

SAM Flexible Income

Portfolio Information as of December 31, 2008

Objective

The SAM Flexible Income Portfolio seeks to provide long-term capital preservation, with some total return and growth potential, by allocating the majority of its assets to fixed-income funds and the remainder to equity funds. Relative to the other Strategic Asset Management (SAM) Portfolios, the Flexible Income Portfolio offers the potential to earn a high level of income and a low level of capital growth, while exposing investors to a low level of principal risk.

Portfolio Managers

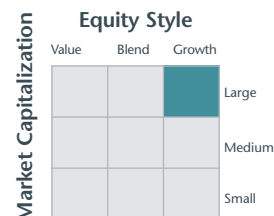
Randall L. Yoakum, CFA - Randy is head of asset allocation and chief investment strategist for Edge Asset Management, an affiliate of Principal Global Investors. His background includes positions as a chief investment officer at D.A. Davidson, and as a senior vice president and chief equity officer at Boatmen's Trust Company. He received an MBA from Arizona State University and a bachelor's degree from Pacific Lutheran University. Randy holds the Chartered Financial Analyst designation.

Michael D. Meighan, CFA - Michael is a portfolio manager – asset allocation for Edge Asset Management, an affiliate of Principal Global Investors. Previously, he was a manager of managed assets for D.A. Davidson. Michael received an MBA from Gonzaga University and a bachelor's degree from Santa Clara University. Michael holds the Chartered Financial Analyst designation.



Performance Summary

	1 Year	3 Years	5 Years	10 Years ² or Since Portfolio Inception	10 Years ^{2,3} or Since Subaccount Inception
Portfolio Inception (09/09/1997) ¹					
Subaccount Inception (09/09/1997) ²					
Including Sales Charges	-20.86	—	—	3.51	-11.86
Excluding Sales Charges	-14.86	-2.01	0.17	3.51	-8.00



Top Holdings (as of 9/30/2008)

Mortgage Securities Account	27.20%
Income Account	20.89%
Short-Term Income Account	10.57%
High Yield Fund	6.89%
Preferred Securities Fund	5.50%
Equity Income Account	4.80%
Disciplined LargeCap Blend Fund	3.95%
LargeCap Growth Fund II	3.81%
LargeCap Growth Account	3.79%
Diversified International Account	2.64%

Total **90.04%**

Top Industries (as of 9/30/2008)

Principal Variable Contracts Fund, Inc. Class 1	79.53%
Principal Funds, Inc. Institutional Class	20.15%

An investment in this subaccount 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.

This Principal Investors Strategic Asset Management Portfolio (SAM) indirectly bears its pro rata share of the management fees incurred by the underlying Principal Variable Contracts Fund in which this portfolio invests. Based on the asset allocation of the SAM Portfolio outlined in the prospectus dated May 1, 2007, the weighted average operating expenses of the underlying funds are: Flexible Income, 0.59%; Conservative Balanced, 0.62%; Balanced, 0.66%; Conservative Growth, 0.69%; Strategic Growth, 0.73%. While the operating expenses of the underlying mutual funds are not part of the SAM Portfolio operating expenses they are included in the Total Investment Expense. Performance results shown for the SAM Portfolios reflect the application of these expenses.

Investment results shown represent historical returns based upon the assumption that the Principal Variable Annuity was available for the period shown. Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data shown. For more performance information, including most recent month-end performance, visit our web site at www.principal.com and click on "Rates and Values."

Returns and principal values fluctuate with changes in interest rates and other market conditions so that the value at any time may be more or less than the principal amount invested.

Except where noted, investment results include all charges and expenses for the base contract, including a contingent deferred surrender charge (which declines from a maximum of 6%), but excluding additional charges for riders.

Before investing in the Principal Investment Plus Variable Annuity, investors should carefully consider the investment objectives, risks, charges and expenses of the Principal Investment Plus Variable Annuity and its underlying investment options. This and other information is contained in the free prospectus, which can be obtained from your local representative. Please read the prospectus carefully before investing.

- 1 Portfolio Inception Date is the date the underlying fund was established.
- 2 If Inception Date is less than one year from the date of these returns, the performance is a cumulative return, not an annual return. Not all the investment advisors or variable subaccounts listed are available in every state.
- 3 Performance since each subaccount's date of inclusion in the separate account. Performance data prior to the inception date of the separate account represent adjusted hypothetical performance.
- 4 V.I., VIP, VP, and AMT refer to Variable Insurance, Variable Insurance Products, Variable Portfolios, and Advisers Management Trust.
- 5 For the American Century VP Ultra Subaccount performance presented, for periods prior to first full quarter after inception, VP Class I performance has been restated to reflect the expenses of VP Class II. For periods subsequent to that date, actual performance of VP Class II is utilized in performance computations.
- 6 The initial offering of Service Shares for the Dreyfus Investment Portfolio Technology Growth Portfolio took place on December 31, 2000. Returns from August 31, 1999 to December 31, 2000 are those of the Initial Shares and do not reflect the Service Shares' 12b-1 fee. Had the Service Shares .25% 12b-1 fee been reflected, returns prior to December 31, 2000, would have been lower.
- 7 The initial offering of Service Class 2 Shares for the Fidelity VIP II Contrafund Subaccount took place on January 12, 2000. Returns from November 3, 1997, to January 12, 2000, are those of the Service Class which reflect a different 12b-1 fee. Service Class 2 returns prior to November 3, 1997, are those of the Initial Class and do not include the effects of a 12b-1 fee. Had Service Class 2 shares' .10% 12b-1 fee been reflected, returns prior to January 12, 2000, would have been lower.
- 8 The initial offering of Service Class 2 shares for the Fidelity VIP Equity-Income Subaccount took place on January 12, 2000. Returns from November 3, 1997, to January 12, 2000, are those of the Service Class which reflect a different 12b-1 fee. Service Class 2 returns prior to November 3, 1997, are those of the Initial Class and do not include the effects of a 12b-1 fee. Had Service Class 2 shares' .25% 12b-1 fee been reflected, returns prior to January 12, 2000 would have been lower.
- 9 The initial offering of Service Class 2 Shares for the Fidelity VIP Mid Cap subaccount took place on January 12, 2000. Returns from December 28, 1998 to January 12, 2000 are those of the Service Class which reflect a different 12b-1 fee. Had Service Class 2 Shares' .25% 12b-1 fee been reflected, returns prior to January 12, 2000 would have been lower.
- 10 The initial offering of Service Class 2 shares for the Fidelity VIP Growth Subaccount took place on January 12, 2000. Returns from November 3, 1997, to January 12, 2000, are those of the Service Class which reflect a different 12b-1 fee. Service Class 2 returns prior to November 3, 1997, are those of the Initial Class and do not include the effects of a 12b-1 fee. Had Service Class 2 shares' .25% 12b-1 fee been reflected, returns prior to January 12, 2000 would have been lower.
- 11 The initial offering of Service Class 2 Shares for the Fidelity VIP Overseas Subaccount took place on January 12, 2000. Returns from November 3, 1997, to January 12, 2000, are those of the Service Class which reflect a different 12b-1 fee. Service Class 2 returns prior to November 3, 1997, are those of the Initial Class, and do not include the effects of a 12b-1 fee. Had Service Class 2 shares' .25% 12b-1 fee been reflected, returns prior to January 12, 2000, would have been lower.
- 12 The composition, industries and holdings of the Neuberger Berman Subaccounts are subject to change. Neuberger Berman Subaccounts are invested in a wide array of stocks and no single holding makes up more than a small fraction of these Fund's total assets.
- 13 The initial offering of the VIP II Class Shares for the T. Rowe Price Blue Chip Growth subaccount took place on April 30, 2002. Returns from December 29, 2000, to April 30, 2002, are those of the VIP I Class Shares which do not include the effects of a 12b-1 fee. Had VIP II Class Shares' .25% 12b-1 fee been reflected, returns prior to April 30, 2002, would have been lower.
- 14 The initial offering of the VIP II Class Shares for the T. Rowe Price Health Sciences subaccount took place on April 30, 2002. Returns from December 29, 2000, to April 30, 2002, are those of the VIP I Class Shares which do not include the effects of a 12b-1 fee. Had VIP II Class Shares' .25% 12b-1 fee been reflected, returns prior to April 30, 2002, would have been lower.
- 15 The Company guarantees that purchase payments allocated to the Fixed Account earn interest at a guaranteed interest rate. In no event will the guaranteed interest rate be less than what is stated in the contract.

Each purchase payment allocated or amount transferred to the Fixed Account earns interest at the guaranteed rate in effect on the date it is received or transferred. This rate applies to each purchase payment or amount transferred through the end of the contract year.

Each contract anniversary, we declare a renewal interest rate that is guaranteed and applies to the Fixed Account value in existence at that time. This rate applies until the end of the contract year. Interest is earned daily and compounded annually at the end of each contract year. Once credited, the interest is guaranteed and becomes part of the Fixed Account accumulated value from which deductions for fees and charges may be made.

The initial offering of The Principal Investment Plus Variable Annuity was January 4, 2005. The separate account that funds the contract was established on January 12, 1970. The investment results shown represent historical returns based upon the assumption that the Principal Investment Plus Variable Annuity was available for the periods shown. Past performance is no guarantee of future results. The return and principal value of an investment in any of the subaccounts will fluctuate so that the value of an investment, when redeemed, may be worth more or less than its original cost. Except where noted, investment results include all charges and expenses for the base contract, including a contingent deferred surrender charge (which declines from a maximum of 6%), but excluding any additional charges for riders.

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Principal Life Insurance Company, Des Moines, Iowa 50392-0002, www.principal.com

The Principal Investment Plus Variable Annuity is not FDIC insured, has no bank guarantee, and may lose value. The Principal Variable Annuity is issued by Principal Life Insurance Company and distributed by Princor Financial Services Corporation, 800/852-4450, member SIPC.

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