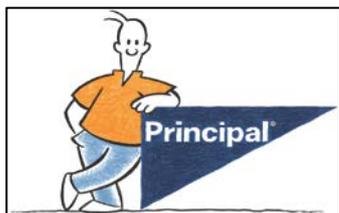


# City of Hallandale Beach

4th Quarter 2011 DB Plan  
Update

**February 15, 2012**



# Economy and Market Review

4th QUARTER 2011

# Economy and Market Review

## Recap 4<sup>th</sup> Quarter 2011

- Global equity markets capped a volatile and disappointing year with highly divergent results in the fourth quarter of 2011
- In the U.S., the S&P 500 Index gained 11.8% in the fourth quarter to finish the year up 2.1%
- International markets (as measured by the MSCI All Country World (ex-U.S.) Index) gained 3.7% for the fourth quarter and finished down 13.7% for the year
  - International developed markets (as measured by the MSCI EAFE Index) gained 3.3% for the quarter and finished down 12.1% for the year
  - International emerging markets (as measured by the MSCI Emerging Markets Index) gained 4.4% for the quarter and finished down 18.4% for the year
- The U.S. Treasury bond market emerged as the primary flight-to-safety refuge despite the Standard & Poor's downgrade of Treasury bonds from AAA
  - The 10-year Treasury yield finished at 1.88%, down 4 basis points for the quarter and down 142 basis points for the year
  - The 2-year Treasury yield finished at 0.24%, unchanged for the quarter and down 36 basis points for the year

# Economy and Market Review

## Recap 4<sup>th</sup> Quarter 2011

- U.S. growth accelerated in the fourth quarter
- Consumer confidence is well up off recent lows
- Retail sales (reported by the International Council of Shopping Centers) were up
- Railcar loadings were strong
- Regional Fed purchasing manager surveys showed strength at year end
- Home sales and starts are improving and house prices are bottoming
- Jobless claims are the lowest since June 2008, and confidence surveys suggest consumers are the most positive about the jobs climate since December 2008

# Economy and Market Review

## Outlook for the Future

- In our opinion, Treasuries will have safe haven status, keeping yields low for longer; however, by the second half of 2012, growth should accelerate enough to allow yields to rise. Our interest rates forecast for the the end of calendar year 2012 is:
  - A Federal Funds Rate target of 0.00% to 0.25%
  - A 10-year Treasury Rate of 2.75%
  - A 2-year Treasury Rate of 0.65%
- Core inflation will finish 2011 around 1.7%. Our projection for year-end 2012 remains at 1.8%.
- Economic growth will finish 2011 around 1.8% and we expect it to tick up in 2012 to finish around 2.1%.

# Economy and Market Review

## Outlook for the Future

- Volatility may stay high in the first part of 2012
- Job growth will improve and work higher by the second half of 2012 providing the wherewithal for moderate consumer spending growth
- Profit growth is spectacular and business cash is high so we expect capital spending to continue at robust levels
- U.S. growth will be strong relative to Europe and the dollar will gain further against the euro in 2012
- While policy risks are very high, the Eurozone will most likely not break up and the euro will remain a viable currency
- As growth improves in the second half, interest rates should rise
- The Fed will maintain its ultra-easy monetary policy stance and keep its zero interest rate policy through much of 2013

# Economy and Market Review

## Disclosures

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All figures shown in this document are in U.S. dollars unless otherwise noted.

# Economy and Market Review

## Disclosures

The MSCI ACWI (All Country World (ex.U.S.) Index) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

MSCI - EAFE Index NDTR D is listed for foreign stock funds (EAFE refers to Europe, Australia, and Far East). Widely accepted as a benchmark for International stock performance, the EAFE Index is an aggregate of 21 individual country indexes.

MSCI - Emerging Markets NDTR D Index measures equity market performance in the global emerging markets. It consists of 26 emerging market countries in Europe, Latin America and the Pacific Basin.

Indices are unmanaged and do not take into account fees, expenses and transaction costs. Indices are not available for direct investment.

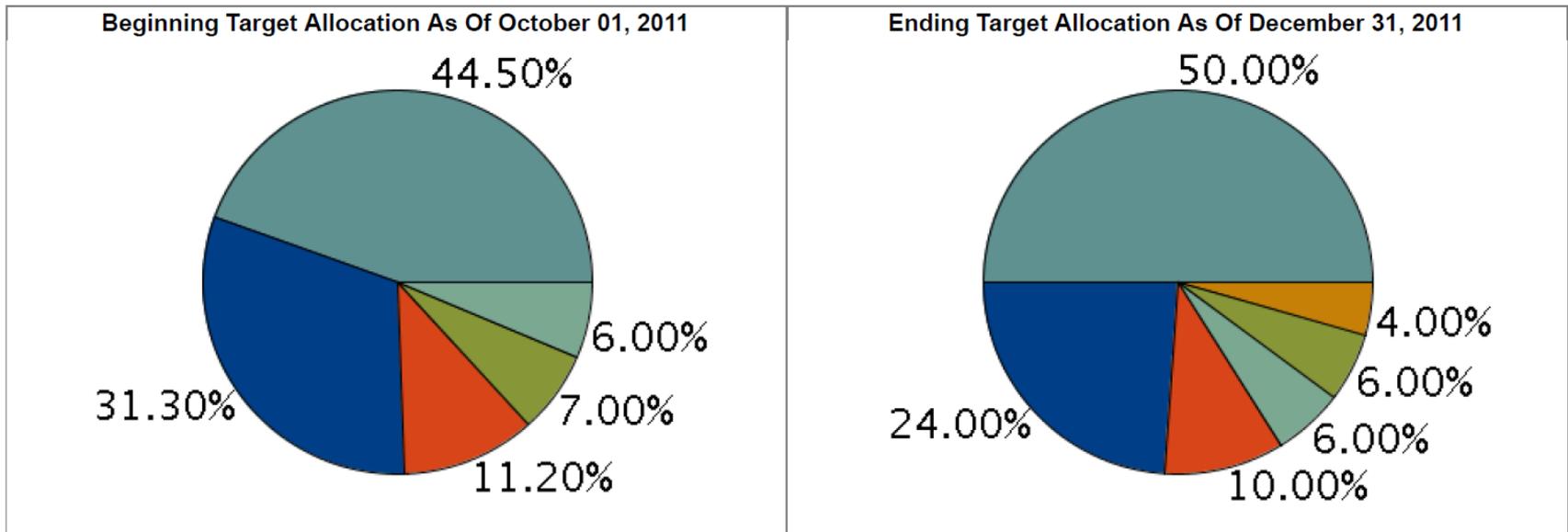
Insurance products and plan administrative services are provided by Principal Life Insurance Company. Principal Life and Principal Global Investors are members of the Principal Financial Group, Des Moines, IA 50392.

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# General Employee Plan – Target Allocation By Asset Class

Please note that a slight variance between your plan's target allocation displayed in this report and its weightings is normal. This variance is due to changes in your account values caused by fluctuations in the market. We periodically initiate rebalancing transfers to bring the plan's assets back to its target allocation.



- Large U.S. Equity
- Small/Mid U.S. Equity
- International Equity
- Real Estate
- Fixed Income

# General Employee Plan – Target Allocation By Investment Option

Target Allocation 10/01/2011 through 12/31/2011			
Investment Advisor	Investment Option	Beginning Allocation	Ending Allocation
	<b>Large U.S. Equity</b>	<b>31.30%</b>	<b>24.00%</b>
	<b>Large Value</b>		
Edge Asset Management, Inc.	Equity Income Separate Account-R6 <sup>3, 11</sup>	0.00%	4.90%
TS&W / Herndon	LargeCap Value I Separate Account-R6 <sup>14, 29, 40</sup>	8.40%	0.00%
Westwood / Barrow Hanley	LargeCap Value III Separate Account-R6 <sup>3, 15, 20, 29</sup>	4.50%	4.90%
	<b>Large Blend</b>		
Principal Global Investors	LargeCap S&P 500 Index Separate Account-R6 <sup>2, 8</sup>	5.50%	4.40%
	<b>Large Growth</b>		
Columbus Circle Investors	LargeCap Growth Separate Account-R6	6.50%	4.90%
T. Rowe Price/Brown Advisory	LargeCap Growth I Separate Account-R6 <sup>3, 24, 29, 31</sup>	6.40%	4.90%
	<b>Small/Mid U.S. Equity</b>	<b>6.00%</b>	<b>6.00%</b>
	<b>Mid Cap Value</b>		
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 <sup>1</sup>	1.50%	1.50%
	<b>Mid Cap Growth</b>		
Turner / Jacobs Levy	MidCap Growth III Separate Account-R6 <sup>1, 12, 29</sup>	1.50%	1.50%
	<b>Small Value</b>		
DFA/Vaughan Nelson/LA Capital	SmallCap Value II Separate Account-R6 <sup>1, 14, 24, 27, 29</sup>	1.50%	1.50%
	<b>Small Growth</b>		
AllianceBern / CCI / Brown	SmallCap Growth I Separate Account-R6 <sup>1, 3, 24, 29, 36</sup>	0.00%	1.50%
Emerald Advisers, Inc	SmallCap Growth II Separate Account-R6 <sup>1, 3, 29, 30</sup>	1.50%	0.00%
	<b>International Equity</b>	<b>11.20%</b>	<b>10.00%</b>
	<b>Diversified Emerging Markets</b>		
Principal Global Investors	International Emerging Markets Separate Account-R6 <sup>4</sup>	1.20%	1.50%
	<b>Foreign Large Value</b>		
Causeway / Barrow Hanley	International Value I Separate Account-R6 <sup>4, 14, 29, 35</sup>	6.00%	5.10%
	<b>Foreign Large Blend</b>		
Fidelity / Schroders	International I Separate Account-R6 <sup>4, 14, 17, 29, 33</sup>	4.00%	3.40%

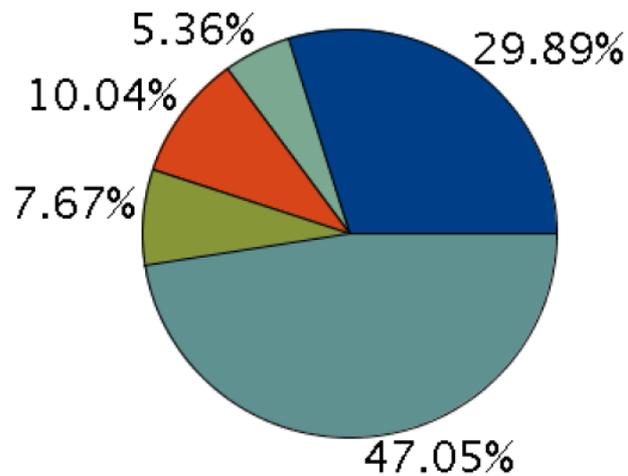
# General Employee Plan – Target Allocation By Investment Option

Target Allocation 10/01/2011 through 12/31/2011			
Investment Advisor	Investment Option	Beginning Allocation	Ending Allocation
	<b>Real Estate</b>	<b>7.00%</b>	<b>6.00%</b>
	<b>Owned Real Estate</b>		
Principal Real Estate Inv	U.S. Property Separate Account-R6 <sup>37</sup>	5.50%	6.00%
	<b>Real Estate</b>		
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 <sup>3, 7, 11</sup>	1.50%	0.00%
	<b>Balanced/Asset Allocation</b>	<b>0.00%</b>	<b>4.00%</b>
	<b>Moderate Allocation</b>		
Multiple Sub-Advisors	Diversified Real Asset Separate Account-R6 <sup>3, 11, 34</sup>	0.00%	4.00%
	<b>Fixed Income</b>	<b>44.50%</b>	<b>50.00%</b>
	<b>High Yield Bond</b>		
JP Morgan / Neuberger Berman	High Yield I Separate Account-R6 <sup>5, 14, 16, 18, 19</sup>	5.30%	5.00%
	<b>Intermediate-Term Bond</b>		
PIMCO	Core Plus Bond I Separate Account-R6 <sup>14, 16, 19</sup>	16.30%	22.50%
Principal Global Investors	Bond and Mortgage Separate Account-I2 <sup>16, 19</sup>	16.30%	22.50%
	<b>Inflation-Protected Bond</b>		
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 <sup>14, 16, 19, 21</sup>	6.60%	0.00%

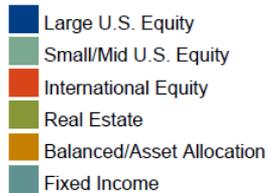
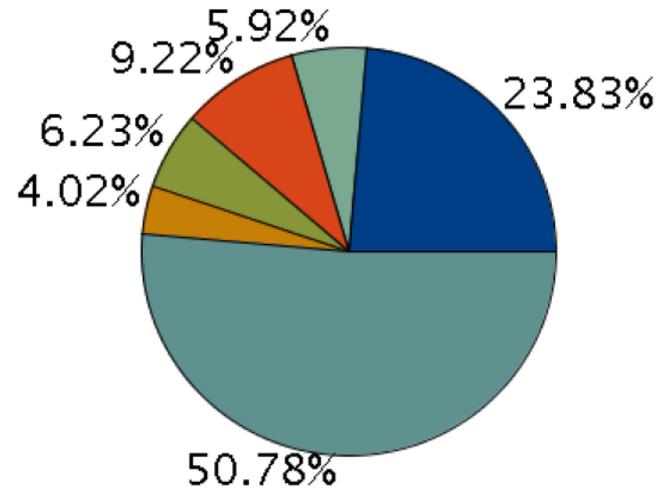
# General Employee Plan – Asset Allocation By Asset Class

## Asset Class Breakdown

Beginning % As Of 10/01/2011



Ending % As Of 12/31/2011



# General Employee Plan – Asset Allocation By Investment Option

Investment Review - Allocation 10/01/2011 through 12/31/2011					
Investment Advisor	Investment Option	Beginning Balance	Breakdown %	Ending Balance	Breakdown %
<b>Large U.S. Equity</b>					
<b>Large Value</b>					
Edge Asset Management, Inc.	Equity Income Separate Account-R6 <sup>3, 11</sup>	\$0	0.00%	\$1,628,786	5.00%
TS&W / Herndon	LargeCap Value I Separate Account-R6 <sup>14, 29, 40</sup>	\$2,457,825	7.92%	\$0	0.00%
Westwood / Barrow Hanley	LargeCap Value III Separate Account-R6 <sup>3, 15, 20, 29</sup>	\$1,291,014	4.16%	\$1,593,461	4.89%
<b>Large Blend</b>					
Principal Global Investors	LargeCap S&P 500 Index Separate Account-R6 <sup>2, 8</sup>	\$1,661,287	5.35%	\$1,440,481	4.42%
<b>Large Growth</b>					
Columbus Circle Investors	LargeCap Growth Separate Account-R6	\$1,950,362	6.29%	\$1,550,207	4.76%
T. Rowe Price/Brown Advisory	LargeCap Growth I Separate Account-R6 <sup>3, 24, 29, 31</sup>	\$1,912,476	6.16%	\$1,554,574	4.77%
<b>Small/Mid U.S. Equity</b>					
<b>Mid Cap Value</b>					
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 <sup>1</sup>	\$429,411	1.38%	\$492,538	1.51%
<b>Mid Cap Growth</b>					
Turner / Jacobs Levy	MidCap Growth III Separate Account-R6 <sup>1, 12, 29</sup>	\$421,759	1.36%	\$467,310	1.43%
<b>Small Value</b>					
DFA/Vaughan Nelson/LA Capital	SmallCap Value II Separate Account-R6 <sup>1, 14, 24, 27, 29</sup>	\$408,847	1.32%	\$484,724	1.49%
<b>Small Growth</b>					
AllianceBern / CCI / Brown	SmallCap Growth I Separate Account-R6 <sup>1, 3, 24, 29, 36</sup>	\$0	0.00%	\$484,700	1.49%
Emerald Advisers, Inc	SmallCap Growth II Separate Account-R6 <sup>1, 3, 29, 30</sup>	\$402,439	1.30%	\$0	0.00%
<b>International Equity</b>					
<b>Diversified Emerging Markets</b>					
Principal Global Investors	International Emerging Markets Separate Account-R6 <sup>4</sup>	\$327,354	1.06%	\$454,405	1.39%
<b>Foreign Large Value</b>					
Causeway / Barrow Hanley	International Value I Separate Account-R6 <sup>4, 14, 29, 35</sup>	\$1,685,111	5.43%	\$1,531,296	4.70%
<b>Foreign Large Blend</b>					
Fidelity / Schroders	International I Separate Account-R6 <sup>4, 14, 17, 29, 33</sup>	\$1,101,212	3.55%	\$1,018,149	3.12%
<b>Real Estate</b>					
<b>Owned Real Estate</b>					
Principal Real Estate Inv	U.S. Property Separate Account-R6 <sup>37</sup>	\$1,938,649	6.25%	\$2,032,124	6.23%
<b>Real Estate</b>					
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 <sup>3, 7, 11</sup>	\$441,028	1.42%	\$0	0.00%
<b>Balanced/Asset Allocation</b>					
<b>Moderate Allocation</b>					
Multiple Sub-Advisors	Diversified Real Asset Separate Account-R6 <sup>3, 11, 34</sup>	\$0	0.00%	\$1,309,981	4.02%

# General Employee Plan – Asset Allocation By Investment Option

Investment Review - Allocation 10/01/2011 through 12/31/2011					
Investment Advisor	Investment Option	Beginning Balance	Breakdown %	Ending Balance	Breakdown %
<b>Fixed Income</b>					
<b>High Yield Bond</b>					
JP Morgan / Neuberger Berman	High Yield I Separate Account-R6 <sup>5, 14, 16, 18, 19</sup>	\$1,686,504	5.44%	\$1,666,209	5.11%
<b>Intermediate-Term Bond</b>					
PIMCO	Core Plus Bond I Separate Account-R6 <sup>14, 16, 19</sup>	\$5,472,198	17.64%	\$7,632,221	23.42%
Principal Global Investors	Bond and Mortgage Separate Account-I2 <sup>16, 19</sup>	\$5,107,997	16.46%	\$7,252,359	22.25%
<b>Inflation-Protected Bond</b>					
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 <sup>14, 16, 19, 21</sup>	\$2,331,165	7.51%	\$0	0.00%
<b>TOTAL</b>		<b>\$31,026,638</b>	<b>100%</b>	<b>\$32,593,525</b>	<b>100%</b>

# General Employee Plan International Exposure

## Asia 9.319%

China	0.944%
India	0.805%
Malaysia	0.414%
Philippines	0.064%
South Korea	5.389%
Taiwan	1.703%

## Europe 58.310%

Austria	0.032%
Belgium	1.077%
Denmark	0.586%
Finland	0.141%
France	9.054%
Germany	6.393%
Greece	0.206%
Ireland	0.391%
Italy	1.713%
Luxembourg	0.312%
Netherlands	3.824%
Norway	1.295%
Portugal	0.020%
Spain	2.310%
Sweden	0.872%
Switzerland	7.852%
United Kingdom	22.231%

## Latin America 4.930%

Argentina	0.067%
Brazil	3.546%
Chile	0.132%
Mexico	0.949%
Peru	0.238%

## North America 1.169%

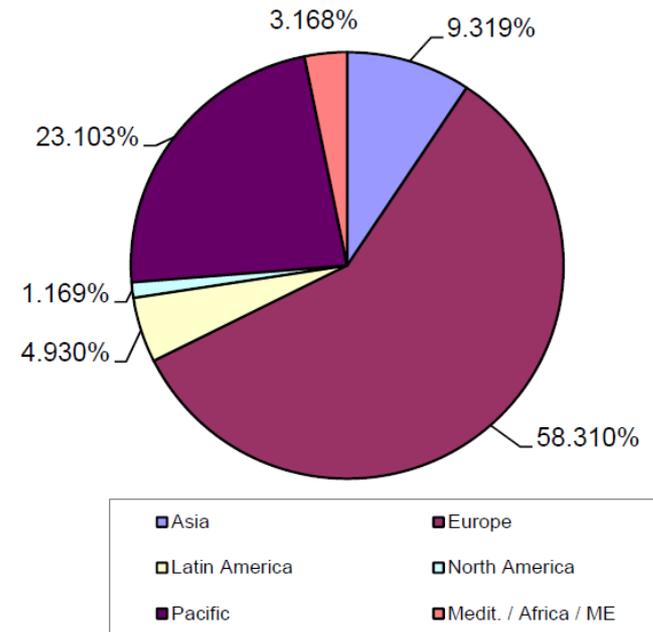
United States	1.169%
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## Pacific 23.103%

Australia	2.678%
Hong Kong	3.248%
Japan	15.233%
New Zealand	0.403%
Singapore	1.542%

## Medit. / Africa / ME 3.168%

Israel	0.748%
Morocco	-
Poland	0.094%
Russia	0.977%
South Africa	1.290%
Turkey	0.059%



Asia	9.319%
Europe	58.310%
Latin America	4.930%
North America	1.169%
Pacific	23.103%
<u>Medit. / Africa / ME</u>	<u>3.168%</u>
	100.000%

# Investment Option by Style Box

Large U.S. Equity		
Large Value	Large Blend	Large Growth
<p>Equity Income Separate Account-R6 <sup>3, 11</sup></p>  <p>LargeCap Value III Separate Account-R6 <sup>3, 15, 20, 29</sup></p>  <p><b>BARROW, HANLEY, MEWHINNEY &amp; STRAUSS, LLC</b></p>	<p>LargeCap S&amp;P 500 Index Separate Account-R6 <sup>2, 8 ++</sup></p>	<p>LargeCap Growth Separate Account-R6</p>  <p>Columbus Circle Investors</p> <p>LargeCap Growth I Separate Account-R6 <sup>3, 24, 29, 31</sup></p>   <p>T. Rowe Price INVEST WITH CONFIDENCE BROWN ADVISORY</p>
Small/Mid U.S. Equity		
Mid Cap Value	Mid Cap Blend	Mid Cap Growth
<p>MidCap Value III Separate Account-R6 <sup>1</sup></p>  <p><b>BARROW, HANLEY, MEWHINNEY &amp; STRAUSS, LLC</b></p>		<p>MidCap Growth III Separate Account-R6 <sup>1, 12, 29</sup></p>   <p>Turner Investment Partners Jacobs Levy EQUITY MANAGEMENT</p>
Small Value	Small Blend	Small Growth
<p>SmallCap Value II Separate Account-R6 <sup>1, 14, 24, 27, 29</sup></p>    <p>Dimensional VAUGHAN NELSON LOS ANGELES CAPITAL</p>		<p>SmallCap Growth I Separate Account-R6 <sup>1, 3, 24, 29, 36</sup></p>    <p>ALLIANCEBERNSTEIN Columbus Circle Investors BROWN ADVISORY</p>

# Investment Option by Style Box

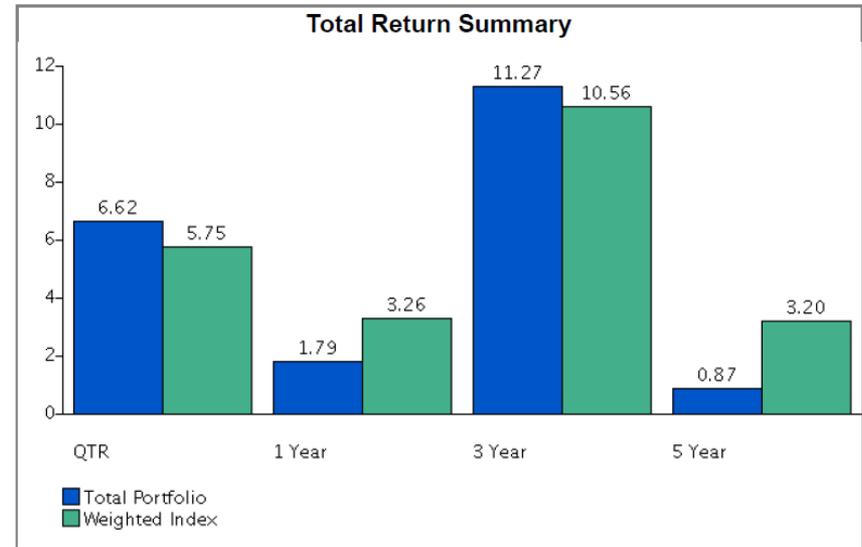
International Equity	Real Estate	Balanced/Asset Allocation
<p>International Value I Separate Account-R6<sup>4, 14, 29, 35</sup></p>  <p>BARROW, HANLEY, MEWHINNEY &amp; STRAUSS, LLC</p> <p>International I Separate Account-R6<sup>4, 14, 17, 29, 33</sup></p>   <p>International Emerging Markets Separate Account-R6<sup>4</sup></p> 	<p>U.S. Property Separate Account-R6<sup>37</sup></p> 	<p>Diversified Real Asset Separate Account-R6<sup>3, 11, 34</sup></p>     
Short-Term Fixed Income	Fixed Income	
	<p>High Yield I Separate Account-R6<sup>5, 14, 16, 18, 19</sup></p>   <p>Core Plus Bond I Separate Account-R6<sup>14, 16, 19</sup></p>  <p>Bond and Mortgage Separate Account-I2<sup>16, 19</sup></p> 	

# General Employee Plan Performance – 12/31/2011

## Time & Dollar Weighted Rates of Return December 31, 2011

Time & Dollar Weighted Returns	QTR	1 Year	3 Year	5 Year
Total Portfolio Return	6.62	1.79	11.27	0.87
Weighted Index	5.75	3.26	10.56	3.20
Excess Return	0.87	-1.47	0.71	-2.33

Asset Class Return Information	QTR	1 Year	3 Year	5 Year
Your Plan's U.S. Equity Return	14.96	-0.79	15.00	-0.39
Russell 3000 Index	12.12	1.03	14.88	-0.01
Your Plan's International Equity Return	6.49	-12.58	8.35	-3.13
MSCI - EAFE Index NDTR D	3.33	-12.14	7.65	-4.72
Your Plan's Real Asset Return <sup>1</sup>	3.13	11.34	2.98	-0.29
Your Plan's Fixed Income Return	2.44	6.15	10.29	3.26
Barclays Capital Aggregate Bond Index	1.12	7.84	6.77	6.50

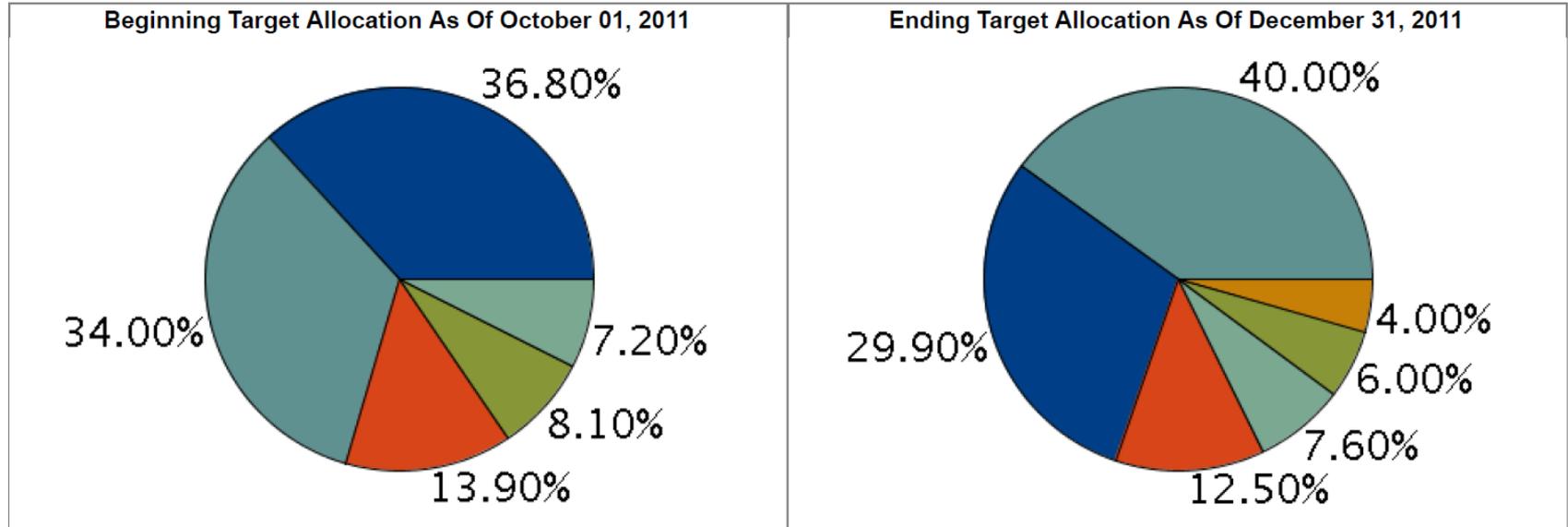


We calculated performance of your plan assets with information provided to us by Principal Life Insurance Company from your December 31, 2011 Contractholder Fund Statement.

<sup>1</sup> As of September 30, 2011, the Real Estate asset class was changed to the Real Asset asset class. Your Plan's Real Asset Return includes the weighted investment performance from the following Separate Accounts for any reporting periods during which they were applicable to your plans allocation: US Property Separate Account, sub-advised by Principal Real Estate Investors; Real Estate Securities Separate Account, sub-advised by Principal Real Estate Investors and Diversified Real Asset Separate Account, sub-advised by multiple sub-advisors.

# Professional/Management Plan – Target Allocation By Asset Class

Please note that a slight variance between your plan's target allocation displayed in this report and its weightings is normal. This variance is due to changes in your account values caused by fluctuations in the market. We periodically initiate rebalancing transfers to bring the plan's assets back to its target allocation.



- Large U.S. Equity
- Small/Mid U.S. Equity
- International Equity
- Real Estate
- Fixed Income

# Professional/Management Plan – Target Allocation By Investment Option

Your plan's assets and liabilities are reviewed periodically during the year and we make changes as needed. We will continue to monitor your plan and adjust its allocation as necessary.

Target Allocation 10/01/2011 through 12/31/2011			
Investment Advisor	Investment Option	Beginning Allocation	Ending Allocation
	<b>Large U.S. Equity</b>	<b>36.80%</b>	<b>29.90%</b>
	<b>Large Value</b>		
Edge Asset Management, Inc.	Equity Income Separate Account-R6 <sup>3, 11</sup>	0.00%	6.10%
TS&W / Herndon	LargeCap Value I Separate Account-R6 <sup>14, 29, 40</sup>	9.80%	0.00%
Westwood / Barrow Hanley	LargeCap Value III Separate Account-R6 <sup>3, 15, 20, 29</sup>	5.30%	6.10%
	<b>Large Blend</b>		
Principal Global Investors	LargeCap S&P 500 Index Separate Account-R6 <sup>2, 8</sup>	6.60%	5.50%
	<b>Large Growth</b>		
Columbus Circle Investors	LargeCap Growth Separate Account-R6	7.60%	6.10%
T. Rowe Price/Brown Advisory	LargeCap Growth I Separate Account-R6 <sup>3, 24, 29, 31</sup>	7.50%	6.10%
	<b>Small/Mid U.S. Equity</b>	<b>7.20%</b>	<b>7.60%</b>
	<b>Mid Cap Value</b>		
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 <sup>1</sup>	1.80%	1.90%
	<b>Mid Cap Growth</b>		
Turner / Jacobs Levy	MidCap Growth III Separate Account-R6 <sup>1, 12, 29</sup>	1.80%	1.90%
	<b>Small Value</b>		
DFA/Vaughan Nelson/LA Capital	SmallCap Value II Separate Account-R6 <sup>1, 14, 24, 27, 29</sup>	1.80%	1.90%
	<b>Small Growth</b>		
AllianceBern / CCI / Brown	SmallCap Growth I Separate Account-R6 <sup>1, 3, 24, 29, 36</sup>	0.00%	1.90%
Emerald Advisers, Inc	SmallCap Growth II Separate Account-R6 <sup>1, 3, 29, 30</sup>	1.80%	0.00%
	<b>International Equity</b>	<b>13.90%</b>	<b>12.50%</b>
	<b>Diversified Emerging Markets</b>		
Principal Global Investors	International Emerging Markets Separate Account-R6 <sup>4</sup>	1.40%	1.90%
	<b>Foreign Large Value</b>		
Causeway / Barrow Hanley	International Value I Separate Account-R6 <sup>4, 14, 29, 35</sup>	7.50%	6.40%
	<b>Foreign Large Blend</b>		
Fidelity / Schroders	International I Separate Account-R6 <sup>4, 14, 17, 29, 33</sup>	5.00%	4.20%

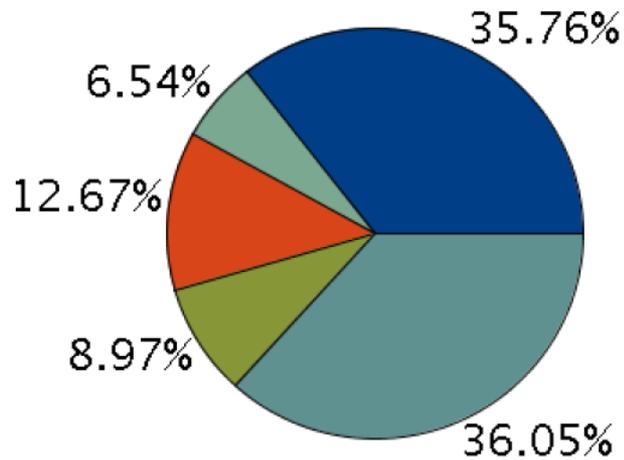
# Professional/Management Plan – Target Allocation By Investment Option

Target Allocation 10/01/2011 through 12/31/2011			
Investment Advisor	Investment Option	Beginning Allocation	Ending Allocation
	<b>Real Estate</b>	<b>8.10%</b>	<b>6.00%</b>
	<b>Owned Real Estate</b>		
Principal Real Estate Inv	U.S. Property Separate Account-R6 <sup>37</sup>	6.00%	6.00%
	<b>Real Estate</b>		
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 <sup>3, 7, 11</sup>	2.10%	0.00%
	<b>Balanced/Asset Allocation</b>	<b>0.00%</b>	<b>4.00%</b>
	<b>Moderate Allocation</b>		
Multiple Sub-Advisors	Diversified Real Asset Separate Account-R6 <sup>3, 11, 34</sup>	0.00%	4.00%
	<b>Fixed Income</b>	<b>34.00%</b>	<b>40.00%</b>
	<b>High Yield Bond</b>		
JP Morgan / Neuberger Berman	High Yield I Separate Account-R6 <sup>5, 14, 16, 18, 19</sup>	4.40%	4.00%
	<b>Intermediate-Term Bond</b>		
PIMCO	Core Plus Bond I Separate Account-R6 <sup>14, 16, 19</sup>	12.20%	18.00%
Principal Global Investors	Bond and Mortgage Separate Account-I2 <sup>16, 19</sup>	12.30%	18.00%
	<b>Inflation-Protected Bond</b>		
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 <sup>14, 16, 19, 21</sup>	5.10%	0.00%

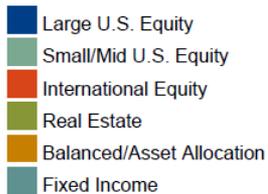
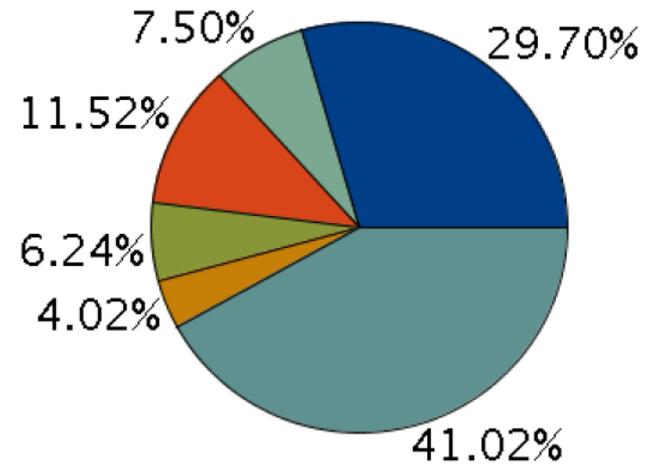
# Professional/Management Plan – Asset Allocation By Asset Class

Asset Class Breakdown

Beginning % As Of 10/01/2011



Ending % As Of 12/31/2011



# Professional/Management Plan – Asset Allocation By Investment Option

Investment Review - Allocation 10/01/2011 through 12/31/2011					
Investment Advisor	Investment Option	Beginning Balance	Breakdown %	Ending Balance	Breakdown %
<b>Large U.S. Equity</b>					
<b>Large Value</b>					
Edge Asset Management, Inc.	Equity Income Separate Account-R6 <sup>3, 11</sup>	\$0	0.00%	\$671,823	6.22%
TS&W / Herndon	LargeCap Value I Separate Account-R6 <sup>14, 29, 40</sup>	\$949,988	9.40%	\$0	0.00%
Westwood / Barrow Hanley	LargeCap Value III Separate Account-R6 <sup>3, 15, 20, 29</sup>	\$503,766	4.99%	\$657,256	6.09%
<b>Large Blend</b>					
Principal Global Investors	LargeCap S&P 500 Index Separate Account-R6 <sup>2, 8</sup>	\$660,524	6.54%	\$596,590	5.53%
<b>Large Growth</b>					
Columbus Circle Investors	LargeCap Growth Separate Account-R6	\$755,552	7.48%	\$639,415	5.92%
T. Rowe Price/Brown Advisory	LargeCap Growth I Separate Account-R6 <sup>3, 24, 29, 31</sup>	\$742,581	7.35%	\$641,217	5.94%
<b>Small/Mid U.S. Equity</b>					
<b>Mid Cap Value</b>					
Principal Global/Barrow Hanley	MidCap Value III Separate Account-R6 <sup>1</sup>	\$170,719	1.69%	\$206,709	1.91%
<b>Mid Cap Growth</b>					
Turner / Jacobs Levy	MidCap Growth III Separate Account-R6 <sup>1, 12, 29</sup>	\$167,699	1.66%	\$196,123	1.82%
<b>Small Value</b>					
DFA/Vaughan Nelson/LA Capital	SmallCap Value II Separate Account-R6 <sup>1, 14, 24, 27, 29</sup>	\$162,543	1.61%	\$203,431	1.88%
<b>Small Growth</b>					
AllianceBern / CCI / Brown	SmallCap Growth I Separate Account-R6 <sup>1, 3, 24, 29, 36</sup>	\$0	0.00%	\$203,420	1.88%
Emerald Advisers, Inc	SmallCap Growth II Separate Account-R6 <sup>1, 3, 29, 30</sup>	\$160,000	1.58%	\$0	0.00%
<b>International Equity</b>					
<b>Diversified Emerging Markets</b>					
Principal Global Investors	International Emerging Markets Separate Account-R6 <sup>4</sup>	\$126,532	1.25%	\$190,708	1.77%
<b>Foreign Large Value</b>					
Causeway / Barrow Hanley	International Value I Separate Account-R6 <sup>4, 14, 29, 35</sup>	\$697,805	6.91%	\$636,704	5.90%
<b>Foreign Large Blend</b>					
Fidelity / Schroders	International I Separate Account-R6 <sup>4, 14, 17, 29, 33</sup>	\$456,019	4.51%	\$416,725	3.86%
<b>Real Estate</b>					
<b>Owned Real Estate</b>					
Principal Real Estate Inv	U.S. Property Separate Account-R6 <sup>37</sup>	\$701,930	6.95%	\$673,290	6.24%
<b>Real Estate</b>					
Principal Real Estate Inv	Real Estate Securities Separate Account-R6 <sup>3, 7, 11</sup>	\$204,575	2.02%	\$0	0.00%
<b>Balanced/Asset Allocation</b>					
<b>Moderate Allocation</b>					
Multiple Sub-Advisors	Diversified Real Asset Separate Account-R6 <sup>3, 11, 34</sup>	\$0	0.00%	\$434,031	4.02%

# Professional/Management Plan – Asset Allocation By Investment Option

Investment Review - Allocation 10/01/2011 through 12/31/2011					
Investment Advisor	Investment Option	Beginning Balance	Breakdown %	Ending Balance	Breakdown %
<b>Fixed Income</b>					
<b>High Yield Bond</b>					
JP Morgan / Neuberger Berman	High Yield I Separate Account-R6 <sup>5, 14, 16, 18, 19</sup>	\$463,898	4.59%	\$441,646	4.09%
<b>Intermediate-Term Bond</b>					
PIMCO	Core Plus Bond I Separate Account-R6 <sup>14, 16, 19</sup>	\$1,308,992	12.96%	\$2,022,798	18.74%
Principal Global Investors	Bond and Mortgage Separate Account-I2 <sup>16, 19</sup>	\$1,272,712	12.60%	\$1,963,967	18.19%
<b>Inflation-Protected Bond</b>					
BlackRock Financial Mgmt, Inc.	Inflation Protection Separate Account-R6 <sup>14, 16, 19, 21</sup>	\$596,821	5.91%	\$0	0.00%
<b>TOTAL</b>		<b>\$10,102,656</b>	<b>100%</b>	<b>\$10,795,853</b>	<b>100%</b>

# Professional/Management Plan International Exposure

<b><u>Asia</u></b>	<b>9.411%</b>
China	0.957%
India	0.815%
Malaysia	0.420%
Philippines	0.064%
South Korea	5.428%
Taiwan	1.726%

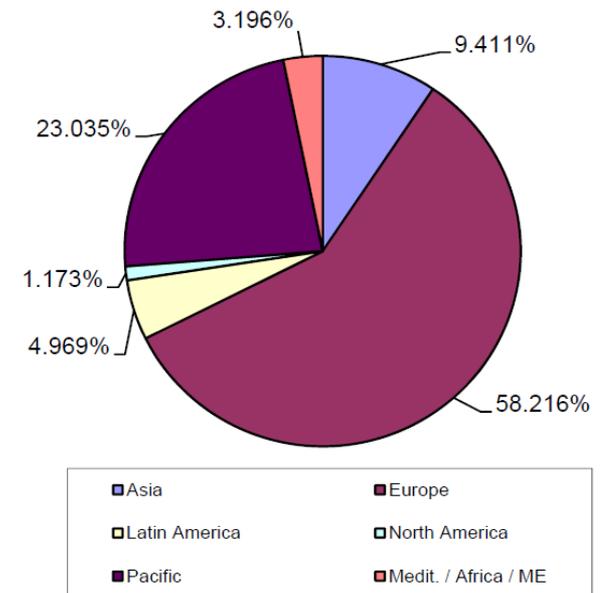
<b><u>Europe</u></b>	<b>58.216%</b>
Austria	0.032%
Belgium	1.071%
Denmark	0.584%
Finland	0.140%
France	9.029%
Germany	6.383%
Greece	0.206%
Ireland	0.392%
Italy	1.715%
Luxembourg	0.313%
Netherlands	3.825%
Norway	1.293%
Portugal	0.020%
Spain	2.315%
Sweden	0.870%
Switzerland	7.832%
United Kingdom	22.194%

<b><u>Latin America</u></b>	<b>4.969%</b>
Argentina	0.067%
Brazil	3.566%
Chile	0.133%
Mexico	0.961%
Peru	0.241%

<b><u>North America</u></b>	<b>1.173%</b>
United States	1.173%

<b><u>Pacific</u></b>	<b>23.035%</b>
Australia	2.656%
Hong Kong	3.247%
Japan	15.194%
New Zealand	0.399%
Singapore	1.540%

<b><u>Medit. / Africa / ME</u></b>	<b>3.196%</b>
Israel	0.743%
Poland	0.095%
Russia	0.990%
South Africa	1.308%
Turkey	0.060%



Asia	9.411%
Europe	58.216%
Latin America	4.969%
North America	1.173%
Pacific	23.035%
<u>Medit. / Africa / ME</u>	<u>3.196%</u>
	100.000%

# Investment Option by Style Box

Large U.S. Equity		
Large Value	Large Blend	Large Growth
<p>Equity Income Separate Account-R6 <sup>3, 11</sup></p>  <p>LargeCap Value III Separate Account-R6 <sup>3, 15, 20, 29</sup></p>  <p><b>BARROW, HANLEY, MEWHINNEY &amp; STRAUSS, LLC</b></p>	<p>LargeCap S&amp;P 500 Index Separate Account-R6 <sup>2, 8 ++</sup></p>	<p>LargeCap Growth Separate Account-R6</p>  <p>Columbus Circle Investors</p> <p>LargeCap Growth I Separate Account-R6 <sup>3, 24, 29, 31</sup></p>  <p>INVEST WITH CONFIDENCE</p>  <p>BROWN ADVISORY</p>
Small/Mid U.S. Equity		
Mid Cap Value	Mid Cap Blend	Mid Cap Growth
<p>MidCap Value III Separate Account-R6 <sup>1</sup></p>  <p><b>BARROW, HANLEY, MEWHINNEY &amp; STRAUSS, LLC</b></p>		<p>MidCap Growth III Separate Account-R6 <sup>1, 12, 29</sup></p>  <p>turner investment partners</p>  <p>Jacobs Levy EQUITY MANAGEMENT</p>
Small Value	Small Blend	Small Growth
<p>SmallCap Value II Separate Account-R6 <sup>1, 14, 24, 27, 29</sup></p>   		<p>SmallCap Growth I Separate Account-R6 <sup>1, 3, 24, 29, 36</sup></p>  <p>ALLIANCEBERNSTEIN Investments</p>  <p>Columbus Circle Investors</p>  <p>BROWN ADVISORY</p>

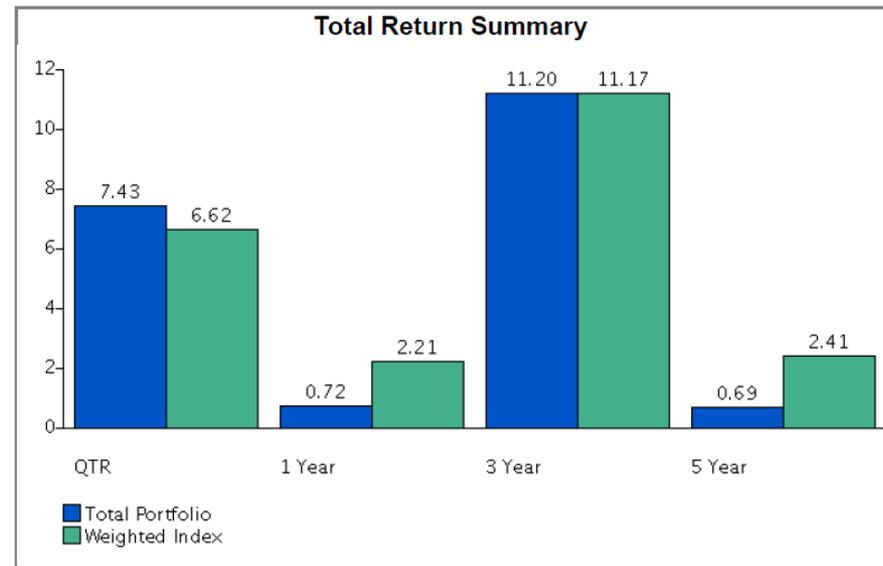
# Investment Option by Style Box

International Equity	Real Estate	Balanced/Asset Allocation
<p>International Value I Separate Account-R6 <sup>4, 14, 29, 35</sup></p>  <p>BARROW, HANLEY, MEWHINNEY &amp; STRAUSS, LLC</p> <p>International I Separate Account-R6 <sup>4, 14, 17, 29, 33</sup></p>   <p>International Emerging Markets Separate Account-R6 <sup>4</sup></p> 	<p>U.S. Property Separate Account-R6 <sup>37</sup></p> 	<p>Diversified Real Asset Separate Account-R6 <sup>3, 11, 34</sup></p>     
Short-Term Fixed Income	Fixed Income	
	<p>High Yield I Separate Account-R6 <sup>5, 14, 16, 18, 19</sup></p>   <p>Core Plus Bond I Separate Account-R6 <sup>14, 16, 19</sup></p>  <p>Bond and Mortgage Separate Account-I2 <sup>16, 19</sup></p> 	

# Professional/Management Plan Performance – 12/31/2011

Time & Dollar Weighted Returns	QTR	1 Year	3 Year	5 Year
Total Portfolio Return	7.43	0.72	11.20	0.69
Weighted Index	6.62	2.21	11.17	2.41
Excess Return	0.81	-1.49	0.03	-1.72

Asset Class Return Information	QTR	1 Year	3 Year	5 Year
Your Plan's U.S. Equity Return	14.14	-1.03	14.37	0.01
Russell 3000 Index	12.12	1.03	14.88	-0.01
Your Plan's International Equity Return	6.39	-12.68	7.41	-3.28
MSCI - EAFE Index NDTR D	3.33	-12.14	7.65	-4.72
Your Plan's Real Asset Return <sup>1</sup>	4.02	11.39	4.54	0.15
Your Plan's Fixed Income Return	2.50	6.23	10.25	3.38
Barclays Capital Aggregate Bond Index	1.12	7.84	6.77	6.50



We calculated performance of your plan assets with information provided to us by Principal Life Insurance Company from your December 31, 2011 Contractholder Fund Statement.

<sup>1</sup> As of September 30, 2011, the Real Estate asset class was changed to the Real Asset asset class. Your Plan's Real Asset Return includes the weighted investment performance from the following Separate Accounts for any reporting periods during which they were applicable to your plans allocation: US Property Separate Account, sub-advised by Principal Real Estate Investors; Real Estate Securities Separate Account, sub-advised by Principal Real Estate Investors and Diversified Real Asset Separate Account, sub-advised by multiple sub-advisors.