

Principal LifeTime Strategic Income Separate Account-R6

as of 06/30/2008

Investment Strategy

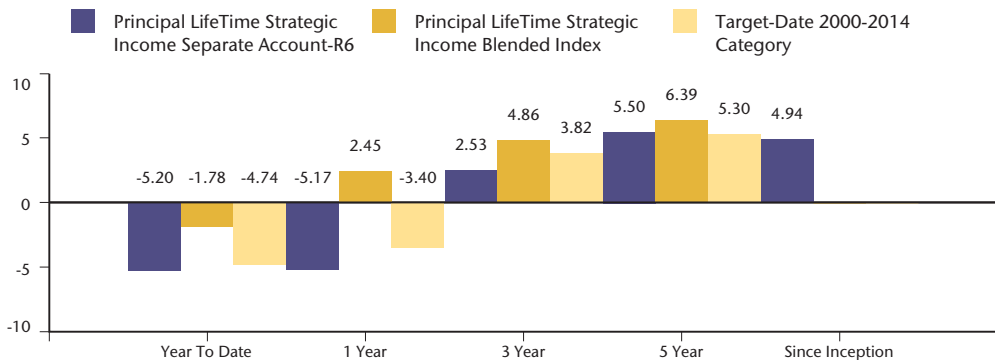
The investment seeks current income. The fund invests in underlying fixed-income funds, but also invests in underlying equity and hybrid funds according to an asset allocation strategy designed for investors seeking current income from their investment. It invests most of the assets in underlying funds which are intended primarily to give the fund broad exposure to income-producing securities through their investments in fixed-income securities, "hybrid" securities and dividend generating domestic and foreign stocks.



Portfolio managers

Dirk Laschanzky, CFA. Since 03/01/2001. M.B.A., U of Iowa
James Fennessey, CFA. Since 05/29/2007. B.S., Truman State U
Michael P. Finnegan, CFA. Since 05/29/2007. M.A., U of Iowa
Randy L. Welch Since 05/29/2007. M.B.A., Drake U
David Blake, CFA. Since 03/31/2008. M.B.A., Saint Louis U

Long-term returns % as of 06/30/2008



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 the Principal Sponsor Service Center SM or The Principal Retirement Service Center® at 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 %	-5.20	-5.17	2.53	5.50	4.94
Principal LifeTime Strategic Income Blended Index %	-1.78	2.45	4.86	6.39	-
Target-Date 2000-2014 Category %	-4.74	-3.40	3.82	5.30	-
Morningstar Percentile Rankings	-	70	85	38	-
# of funds in category	302	286	131	52	-

Annual Returns	2007	2006	2005	2004	2003
Total Return %	1.57	8.95	3.96	10.92	15.29
Principal LifeTime Strategic Income Blended Index %	7.10	6.90	3.48	6.15	10.74
Target-Date 2000-2014 Category %	5.21	8.58	3.68	6.82	13.67
Morningstar Percentile Rankings	96	39	45	11	37
# of Funds in Category	266	188	126	88	43

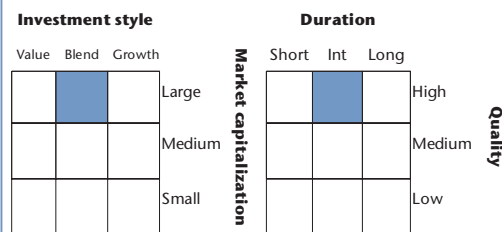
Morningstar percentile rankings are based on total returns.

Morningstar category

Target-Date 2000-2014

Morningstar Style Box™

As of 05/31/2008



Risk and Return Statistics

as of 06/30/2008 Relative to Principal LifeTime Strategic Income Blended Index

	3Yr	5Yr
Alpha	-2.22	-0.96
Beta	1.05	1.06
R-Squared	64.71	74.72
Standard Deviation	3.91	4.24
Mean	2.53	5.50
Sharpe Ratio	-0.42	0.54
Excess Return	-2.30	-0.85
Excess Risk	2.25	2.16
Information Ratio	-1.02	-0.39

Operations

Total Investment Expense Net	0.84%
Total Investment Expense Gross	0.84%
Inception Date	03/30/2001
Total Net Assets (mil)	\$579.28



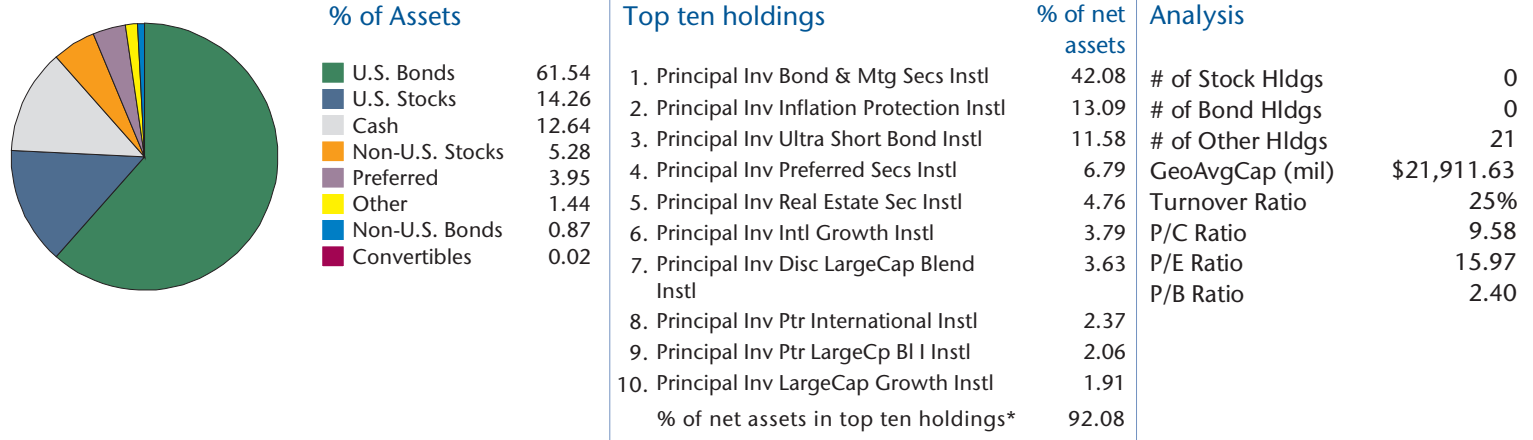
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Principal LifeTime Strategic Income Separate Account-R6

as of 06/30/2008

Portfolio information

Composition as of 05/31/2008



Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
Information	13.60	Service	51.66	Manufacturing	34.73
Software	2.32	Healthcare	8.14	Consumer Goods	7.10
Hardware	6.72	Consumer Services	6.22	Industrial Materials	14.78
Media	1.12	Business Services	4.40	Energy	9.99
Telecom	3.44	Financial Services	32.90	Utilities	2.86

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 LifeTime Strategic Income Separate Account-R6.

Principal LifeTime Strategic Income Blended Index is composed of underlying indexes that represent the target asset allocation weights of the Principal LifeTime Strategic Income portfolio. The weightings as of March 31, 2008 are 19.0% Russell 3000 Index, 6.0% MSCI EAFE Index, and 75.0% Lehman Aggregate 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 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.

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

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

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

This Separate Account invests directly in the Institutional class shares of a Principal LifeTime Fund. The mutual fund operating expenses for each Principal LifeTime Fund are reflected in the Total Investment Expense of the Separate Account as well as the operating expenses of the underlying funds in which the Principal LifeTime Fund invests. Based on the asset allocation of the Principal LifeTime Funds as in the prospectus dated February 29, 2008, the weighted average operating expenses of the underlying funds are: Principal LifeTime Strategic Income, 0.55%; Principal LifeTime 2010, 0.65%; Principal LifeTime 2015, 0.70%; Principal LifeTime 2020, 0.70%; Principal LifeTime 2025, 0.74%; Principal LifeTime 2030, 0.73%; Principal LifeTime 2035, 0.75%; Principal LifeTime 2040, 0.77%; Principal LifeTime 2045, 0.77%; Principal LifeTime 2050, 0.76%; Principal LifeTime 2055, 0.77%. For further information on all mutual fund expenses, see the prospectus of the underlying Principal LifeTime Fund. 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.

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

Principal LifeTime 2010 Separate Account-R6 as of 06/30/2008

Investment Strategy

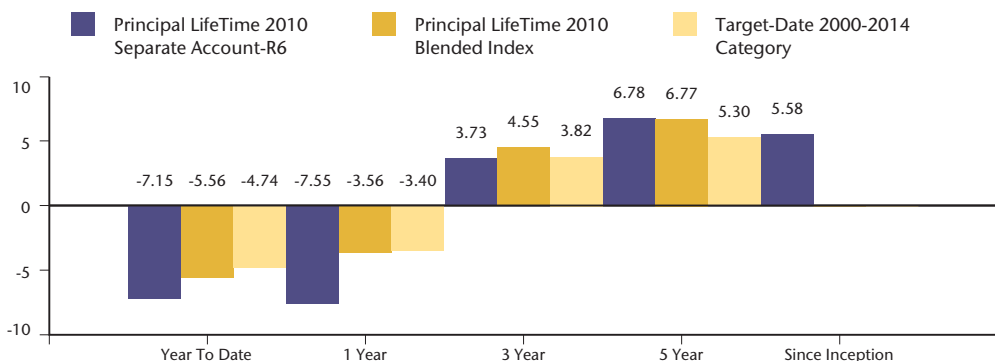
The investment seeks a total return consisting of long-term growth of capital and current income. The fund invests in underlying Principal domestic and foreign equity, hybrid, and fixed-income funds according to an asset allocation strategy designed for investors having an investment time horizon comparable to that of the fund. It allocates the assets more conservatively over time. The fund may invest in any of the Institutional class shares of the equity funds or fixed-income funds of Principal Funds, at the sub-advisors discretion.



Portfolio managers

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Long-term returns % as of 06/30/2008



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-7.15	-7.55	3.73	6.78	5.58
Principal LifeTime 2010 Blended Index %	-5.56	-3.56	4.55	6.77	-
Target-Date 2000-2014 Category %	-4.74	-3.40	3.82	5.30	-
Morningstar Percentile Rankings	-	90	59	5	-
# of funds in category	302	286	131	52	-

Annual Returns	2007	2006	2005	2004	2003
Total Return %	3.44	11.84	5.40	11.62	18.79
Principal LifeTime 2010 Blended Index %	7.02	8.73	4.11	7.92	14.89
Target-Date 2000-2014 Category %	5.21	8.58	3.68	6.82	13.67
Morningstar Percentile Rankings	84	18	7	2	6
# of Funds in Category	266	188	126	88	43

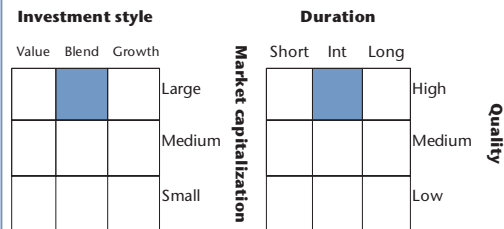
Morningstar percentile rankings are based on total returns.

Morningstar category

Target-Date 2000-2014

Morningstar Style Box™

As of 05/31/2008



Risk and Return Statistics

as of 06/30/2008 Relative to Principal LifeTime 2010 Blended Index

	3Yr	5Yr
Alpha	-0.73	-0.31
Beta	1.16	1.12
R-Squared	92.97	92.00
Standard Deviation	6.61	6.16
Mean	3.73	6.78
Sharpe Ratio	-0.04	0.58
Excess Return	-0.76	0.07
Excess Risk	1.93	1.86
Information Ratio	-0.39	0.04

Operations

Total Investment Expense Net	0.93%
Total Investment Expense Gross	0.93%
Inception Date	03/30/2001
Total Net Assets (mil)	\$1,858.61

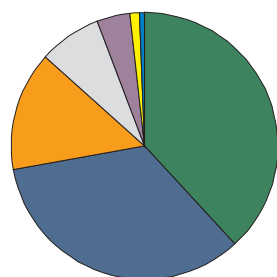


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Principal LifeTime 2010 Separate Account-R6 as of 06/30/2008

Portfolio information

Composition as of 05/31/2008



% of Assets

U.S. Bonds	38.11
U.S. Stocks	33.99
Non-U.S. Stocks	14.51
Cash	7.55
Preferred	4.04
Other	1.11
Non-U.S. Bonds	0.67
Convertibles	0.01

Top ten holdings

1. Principal Inv Bond & Mtg Secs Instl	26.12
2. Principal Inv Disc LargeCap Blend Instl	9.21
3. Principal Inv Intl Growth Instl	8.47
4. Principal Inv Preferred Secs Instl	6.53
5. Principal Inv Real Estate Sec Instl	6.05
6. Principal Inv Ptr International Instl	5.29
7. Principal Inv Ptr LargeCp BI I Instl	4.79
8. Principal Inv Ptr Large Cap Gr I Instl	4.15
9. Principal Inv LargeCap Growth Instl	4.12
10. Principal Inv Inflation Protection Instl	3.56
% of net assets in top ten holdings*	78.34

% of net assets

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Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	25
GeoAvgCap (mil)	\$23,442.96
Turnover Ratio	15%
P/C Ratio	9.12
P/E Ratio	15.29
P/B Ratio	2.40

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	2.70	Healthcare	9.02	Consumer Goods	7.54
Hardware	7.58	Consumer Services	6.44	Industrial Materials	16.20
Media	1.30	Business Services	5.16	Energy	10.92
Telecom	3.95	Financial Services	26.00	Utilities	3.18

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 LifeTime 2010 Separate Account-R6.

Principal LifeTime 2010 Blended Index is composed of underlying indexes that represent the target asset allocation weights of the Principal LifeTime 2010 portfolio. The index weightings adjust over time as the portfolio changes to become gradually more conservative. The weightings as of March 31, 2008 are 40.9% Russell 3000 Index, 14.6% MSCI EAFE Index, and 44.5% Lehman Aggregate 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 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.

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

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

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

This Separate Account invests directly in the Institutional class shares of a Principal LifeTime Fund. The mutual fund operating expenses for each Principal LifeTime Fund are reflected in the Total Investment Expense of the Separate Account as well as the operating expenses of the underlying funds in which the Principal LifeTime Fund invests. Based on the asset allocation of the Principal LifeTime Funds as in the prospectus dated February 29, 2008, the weighted average operating expenses of the underlying funds are: Principal LifeTime Strategic Income, 0.55%; Principal LifeTime 2010, 0.65%; Principal LifeTime 2015, 0.70%; Principal LifeTime 2020, 0.70%; Principal LifeTime 2025, 0.74%; Principal LifeTime 2030, 0.73%; Principal LifeTime 2035, 0.75%; Principal LifeTime 2040, 0.77%; Principal LifeTime 2045, 0.77%; Principal LifeTime 2050, 0.76%; Principal LifeTime 2055, 0.77%. For further information on all mutual fund expenses, see the prospectus of the underlying Principal LifeTime Fund. 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.

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

Principal LifeTime 2020 Separate Account-R6 as of 06/30/2008

Investment Strategy

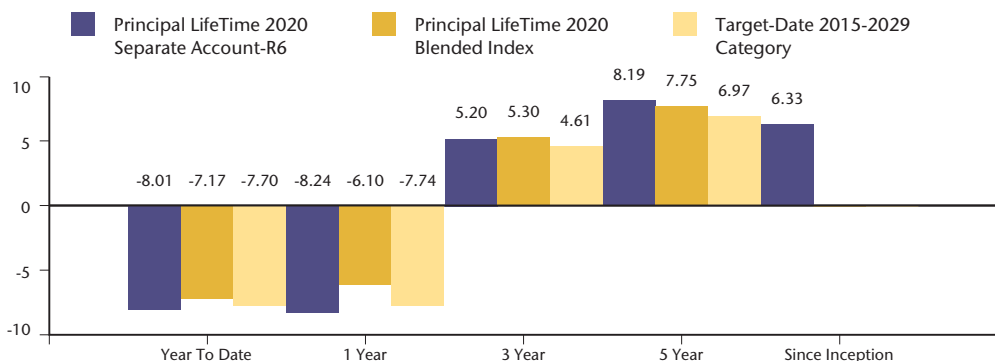
The investment seeks a total return consisting of long-term growth of capital and current income. The fund invests in underlying Principal domestic and foreign equity, hybrid, and fixed-income funds according to an asset allocation strategy designed for investors having an investment time horizon comparable to that of the fund. It allocates the assets more conservatively over time. The fund may invest in any of the Institutional Class shares of the equity funds or fixed-income funds of Principal Funds, at the sub-advisors discretion.



Portfolio managers

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Long-term returns % as of 06/30/2008



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-8.01	-8.24	5.20	8.19	6.33
Principal LifeTime 2020 Blended Index %	-7.17	-6.10	5.30	7.75	-
Target-Date 2015-2029 Category %	-7.70	-7.74	4.61	6.97	-
Morningstar Percentile Rankings	-	56	39	11	-
# of funds in category	409	352	127	35	-

Annual Returns	2007	2006	2005	2004	2003
Total Return %	5.08	14.03	7.49	12.19	21.58
Principal LifeTime 2020 Blended Index %	7.00	11.30	5.12	9.54	17.64
Target-Date 2015-2029 Category %	6.05	12.45	5.79	9.17	20.73
Morningstar Percentile Rankings	70	24	4	10	20
# of Funds in Category	303	173	103	52	18

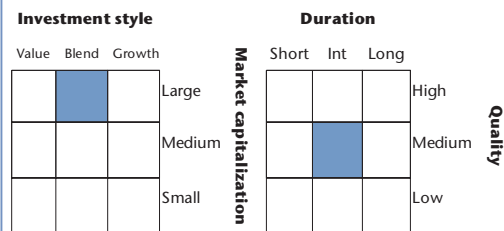
Morningstar percentile rankings are based on total returns.

Morningstar category

Target-Date 2015-2029

Morningstar Style Box™

As of 05/31/2008



Risk and Return Statistics

as of 06/30/2008 Relative to Principal LifeTime 2020 Blended Index

	3Yr	5Yr
Alpha	-0.12	0.07
Beta	1.14	1.10
R-Squared	96.89	95.26
Standard Deviation	8.14	7.43
Mean	5.20	8.19
Sharpe Ratio	0.16	0.67
Excess Return	-0.04	0.51
Excess Risk	1.72	1.76
Information Ratio	-0.02	0.29

Operations

Total Investment Expense Net	0.98%
Total Investment Expense Gross	0.98%
Inception Date	03/30/2001
Total Net Assets (mil)	\$3,951.06

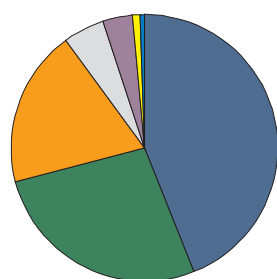


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Principal LifeTime 2020 Separate Account-R6 as of 06/30/2008

Portfolio information

Composition as of 05/31/2008



% of Assets

U.S. Stocks	43.91
U.S. Bonds	26.97
Non-U.S. Stocks	19.05
Cash	4.96
Preferred	3.56
Other	0.93
Non-U.S. Bonds	0.56
Convertibles	0.01

Top ten holdings

Top ten holdings	% of net assets
1. Principal Inv Bond & Mtg Secs Instl	19.35
2. Principal Inv Disc LargeCap Blend Instl	11.35
3. Principal Inv Intl Growth Instl	10.55
4. Principal Inv Ptr International Instl	6.60
5. Principal Inv Ptr LargeCp BI I Instl	5.66
6. Principal Inv Ptr Large Cap Gr I Instl	5.54
7. Principal Inv Preferred Secs Instl	5.53
8. Principal Inv Real Estate Sec Instl	5.13
9. Principal Inv LargeCap Growth Instl	4.99
10. Principal Inv High Yield Instl	4.01
% of net assets in top ten holdings*	78.73

% of net assets

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	22
GeoAvgCap (mil)	\$24,154.64
Turnover Ratio	15%
P/C Ratio	9.02
P/E Ratio	15.09
P/B Ratio	2.41

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	2.84	Healthcare	9.29	Consumer Goods	7.79
Hardware	7.87	Consumer Services	6.64	Industrial Materials	16.71
Media	1.37	Business Services	5.44	Energy	11.42
Telecom	4.09	Financial Services	23.12	Utilities	3.39

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The full name of this investment option is Principal LifeTime 2020 Separate Account-R6.

Principal LifeTime 2020 Blended Index is composed of underlying indexes that represent the target asset allocation weights of the Principal LifeTime 2020 portfolio. The index weightings adjust over time as the portfolio changes to become gradually more conservative. The weightings as of March 31, 2008 are 50.4% Russell 3000 Index, 19.1% MSCI EAFE Index, and 30.5% Lehman Aggregate 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 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 directly in the Institutional class shares of a Principal LifeTime Fund. The mutual fund operating expenses for each Principal LifeTime Fund are reflected in the Total Investment Expense of the Separate Account as well as the operating expenses of the underlying funds in which the Principal LifeTime Fund invests. Based on the asset allocation of the Principal LifeTime Funds as in the prospectus dated February 29, 2008, the weighted average operating expenses of the underlying funds are: Principal LifeTime Strategic Income, 0.55%; Principal LifeTime 2010, 0.65%; Principal LifeTime 2015, 0.70%; Principal LifeTime 2020, 0.70%; Principal LifeTime 2025, 0.74%; Principal LifeTime 2030, 0.73%; Principal LifeTime 2035, 0.75%; Principal LifeTime 2040, 0.77%; Principal LifeTime 2045, 0.77%; Principal LifeTime 2050, 0.76%; Principal LifeTime 2055, 0.77%. For further information on all mutual fund expenses, see the prospectus of the underlying Principal LifeTime Fund. 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.

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

Principal LifeTime 2030 Separate Account-R6 as of 06/30/2008

Investment Strategy

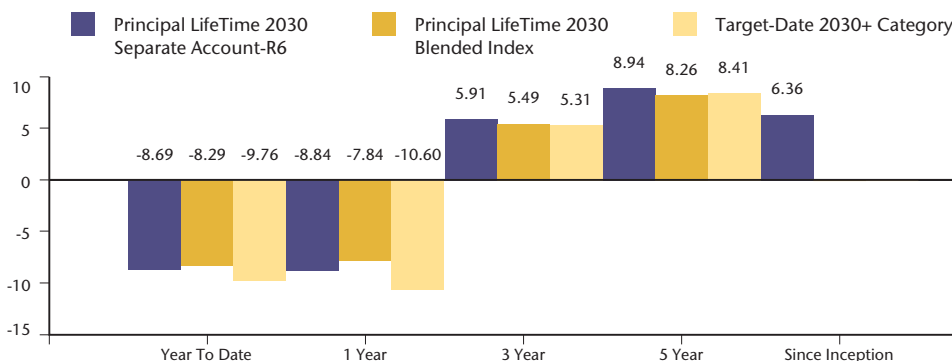
The investment seeks a total return consisting of long-term growth of capital and current income. The fund invests in underlying Principal domestic and foreign equity, hybrid, and fixed-income funds according to an asset allocation strategy designed for investors having an investment time horizon comparable to that of the fund. It allocates the assets more conservatively over time. The fund may invest in any of the Institutional Class shares of the equity funds or fixed-income funds of Principal Funds, at the sub-advisors discretion.



Portfolio managers

Dirk Laschanzky, CFA. Since 03/01/2001. M.B.A., U of Iowa
James Fennessey, CFA. Since 05/29/2007. B.S., Truman State U
Michael P. Finnegan, CFA. Since 05/29/2007. M.A., U of Iowa
Randy L. Welch Since 05/29/2007. M.B.A., Drake U
David Blake, CFA. Since 03/31/2008. M.B.A., Saint Louis U

Long-term returns % as of 06/30/2008



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 the Principal Sponsor Service CenterSM or The Principal Retirement Service Center[®] at 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 %	-8.69	-8.84	5.91	8.94	6.36
Principal LifeTime 2030 Blended Index %	-8.29	-7.84	5.49	8.26	-
Target-Date 2030+ Category %	-9.76	-10.60	5.31	8.41	-
Morningstar Percentile Rankings	-	23	34	33	-
# of funds in category	588	506	174	50	-

Annual Returns	2007	2006	2005	2004	2003
Total Return %	6.08	15.13	8.20	12.68	23.33
Principal LifeTime 2030 Blended Index %	6.94	12.72	5.65	10.42	20.51
Target-Date 2030+ Category %	6.54	14.42	7.28	11.31	25.32
Morningstar Percentile Rankings	59	40	13	26	78
# of Funds in Category	409	235	147	87	42

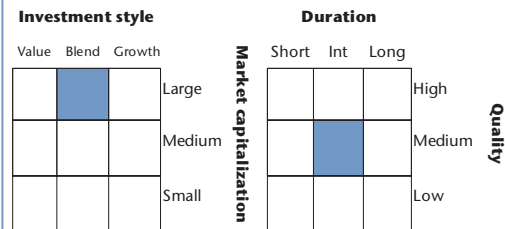
Morningstar percentile rankings are based on total returns.

Morningstar category

Target-Date 2030+

Morningstar Style BoxTM

As of 05/31/2008



Risk and Return Statistics

as of 06/30/2008 Relative to Principal LifeTime 2030 Blended Index

	3Yr	5Yr
Alpha	0.37	0.34
Beta	1.12	1.08
R-Squared	97.76	96.59
Standard Deviation	9.12	8.23
Mean	5.91	8.94
Sharpe Ratio	0.22	0.70
Excess Return	0.48	0.75
Excess Risk	1.68	1.64
Information Ratio	0.29	0.46

Operations

Total Investment Expense Net	1.01%
Total Investment Expense Gross	1.01%
Inception Date	03/30/2001
Total Net Assets (mil)	\$3,410.23

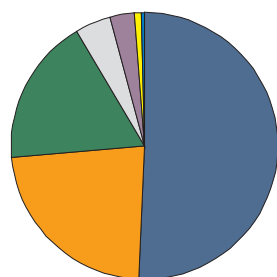


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Principal LifeTime 2030 Separate Account-R6 as of 06/30/2008

Portfolio information

Composition as of 05/31/2008



% of Assets

U.S. Stocks	50.76
Non-U.S. Stocks	22.80
U.S. Bonds	17.89
Cash	4.38
Preferred	2.95
Other	0.78
Non-U.S. Bonds	0.43
Convertibles	0.01

Top ten holdings

Top ten holdings	% of net assets
1. Principal Inv Disc LargeCap Blend Instl	12.48
2. Principal Inv Intl Growth Instl	12.25
3. Principal Inv Bond & Mtg Secs Instl	10.83
4. Principal Inv Ptr International Instl	7.58
5. Principal Inv Ptr Large Cap Gr I Instl	6.43
6. Principal Inv Ptr LargeCp BI I Instl	6.16
7. Principal Inv LargeCap Growth Instl	6.08
8. Principal Inv High Yield Instl	4.55
9. Principal Inv Preferred Secs Instl	4.53
10. Principal Inv Real Estate Sec Instl	4.29
% of net assets in top ten holdings*	75.18

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	22
GeoAvgCap (mil)	\$24,879.13
Turnover Ratio	16%
P/C Ratio	8.97
P/E Ratio	14.95
P/B Ratio	2.41

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	2.89	Healthcare	9.48	Consumer Goods	7.90
Hardware	7.97	Consumer Services	6.82	Industrial Materials	17.10
Media	1.39	Business Services	5.62	Energy	11.63
Telecom	4.19	Financial Services	21.52	Utilities	3.49

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 LifeTime 2030 Separate Account-R6.

Principal LifeTime 2030 Blended Index is composed of underlying indexes that represent the target asset allocation weights of the Principal LifeTime 2030 portfolio. The index weightings adjust over time as the portfolio changes to become gradually more conservative. The weightings as of March 31, 2008 are 56.7% Russell 3000 Index, 22.3% MSCI EAFE Index, and 21.0% Lehman Aggregate 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 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.

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

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

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

Principal LifeTime 2040 Separate Account-R6 as of 06/30/2008

Investment Strategy

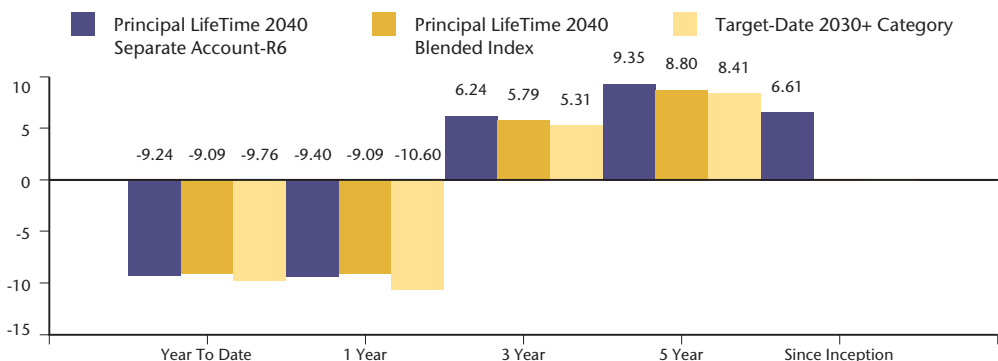
The investment seeks a total return consisting of long-term growth of capital and current income. The fund invests in underlying Principal domestic and foreign equity, hybrid, and fixed-income funds according to an asset allocation strategy designed for investors having an investment time horizon comparable to that of the fund. It allocates the assets more conservatively over time. The fund may invest in any of the Institutional Class shares of the equity funds or fixed-income funds of Principal Funds, at the sub-advisors discretion.



Portfolio managers

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Randy L. Welch Since 05/29/2007. M.B.A., Drake U
David Blake, CFA. Since 03/31/2008. M.B.A., Saint Louis U

Long-term returns % as of 06/30/2008



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-9.24	-9.40	6.24	9.35	6.61
Principal LifeTime 2040 Blended Index %	-9.09	-9.09	5.79	8.80	-
Target-Date 2030+ Category %	-9.76	-10.60	5.31	8.41	-
Morningstar Percentile Rankings	-	31	24	19	-
# of funds in category	588	506	174	50	-

Annual Returns	2007	2006	2005	2004	2003
Total Return %	6.80	15.43	8.65	12.86	24.49
Principal LifeTime 2040 Blended Index %	6.88	14.26	6.21	11.37	23.42
Target-Date 2030+ Category %	6.54	14.42	7.28	11.31	25.32
Morningstar Percentile Rankings	46	32	7	21	51
# of Funds in Category	409	235	147	87	42

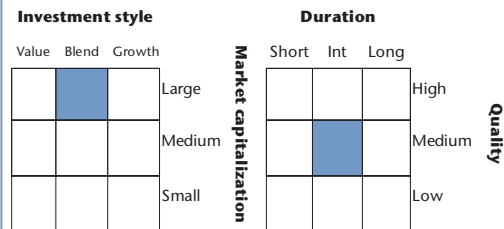
Morningstar percentile rankings are based on total returns.

Morningstar category

Target-Date 2030+

Morningstar Style Box™

As of 05/31/2008



Risk and Return Statistics

as of 06/30/2008 Relative to Principal LifeTime 2040 Blended Index

	3Yr	5Yr
Alpha	0.40	0.29
Beta	1.10	1.06
R-Squared	98.16	97.64
Standard Deviation	9.83	8.85
Mean	6.25	9.36
Sharpe Ratio	0.25	0.70
Excess Return	0.52	0.63
Excess Risk	1.60	1.45
Information Ratio	0.33	0.43

Operations

Total Investment Expense Net	1.03%
Total Investment Expense Gross	1.03%
Inception Date	03/30/2001
Total Net Assets (mil)	\$1,762.54

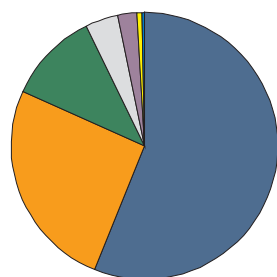


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Principal LifeTime 2040 Separate Account-R6 as of 06/30/2008

Portfolio information

Composition as of 05/31/2008



Asset Class	% of Assets
U.S. Stocks	56.12
Non-U.S. Stocks	25.61
U.S. Bonds	11.03
Cash	3.99
Preferred	2.29
Other	0.65
Non-U.S. Bonds	0.32

Top ten holdings

Rank	Top ten holdings	% of net assets
1.	Principal Inv Intl Growth Instl	13.12
2.	Principal Inv Disc LargeCap Blend Instl	12.68
3.	Principal Inv Ptr International Instl	8.52
4.	Principal Inv Ptr Large Cap Gr I Instl	7.61
5.	Principal Inv LargeCap Growth Instl	6.64
6.	Principal Inv Ptr LargeCp BI I Instl	6.55
7.	Principal Inv Bond & Mtg Secs Instl	4.91
8.	Principal Inv High Yield Instl	4.87
9.	Principal Inv Intl Emerg Mkts Instl	4.54
10.	Principal Inv LargeCap Value Instl	4.26
% of net assets in top ten holdings*		73.74

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	22
GeoAvgCap (mil)	\$25,084.60
Turnover Ratio	17%
P/C Ratio	8.92
P/E Ratio	14.87
P/B Ratio	2.40

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	2.92	Healthcare	9.58	Consumer Goods	7.91
Hardware	8.05	Consumer Services	6.95	Industrial Materials	17.25
Media	1.39	Business Services	5.74	Energy	11.74
Telecom	4.29	Financial Services	20.66	Utilities	3.51

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 LifeTime 2040 Separate Account-R6.

Principal LifeTime 2040 Blended Index is composed of underlying indexes that represent the target asset allocation weights of the Principal LifeTime 2040 portfolio. The index weightings adjust over time as the portfolio changes to become gradually more conservative. The weightings as of March 31, 2008 are 61.4% Russell 3000 Index, 24.6% MSCI EAFE Index, and 14.0% Lehman Aggregate 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 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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Principal LifeTime 2050 Separate Account-R6 as of 06/30/2008

Investment Strategy

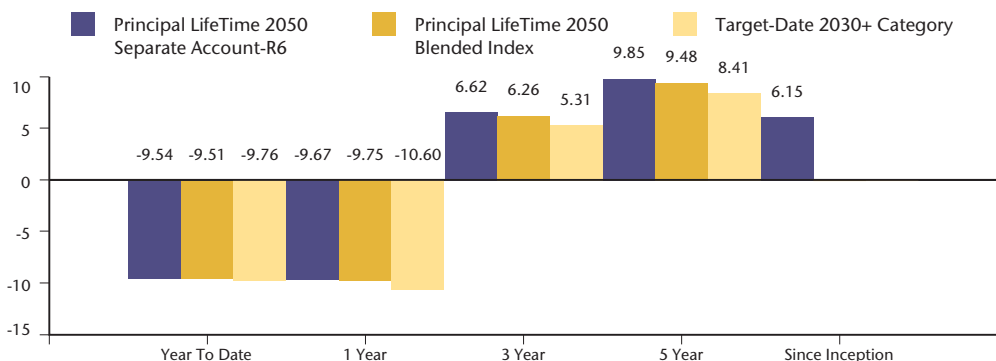
The investment seeks a total return consisting of long-term growth of capital and current income. The fund invests in underlying Principal domestic and foreign equity, hybrid, and fixed-income funds according to an asset allocation strategy designed for investors having an investment time horizon comparable to that of the fund. It allocates the assets more conservatively over time. The fund may invest in any of the Institutional Class shares of the equity funds or fixed-income funds of Principal Funds, at the sub-advisors discretion.



Portfolio managers

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Randy L. Welch Since 05/29/2007. M.B.A., Drake U
David Blake, CFA. Since 03/31/2008. M.B.A., Saint Louis U

Long-term returns % as of 06/30/2008



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-9.54	-9.67	6.62	9.85	6.15
Principal LifeTime 2050 Blended Index %	-9.51	-9.75	6.26	9.48	-
Target-Date 2030+ Category %	-9.76	-10.60	5.31	8.41	-
Morningstar Percentile Rankings	-	35	14	7	-
# of funds in category	588	506	174	50	-

Annual Returns	2007	2006	2005	2004	2003
Total Return %	6.96	15.96	9.17	13.15	26.44
Principal LifeTime 2050 Blended Index %	6.89	15.81	6.79	12.29	25.94
Target-Date 2030+ Category %	6.54	14.42	7.28	11.31	25.32
Morningstar Percentile Rankings	44	24	1	15	27
# of Funds in Category	409	235	147	87	42

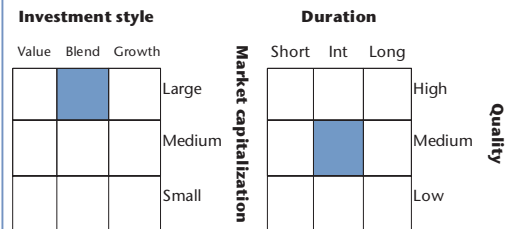
Morningstar percentile rankings are based on total returns.

Morningstar category

Target-Date 2030+

Morningstar Style Box™

As of 05/31/2008



Risk and Return Statistics

as of 06/30/2008 Relative to Principal LifeTime 2050 Blended Index

	3Yr	5Yr
Alpha	0.28	0.12
Beta	1.09	1.05
R-Squared	98.18	97.93
Standard Deviation	10.30	9.39
Mean	6.62	9.85
Sharpe Ratio	0.27	0.71
Excess Return	0.42	0.44
Excess Risk	1.63	1.43
Information Ratio	0.26	0.31

Operations

Total Investment Expense Net	1.05%
Total Investment Expense Gross	1.05%
Inception Date	03/30/2001
Total Net Assets (mil)	\$722.73

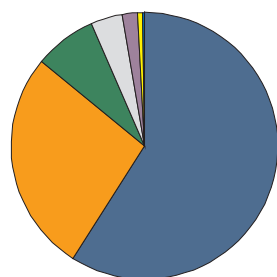


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Principal LifeTime 2050 Separate Account-R6 as of 06/30/2008

Portfolio information

Composition as of 05/31/2008



% of Assets	
U.S. Stocks	58.99
Non-U.S. Stocks	26.93
U.S. Bonds	7.51
Cash	3.84
Preferred	1.87
Other	0.58
Non-U.S. Bonds	0.26

Top ten holdings

Rank	Top ten holdings	% of net assets
1.	Principal Inv Intl Growth Instl	13.79
2.	Principal Inv Disc LargeCap Blend Instl	12.61
3.	Principal Inv Ptr International Instl	8.77
4.	Principal Inv Ptr Large Cap Gr I Instl	7.96
5.	Principal Inv LargeCap Growth Instl	7.20
6.	Principal Inv Ptr LargeCp BI I Instl	6.49
7.	Principal Inv High Yield Instl	5.04
8.	Principal Inv Intl Emerg Mkts Instl	4.65
9.	Principal Inv Ptr LgCap Value I Instl	4.58
10.	Principal Inv LargeCap Value Instl	4.52
% of net assets in top ten holdings*		75.62

% of net assets

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	22
GeoAvgCap (mil)	\$24,855.22
Turnover Ratio	21%
P/C Ratio	8.91
P/E Ratio	14.87
P/B Ratio	2.40

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	2.94	Healthcare	9.63	Consumer Goods	7.89
Hardware	8.06	Consumer Services	6.99	Industrial Materials	17.32
Media	1.39	Business Services	5.83	Energy	11.73
Telecom	4.29	Financial Services	20.41	Utilities	3.52

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The full name of this investment option is Principal LifeTime 2050 Separate Account-R6.

Principal LifeTime 2050 Blended Index is composed of underlying indexes that represent the target asset allocation weights of the Principal LifeTime 2050 portfolio. The index weightings adjust over time as the portfolio changes to become gradually more conservative. The weightings as of March 31, 2008 are 64.2% Russell 3000 Index, 25.8% MSCI EAFE Index, and 10.0% Lehman Aggregate Index.

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

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

This Separate Account invests directly in the Institutional class shares of a Principal LifeTime Fund. The mutual fund operating expenses for each Principal LifeTime Fund are reflected in the Total Investment Expense of the Separate Account as well as the operating expenses of the underlying funds in which the Principal LifeTime Fund invests. Based on the asset allocation of the Principal LifeTime Funds as in the prospectus dated February 29, 2008, the weighted average operating expenses of the underlying funds are: Principal LifeTime Strategic Income, 0.55%; Principal LifeTime 2010, 0.65%; Principal LifeTime 2015, 0.70%; Principal LifeTime 2020, 0.70%; Principal LifeTime 2025, 0.74%; Principal LifeTime 2030, 0.73%; Principal LifeTime 2035, 0.75%; Principal LifeTime 2040, 0.77%; Principal LifeTime 2045, 0.77%; Principal LifeTime 2050, 0.76%; Principal LifeTime 2055, 0.77%. For further information on all mutual fund expenses, see the prospectus of the underlying Principal LifeTime Fund. 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.

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