

Data Selection

Data used in the The Total View is drawn from 25,694 full-service 401(k) plans with a balance as of year-end 2004. These plans represent 2.2 million participants and \$52.4 billion in assets (\$35.6 billion internally managed, \$16.8 billion externally managed).

Of these plans, 20,965 use the Principal Financial Group-approved 401(k) prototype document. The 401(k) proto documents cover 874,149 participants.

This report also includes data as of December 31, 2004, on:

- 570 employer security plans covering 563,262 participants with over \$15 billion in assets
- 1,100 defined benefit plans covering more than 250,000 lives with assets over \$14 billion in defined benefit retirement funds, including \$5.5 billion in 4,500 single-premium annuity contracts, and an additional \$9 billion in defined benefit assets managed by Principal Global Investors
- 3,388 nonqualified deferred compensation arrangements covering 35,918 participants with liabilities of \$5,160 million

The Total View incorporates:

1. Subsets of our total 401(k) plan sponsors, including:
 - 401(k) prototype plans that include 18,913 plans covering 694,820 participants with \$26.3 billion in assets
 - Total of 22,020 401(k) plans covering 1,136,992 participants with \$48,779,391,699 in assets
2. Percentages in graphs generally rounded to integer percentages in order to increase readability
3. Industry categories based on Standard Industrial Classification codes

New plans effective in 2004 were excluded from the analysis.

Other Items

Account Balances

Account Balances represent the active participants' accounts as of December 31, 2004, net of outstanding loan amounts. The average account balance is calculated as total net assets in that category divided by the number of participants in that category.

Actuarial Data

Actuarial data for the defined benefit plans is from our FAS No. 87 GAAP pension expense and funding systems records for those defined benefit plans for which we provide actuarial services.

Rate Calculations

Calculation of participation rates, non-participant elective deferral rates, and elective deferral rates are for active participants.

Participation rate is calculated by dividing the number of active participants by the total number of eligible participants. Eligible participants are those employees eligible to join the plan at any time on or before 2004, whether or not they were present at the end of the year. An active participant is defined as any eligible employee who made an elective deferral contribution during the plan year.

Analysis regarding participation rates reflects participants and eligible non-participants. Analyses of participant asset allocation, account balances, age, compensation, and tenure include all record-kept participants. Elective deferral rate analysis reflects active participants only.

For analysis of participation rates, the average participation rate within each category is determined by calculating the participation rate for each plan and calculating the simple average of the plan participation rates across all plans in the category.

Elective deferral rates for active participants are calculated using 2004 plan year employee elective deferral contributions divided by 2003 plan-year compensation. Compensation is defined as the 2003 compensation used for non-discrimination testing with a 3 percent salary increase assumption applied.

The average elective deferral rate percentages for compensation, gender, tenure, and participant age are calculated using the elective deferral contributions for all participants in the category divided by the total compensation for that category. There is a difference in this calculation from the plan level categories' average deferral rate calculation. This difference makes the individual breakdowns' average elective deferral rate more conservative. In 2004, this calculated a lower average elective deferral rate per category compared to the plan level average elective deferral calculation. These breakdowns are used for trending purposes only.

The non-safe harbor, safe harbor, plan size (number of participants), plan size (assets) and industry categories for the average elective deferral rates are calculated by rolling up the plans' elective deferral contribution and dividing by the total compensation within the plans.

Distributions

Distribution statistics are shown for distributions greater than \$5,000.

Loans

Loans were counted based on all active employees' loans outstanding as of December 31, 2004.

Withdrawals

Withdrawal statistics are shown for all active employees who made a withdrawal in 2004.