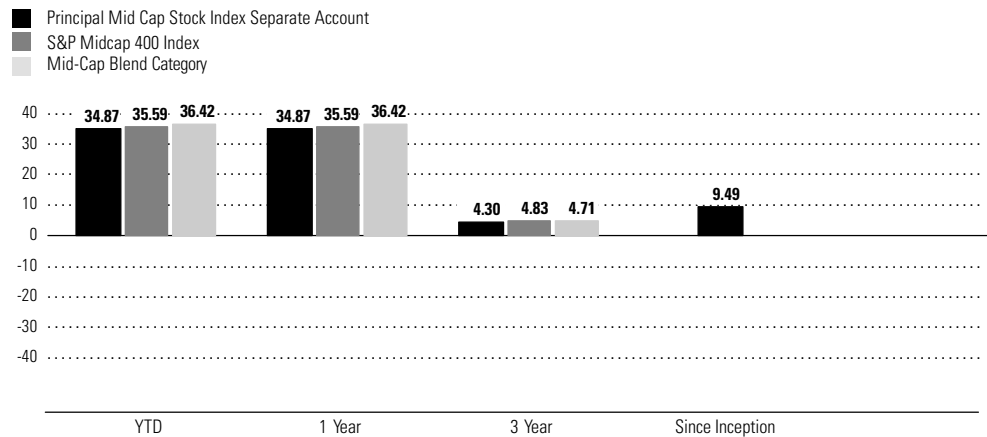


Principal Mid Cap Stock Index Separate Account

Investment Strategy:

The account invests in stocks found in the 400 Mid Cap Stock Index. Management seeks to earn a rate of return comparable to the return of the 400 Mid Cap Stock Index, an index of 400 commonly traded mid-cap stocks. Account returns will usually lag behind the return of the 400 Mid Cap Stock Index by approximately the management fee of the account.

Long-Term Returns as of 12-31-03



MPT Statistics

	Relative S&P Midcap 400 Index
Alpha	-0.51
Beta	1.00
R-Squared	100
Standard Deviation	20.00
Mean	4.30
Sharpe Ratio	0.11

Other Information

Portfolio Manager(s):

Dirk Laschanky, CFA. Since 10-03. MBA, U. of Iowa.

Investment Management Company:
Principal Global Investors

Account Inception: 08-31-99

Notes

This summary represents past performance and should not be considered indicative of future performance.

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.

During the periods noted, securities prices fluctuated, and redemption value may be more or less than your original cost.

Performance results shown for periods less than one year are not annualized.

Performance shown has been calculated based on your total investment expenses

Standard & Poor's 400 includes approximately 10% of the capitalization of U.S. equity securities. These are comprised of stocks in the middle capitalization range.

S&P MidCap 400 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.

If you are an existing client or plan participant, you may view The Principal Fact Sheet User Guide or obtain additional information by visiting our web site at www.principal.com, or by calling our Client Contact Center at 1-800-547-7754. When used in a sales situation, this Fact Sheet must be accompanied by the User Guide.

History

	12-03	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
NAV	14.67	10.98	12.91	13.06	11.20	—	—	—	—	—	—
Total Return %	34.87	-14.93	-1.12	16.55	—	—	—	—	—	—	—
S&P Midcap 400	35.59	-14.53	-0.60	17.49	—	—	—	—	—	—	—
Avg Cat. Return %	36.42	-16.15	0.36	9.23	—	—	—	—	—	—	—
Total Rtn % Rank Cat	47	47	46	35	—	—	—	—	—	—	—
Performance Quartile	■	■	■	■	—	—	—	—	—	—	—
Total Inv Exp%	0.35	0.35	0.35	0.35	0.35	—	—	—	—	—	—
Turnover Rate %	11.00	18.00	19.00	40.00	28.00	—	—	—	—	—	—
Net Assets \$mil	256	127	146	109	41	—	—	—	—	—	—
Style History	■	■	■	■	■	—	—	—	—	—	—

Portfolio Profile as of 12-31-03

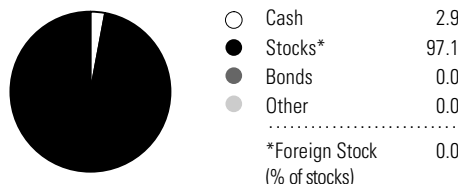
Current Investment Style: Mid-Cap Blend

Size	P/E Ratio	16.1
Large	P/B Ratio	2.3
Medium	Geometric Average Cap \$mil	2,831
Small		

Value **Blend** Growth
Style

The typical fund with a mid-cap blend style box invests in stocks of various sizes and mixed characteristics, giving it a middle-of-the-road profile. Most shy away from high-priced growth stocks, but aren't so price-conscious that they land in value territory.

Composition as of 12-31-03



Top Ten Holdings

	% Assets
M & T Bank	1.18
Gilead Sciences	1.18
Lennar	0.76
Washington Post	0.75
New York Community Bancorp	0.73
Affiliated Computer Services	0.72
Coach	0.70
Sovereign Bancorp	0.70
Microchip Technology	0.69
DR Horton	0.68
Total Number of Stock Holdings	400
Total Number of Bond Holdings	0

Morningstar® Sectors

	Fund	S&P500
Information Economy	17	24
Software	3	5
Hardware	10	11
Media	3	4
Telecommunications	1	3
Service Economy	55	47
Healthcare	13	13
Consumer Services	13	9
Business Services	10	4
Financial Services	20	21
Manufacturing Economy	29	30
Consumer Goods	7	9
Industrial Materials	8	12
Energy	8	6
Utilities	6	3