

[In percent]

	Management fee	Distribution and service fee (12b-1)	Other expenses	Total expenses (before reimbursement and/or fee waivers if applicable)	Total expenses (after fee waivers and/or reimbursement if applicable)
Replaced Fund: LargeCap Growth .....	1.10	N/A	0.04	1.14	1.14
Substituting Fund: LCGE .....	1.00	N/A	0.09	1.09	1.09
Replaced Fund: BC Account .....	0.60	N/A	0.23	0.83	0.83
Substituting Fund: LCSi .....	0.35	N/A	0.04	0.39	0.39
Replaced Fund: MCGE .....	1.00	N/A	0.13	1.13	1.10
Substituting Fund: MidCap Growth .....	0.90	N/A	0.02	0.92	0.92
Replaced Fund: Putnam GAAF .....	0.67	0.25	0.17	1.09	1.09
Substituting Fund: AAA .....	0.80	N/A	0.04	0.84	0.84
Replaced Fund: Vista .....	0.61	0.25	0.06	0.92	0.92
Substituting Fund: Equity Growth .....	0.75	N/A	0.02	0.77	0.77

**Note:** The expenses shown above are for the year ended December 31, 2002.

16. Applicants represent that the Substitutions will take place at the relative net asset values determined on the date of the Substitution in accordance with section 22 of the Act and Rule 22c-1 thereunder. Applicants represent that there will be no financial impact to any contractowner.

17. Each of the Substitutions will be effected by having each Division that invests in a Replaced Fund redeem its shares of that fund for cash at the net asset value calculated on the date of the Substitution and purchase shares of the Substituted Fund for cash at net asset value on the same date. In connection with the completion of each of the Substitutions, Principal Life will withdraw its seed money from each of the Principal Funds in which it has seed money (LargeCap Growth, BC Account, and MCGE) and terminate those funds. In addition, Principal Life will combine each Division of each of the Separate Accounts that invests in a Replaced Fund with the Division of that Separate Account that invests in the Substituted Fund.

18. Applicants agree that: (a) For each fiscal period (not to exceed a fiscal quarter) during the 24 months following the date of Substitution into LCSi, AAA and Equity Growth, Principal Life will adjust the Contract values invested in the Substituted Fund as a result of the Substitution, to the extent necessary to effectively reimburse the affected owners for their proportionate share of any amount by which the annual rate of the Substituted Fund's total operating expenses (after any expense waivers or reimbursements) for that fiscal period, as a percentage of the Fund's average daily net assets, plus the annual rate of any asset-based charges (excluding any such charges that are for premium taxes) deducted under the terms of the owner's

Contract for that fiscal period, exceed the sum of: the annualized rate of the corresponding Replaced Fund's total operating expenses, as a percentage of such replaced Fund's average daily net assets, for the twelve months ended December 31, 2002; plus the annual rate of any asset-based charges (excluding any such charges that are for premium taxes) deducted under that Contract for such twelve months; and (b) for each fiscal period (not to exceed a fiscal quarter) during the 24 months following the date of Substitution into LCGE and MidCap Growth, Principal Life will, with respect to all Contracts outstanding on the date of the Substitution, adjust the Contract values invested in the Substituted Fund, to the extent necessary to effectively reimburse the owners of those Contracts for their proportionate share of any amount by which the annual rate of the Substituted Fund's total operating expenses (after any expense waivers or reimbursements) for that fiscal period, as a percentage of the Fund's average daily net assets, plus the annual rate of any asset-based charges (excluding any such charges that are for premium taxes) deducted under the terms of the owner's Contract for that fiscal period, exceed the sum of: the annualized rate of the corresponding Replaced Fund's total operating expenses, as a percentage of such replaced Fund's average daily net assets, for the twelve months ended December 31, 2002; plus the annual rate of any asset-based charges (excluding any such charges that are for premium taxes) deducted under that Contract for such twelve months.

19. Applicants represent that each of the Substitutions has been described in the annual post-effective amendments to the registration statements for the Contracts which became effective on

May 1, 2003. The post-effective amendments mailed to contractowners gave them notice of each of the Substitutions and described the reasons for engaging in each of the Substitutions. The post-effective amendments also informed existing contractowners that no amounts may be transferred to the Replaced Funds on or after May 19, 2003. In addition, the post-effective amendments informed affected contractowners that they will have an opportunity to reallocate accumulation value prior to each Substitution or for 60 days after each Substitution ("Free Transfer Right") from each Division investing in a Replaced Fund to another Division available under the Contracts, without the imposition of any transfer charge or limitation and without counting the transfer as one of the annual free transfers.

20. Each contractowner has been provided a prospectus for each of the Substituted Funds. Applicants represent that, within five days after a Substitution, Principal Life will send to affected contractowners written confirmation that the Substitution has occurred.

21. Applicants represent that the cost of each of the Substitutions, including legal, accounting, brokerage commissions and other fees and expenses, will be borne by Principal Life and will not be borne by the Funds or the contractowners either directly or indirectly. Applicants represent that each of the Substitutions will have no impact on the insurance benefits that Principal Life is obligated to provide under the Contracts or on the other rights of contractowners and other obligations of Principal Life under the Contracts. Applicants represent that each of the Substitutions will not cause