

Investment Options

On average, approximately 18 investment options were used in plans serviced by The Principal, a slight increase from 2002. On average, participants allocated their new contributions to four different investment options.

The Categories

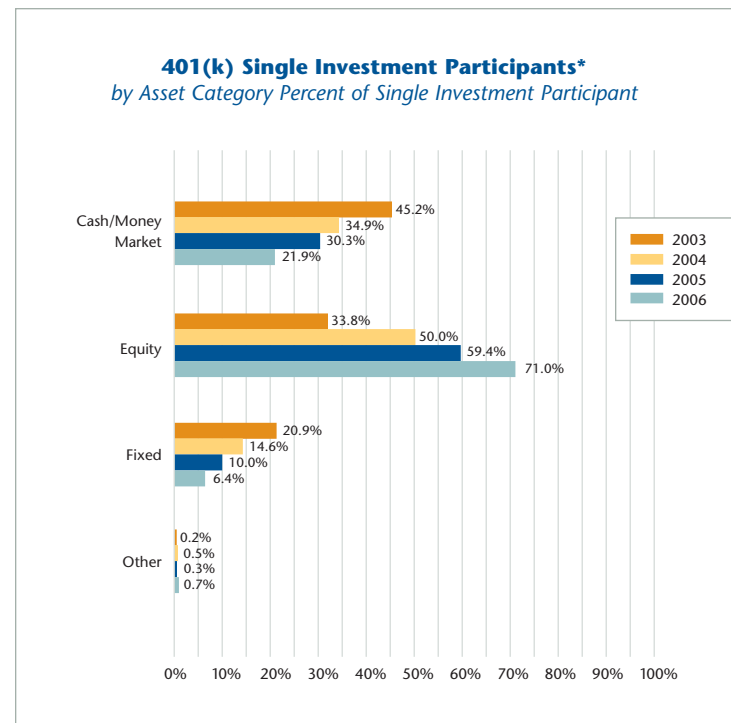
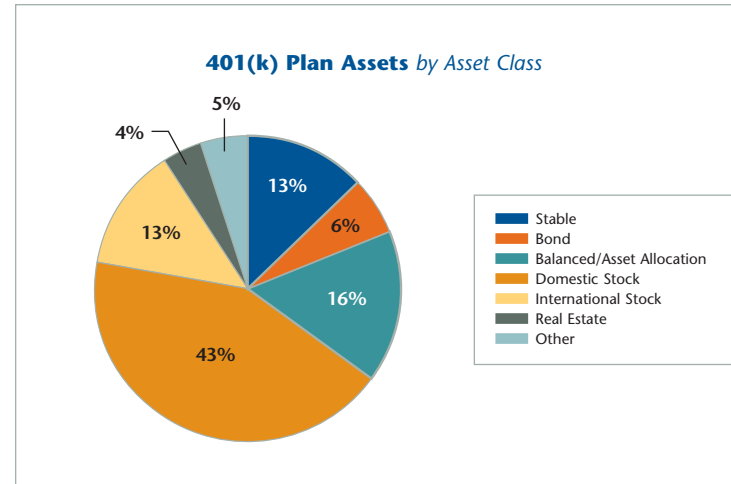
The largest percentages of retirement plan assets were directed to domestic stock (43 percent). This is similar to the industry average where 49 percent of participant account balances were allocated to equity investment options.¹ The next most popular category was balanced/asset allocation investment options (which includes lifecycle funds) with 16 percent of plan assets. Real estate trailed with the least amount of assets at 4 percent.

Of the plans that offered company stock as an investment option, approximately 27 percent of the plan assets were directed to this option.

The Age Aspect

Highly compensated participants tended to invest more aggressively than non-highly compensated participants. As expected, older participants invested more conservatively than younger participants. Those aged 65-plus had 22 percent of retirement funds directed to stable value investments, while those under age 35 had 9 percent in stable value.

¹ 2006 Employee Benefit Research Institute/Investment Company Institute database

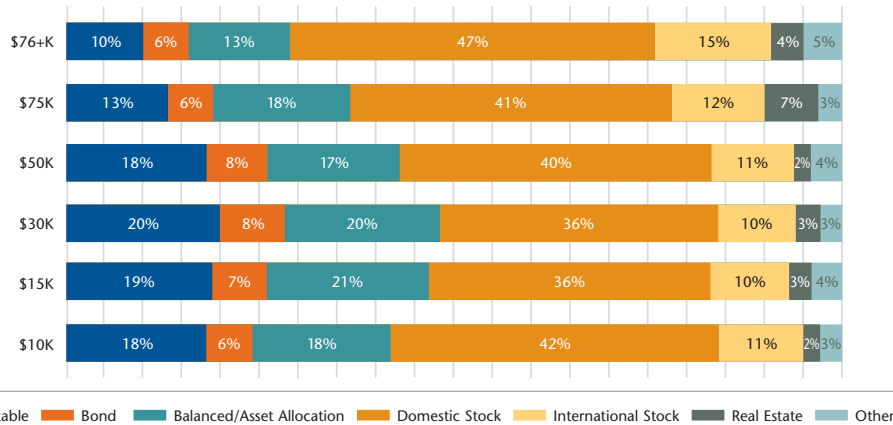


* Percentages in graphs are rounded to the nearest integer percentages in order to increase readability and may not total exactly 100%.

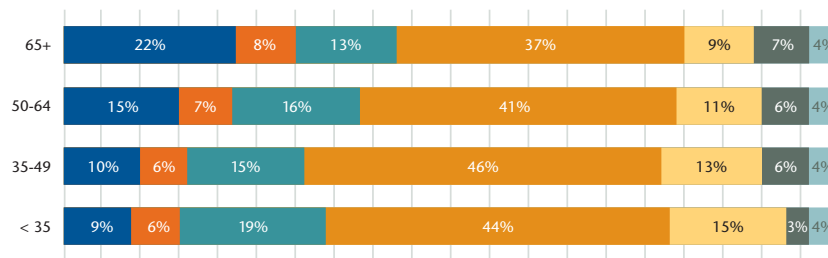
Fast Fact

Over 70% of participants with a single investment had retirement funds directed to equity investment options, followed by just under 22% in money market investments and 6% in fixed investments.

2006 Investment Selection by Compensation

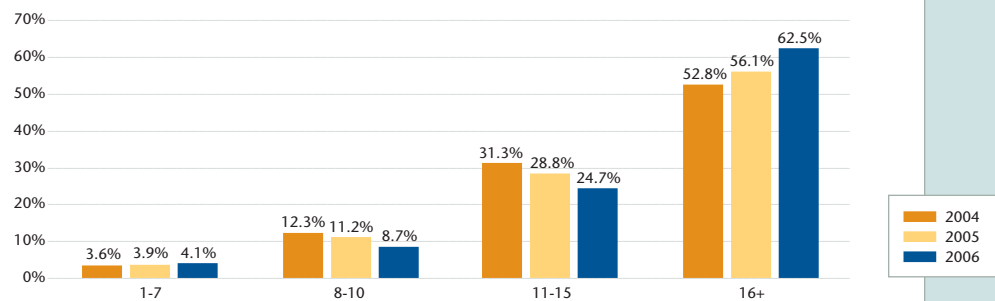


2006 Investment Selection by Participant Age



Highly compensated employees had a greater percentage of assets invested in domestic and international stock investment options. Non highly compensated employees invested more in stable investment options and balanced/asset allocation investment options.

401(k) Plans by Number of Investment Options Used



On average, nearly 18 investment options were used in plans with The Principal.