

A Long-Term Investment Portfolio

Look to The Principal® for experience with protection and accumulation needs.

We offer competitive products and top-notch service all backed by our commitment to financial strength.

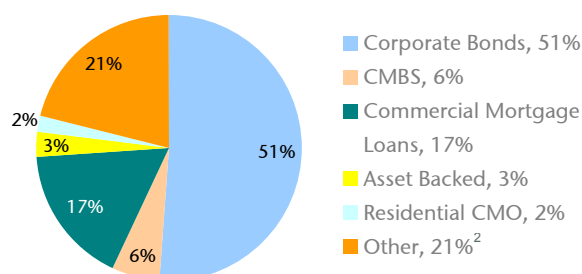
Liability-driven investments

To help ensure we can meet our obligations, our team of investment experts manages risks by:

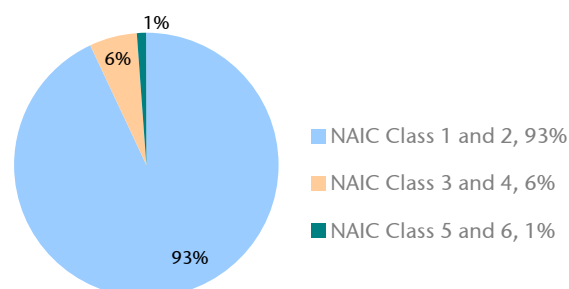
- **Maintaining high quality** – Selecting assets that are highly likely to pay according to maturity dates.
- **Diversification** – Investing in a wide variety of assets such as corporate bonds, commercial mortgages and government and agency-backed securities; as well as diversifying by geographic location, industry and company.
- **Asset/liability management** – Building the portfolio so we have the cash we need to pay off our obligations when they come due.

A high-quality, diversified portfolio¹

PROFILE OF U.S. INVESTED ASSETS
(\$61.7 BILLION)



CREDIT RATING DISTRIBUTION OF U.S. INVESTED ASSETS FIXED MATURITY SECURITIES PORTFOLIO³



Our investment grade securities represent 93% of the fixed maturity securities portfolio.³

CORPORATE FIXED MATURITY SECURITIES DIVERSIFIED BY INDUSTRY (AS OF 6/30/2012)

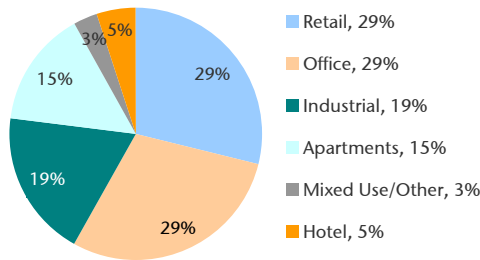
Industry	Carrying Amount (millions)	Percent of Total	Industry (continued)	Carrying Amount (millions)	Percent of Total
Financial Institution - Banking	4,371.1	13.9%	Industrial - Consumer Non-Cyclical	3,565.5	11.4%
Financial Institution - Brokerage	389.1	1.2%	Industrial - Energy	2,143.0	6.8%
Financial Institution - Finance Companies	231.1	0.7%	Industrial - Other	500.7	1.6%
Financial Institution - Financial Other	743.0	2.4%	Industrial - Technology	923.9	2.9%
Financial Institution - Insurance	3,078.6	9.8%	Industrial - Transportation	658.4	2.1%
Financial Institution - REITS	1,071.0	3.4%	Utility - Electric	3,037.3	9.7%
Industrial - Basic Industry	1,783.5	5.7%	Utility - Natural Gas	1,107.0	3.5%
Industrial - Capital Goods	2,224.7	7.1%	Utility - Other	277.3	0.9%
Industrial - Communications	2,346.7	7.5%	FDIC Guaranteed	5.0	0.0%
Industrial - Consumer Cyclical	1,679.0	5.4%	Government Guaranteed	1,267.0	4.0%
Total			31,402.9		100.0%

¹ GAAP carrying amount as of 6/30/2012 unless otherwise noted.

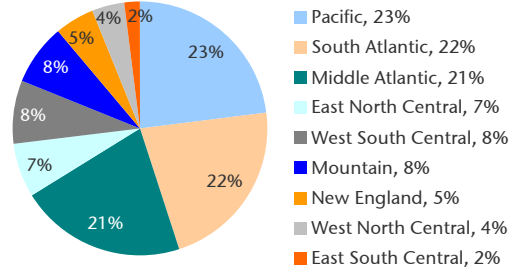
² Other includes U.S. government and agencies, state and political subdivisions, non-U.S. governments, residential pass-through securities, residential mortgage loans, equity securities, equity real estate, policy loans, and other investments.

³ Classification ratings are issued by the National Association of Insurance Commissioners (NAIC). NAIC classes 1 and 2 include bonds generally considered investment grade. Classes 3, 4, 5, and 6 include bonds generally considered below investment grade.

COMMERCIAL MORTGAGE LOANS DIVERSIFIED BY PROPERTY TYPE (AS OF 6/30/2012)



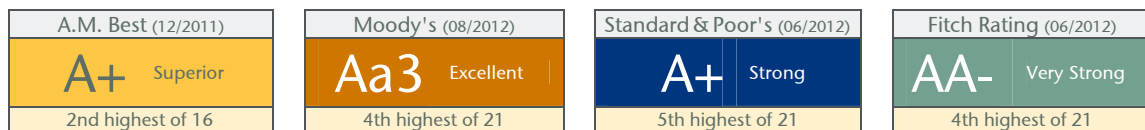
COMMERCIAL MORTGAGE LOANS DIVERSIFIED BY REGION (AS OF 6/30/2012)



Commercial mortgage portfolio characteristics remain strong, with 57% loan to value (LTV), 2.1x Debt Service Coverage, and 91% current occupancy. The Principal has a strong diversified portfolio that leverages our strengths in commercial real estate and credit analysis.

Strong financial strength ratings

"Strong" ratings from the four major U.S. ratings agencies⁴ validate the solid business performance and the strength of the capital and liquidity positions of both Principal Life Insurance Company and Principal National Life Insurance Company. We are confident in our ability to meet long-term obligations.



Our strong relative ratings speak to our ongoing ability to compete for new business and retain existing business, across product lines. More details are available at www.principal.com/investor which is designed to provide easy access to stock information and additional investor information.

Principal Life Insurance Company has been rated A or higher for 75 years by A.M. Best.⁵

⁴ Third-party ratings relate only to Principal Life Insurance Company, the largest member company of the Principal Financial Group, and Principal National Life Insurance Company, and do not reflect any ratings actions or notices relating to the US life insurance sector generally. The four rating agencies referenced have placed stable outlooks on the US life insurance sector.

While ratings can be objective indicators of an insurance company's financial strength and can provide a relative measure to help select among insurance companies, they are not guarantees of the future financial strength and/or claims-paying ability of a company and do not apply to any underlying variable investment options. The broker/dealer a life insurance policy is purchased from, the insurance agency and any affiliates of those entities make no representations regarding the quality of the analysis conducted by the rating agencies. The rating agencies are not affiliated with the above mentioned entities nor were they involved in any rating agency's analysis of the insurance companies.

⁵ AM Best Data. Ratings as of May 15, 2011. Best's Review, July 2011, *Standing the Test of Time*.



WE'LL GIVE YOU AN EDGE®

Principal National Life Insurance Company and Principal Life Insurance Company, Des Moines, Iowa 50392-0001, www.principal.com
Insurance products from the Principal Financial Group® (The Principal®) are issued by Principal National Life Insurance Company (except in New York) and Principal Life Insurance Company, Des Moines, IA 50392.

Not FDIC or NCUA insured
May lose value • Not a deposit • No bank or credit union guarantee
Not insured by any Federal government agency