R6 as of 03/31/2010

Portfolio information[†]

Composition as of
02/28/2010

% of Assets	
U.S. Stocks	94.56
Cash	3.91
Non-U.S. Stocks	1.53



Top ten holdings

Rank	Company	% of net assets
1.	ExxonMobil Corporation	4.37
2.	J.P. Morgan Chase & Co.	3.98
3.	S&P FUTURE - MARCH 2010	3.76
4.	Pfizer Inc.	3.58
5.	Chevron Corporation	3.33
6.	AT&T, Inc.	2.69
7.	Wells Fargo Company	2.45
8.	General Electric Company	2.10
9.	Bank of America Corporation	1.94
10.	Hewlett-Packard Company	1.75
* % of net assets in top ten holdings*		29.95

% of net
assets

Analysis

# of Stock Hldgs	523
# of Bond Hldgs	0
# of Other Hldgs	6
GeoAvgCap (mil)	\$37,040.79
Turnover Ratio	115%
P/C Ratio	2.44
P/E Ratio	12.80
P/B Ratio	1.59

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	0.91	Healthcare	10.30	Consumer Goods	8.26
Hardware	5.40	Consumer Services	5.51	Industrial Materials	12.48
Media	4.79	Business Services	2.91	Energy	17.99
Telecom	4.98	Financial Services	21.15	Utilities	5.30

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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 and 5 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.

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

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

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