

<div>Form 5500</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Annual Return/Report of Employee Benefit Plan</div> <div>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ Complete all entries in accordance with the instructions to the Form 5500.</div>	<div>OMB Nos. 1210-0110 1210-0089</div> <div>2009</div> <div>This Form is Open to Public Inspection</div>
--	--	---

Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A	This return/report is for: <div><div>☐ a multiemployer plan;</div><div>☒ a single-employer plan;</div><div>☐ a multiple-employer plan; or</div><div>☐ a DFE (specify) ____</div></div>
B	This return/report is: <div><div>☐ the first return/report;</div><div>☐ the final return/report;</div><div>☐ an amended return/report;</div><div>☐ a short plan year return/report (less than 12 months).</div></div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: <div><div>☒ Form 5558;</div><div>☐ automatic extension;</div><div>☐ the DFVC program;</div><div>☐ special extension (enter description)</div></div>

Part II	Basic Plan Information—enter all requested information
1a	Name of plan THE PRINCIPAL PENSION PLAN
1b	Three-digit plan number (PN) ▶ 001
1c	Effective date of plan 04/01/1940
2a	Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) PRINCIPAL LIFE INSURANCE COMPANY 711 HIGH STREET DES MOINES, IA 50392-2310
2b	Employer Identification Number (EIN) 42-0127290
2c	Sponsor's telephone number 800-986-3343
2d	Business code (see instructions) 524140

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/12/2010	CHRISTOPHER BOWMAN
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/12/2010	TAMMY DEHAAI
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") BENEFIT PLANS ADMINISTRATION COMMITTEE 711 HIGH STREET DES MOINES, IA 50392	3b Administrator's EIN 27-3605376 3c Administrator's telephone number 800-986-3343
---	---

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
---	-----------------------------------

5 Total number of participants at the beginning of the plan year	5	21343
---	----------	--------------

6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	12100
b Retired or separated participants receiving benefits.....	6b	192
c Other retired or separated participants entitled to future benefits.....	6c	8051
d Subtotal. Add lines 6a , 6b , and 6c	6d	20343
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	62
f Total. Add lines 6d and 6e	6f	20405
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	0
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	696

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
--	----------	--

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
1A 1C 1G 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
--	--

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)
(2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1)** ☒ **H** (Financial Information)
(2) ☐ **I** (Financial Information – Small Plan)
(3) ☒ **2** **A** (Insurance Information)
(4) ☒ **C** (Service Provider Information)
(5) ☒ **D** (DFE/Participating Plan Information)
(6) ☐ **G** (Financial Transaction Schedules)

<div>SCHEDULE A (Form 5500) <div>Department of the Treasury Internal Revenue Service</div><div>Department of Labor Employee Benefits Security Administration</div><div>Pension Benefit Guaranty Corporation</div></div>	<div>Insurance Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div> <div>▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).</div>	<div>OMB No. 1210-0110</div> <div>2009</div> <div>This Form is Open to Public Inspection</div>
---	--	--

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan THE PRINCIPAL PENSION PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500. PRINCIPAL LIFE INSURANCE COMPANY	D Employer Identification Number (EIN) 42-0127290	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions	Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
--------	---	--

1 Coverage Information:

(a) Name of insurance carrier PRINCIPAL LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
42-0127290	61271	408463	18476	01/01/2009	12/31/2009

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.
--

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	0
5 Current value of plan's interest under this contract in separate accounts at year end	5	475208870

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☐ other ▶

b Balance at the end of the previous year	7b	
c Additions: (1) Contributions deposited during the year	7c(1)	
(2) Dividends and credits	7c(2)	
(3) Interest credited during the year	7c(3)	
(4) Transferred from separate account	7c(4)	
(5) Other (specify below)	7c(5)	
▶		
(6) Total additions	7c(6)	
d Total of balance and additions (add b and c(6))	7d	
e Deductions:		
(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	
(2) Administration charge made by carrier	7e(2)	
(3) Transferred to separate account	7e(3)	
(4) Other (specify below)	7e(4)	
▶		
(5) Total deductions	7e(5)	
f Balance at the end of the current year (subtract e(5) from d)	7f	0

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organization(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
b ☐ Dental
c ☐ Vision
d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
f ☐ Long-term disability
g ☐ Supplemental unemployment
h ☐ Prescription drug
i ☐ Stop loss (large deductible)
j ☐ HMO contract
k ☐ PPO contract
l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

<div><div>SCHEDULE A</div><div>(Form 5500)</div><div>Department of the Treasury Internal Revenue Service</div><div>Department of Labor Employee Benefits Security Administration</div><div>Pension Benefit Guaranty Corporation</div></div>	<div>Insurance Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div> <div>▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).</div>	<div>OMB No. 1210-0110</div> <div>2009</div> <div>This Form is Open to Public Inspection</div>
---	--	--

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan THE PRINCIPAL PENSION PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500. PRINCIPAL LIFE INSURANCE COMPANY	D Employer Identification Number (EIN) 42-0127290	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
---------------	---

1 Coverage Information:

(a) Name of insurance carrier PRINCIPAL LIFE INSURANCE COMPANY
--

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
42-0127290	61271	408464	1929	01/01/2009	12/31/2009

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).
--

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	0
5 Current value of plan's interest under this contract in separate accounts at year end	5	225898441

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☐ other ▶

b Balance at the end of the previous year	7b	
c Additions: (1) Contributions deposited during the year	7c(1)	
(2) Dividends and credits	7c(2)	
(3) Interest credited during the year	7c(3)	
(4) Transferred from separate account	7c(4)	
(5) Other (specify below)	7c(5)	
▶		
(6) Total additions	7c(6)	
d Total of balance and additions (add b and c(6))	7d	
e Deductions:		
(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	
(2) Administration charge made by carrier	7e(2)	
(3) Transferred to separate account	7e(3)	
(4) Other (specify below)	7e(4)	
▶		
(5) Total deductions	7e(5)	
f Balance at the end of the current year (subtract e(5) from d)	7f	0

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organization(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
--	--	---

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>THE PRINCIPAL PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>PRINCIPAL LIFE INSURANCE COMPANY</u>	D Employer Identification Number (EIN) <u>42-0127290</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1	Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2009</u>
2	Assets:
a	Market value 2a <u>1035177528</u>
b	Actuarial value 2b <u>1138695281</u>
3	Funding target/participant count breakdown
	(1) Number of participants (2) Funding Target
a	For retired participants and beneficiaries receiving payment 3a <u>3525</u> <u>426727332</u>
b	For terminated vested participants 3b <u>7808</u> <u>171852675</u>
c	For active participants:
(1)	Non-vested benefits 3c(1) <u>26855342</u>
(2)	Vested benefits 3c(2) <u>375588702</u>
(3)	Total active 3c(3) <u>13517</u> <u>402444044</u>
d	Total 3d <u>24850</u> <u>1001024051</u>
4	If the plan is at-risk, check the box and complete items (a) and (b) ☐
a	Funding target disregarding prescribed at-risk assumptions 4a
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor 4b
5	Effective interest rate 5 <u>8.02</u> %
6	Target normal cost 6 <u>41031779</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>08/26/2010</u>
Signature of actuary	Date
<u>TERRANCE M. MCCARTHY</u>	<u>08-04665</u>
Type or print name of actuary	Most recent enrollment number
<u>PRINCIPAL FINANCIAL GROUP</u>	<u>515-235-5411</u>
Firm name	Telephone number (including area code)
<u>PO BOX 9394</u> <u>DES MOINES, IA 50306-9394</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	131843762	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9	Amount remaining (Item 7 minus item 8).....	131843762	0
10	Interest on item 9 using prior year's actual return of <u>-33.68</u> %	-44404979	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		47387766
b	Interest on (a) using prior year's effective rate of <u>6.18</u> %		2928564
c	Total available at beginning of current plan year to add to prefunding balance		50316330
d	Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	87438783	0

Part III Funding percentages			
14	Funding target attainment percentage.....	14	105.02 %
15	Adjusted funding target attainment percentage.....	15	113.75 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	131.98 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
09/30/2009	6250000	0			
12/22/2009	37000000	0			
12/31/2009	6250000	0			
Totals ►			18(b)	49500000	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	46013400
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year?	☐ Yes ☒ No	
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No	
c If 20a is "Yes," see instructions and complete the following table as applicable:		

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b 3
22 Weighted average retirement age				22 64
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	0
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	0
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	0	0
36 Additional cash requirement (item 34 minus item 35).....	36	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	46013400
38 Interest-adjusted excess contributions for current year (see instructions).....	38	46013400
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan THE PRINCIPAL PENSION PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 PRINCIPAL LIFE INSURANCE COMPANY	D Employer Identification Number (EIN) 42-0127290	

Part I	Service Provider Information (see instructions)
---------------	--

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
PRINCIPAL LIFE INSURANCE COMPANY
42-0127290

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
--

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	MICHAEL DULANEY	b EIN:	42-0127290
c Position:	ENROLLED ACTUARY		
d Address:	PO BOX 9394 DES MOINES, IA 50306-9394	e Telephone:	515-247-5111

Explanation: REASSIGNMENT OF WORKLOAD WITHIN PRINCIPAL LIFE INSURANCE COMPANY

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information <p style="text-align: center;">This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</p> <p style="text-align: center;">▶ File as an attachment to Form 5500.</p>	<small>OMB No. 1210-0110</small> <hr/> <p style="text-align: center; font-size: 1.2em;">2009</p> <hr/> <p style="text-align: center;">This Form is Open to Public Inspection.</p>
---	---	--

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>THE PRINCIPAL PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
--	--

C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>PRINCIPAL LIFE INSURANCE COMPANY</u>	D Employer Identification Number (EIN) <u>42-0127290</u>
---	--

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
---------------	--

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN MIDCAP VALUE III SA-I4

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN <u>42-0127290-022</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>14641413</u>
---------------------------------------	-------------------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN INTL EM MKT SEP ACCT-I5

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN <u>42-0127290-013</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>12801492</u>
---------------------------------------	-------------------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LGCAP BLEND I SEP ACCT-I2

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN <u>42-0127290-017</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>
---------------------------------------	-------------------------------	--

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LGCAP GROWTH SEP ACCT-I5

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN <u>42-0127290-018</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>64464043</u>
---------------------------------------	-------------------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN U.S. PROPERTY SA-I5

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN <u>42-0127290-027</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>30334417</u>
---------------------------------------	-------------------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN BOND AND MTGE SA-I5

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN <u>42-0127290-005</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>51662970</u>
---------------------------------------	-------------------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LGCAP S&P 500 INDEX SA-I3

b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN <u>42-0127290-016</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>56286604</u>
---------------------------------------	-------------------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN INTL I SEPARATE ACCT-I2		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-048	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 36285594
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN MIDCAP GROWTH III SA-I2		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-026	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 14713978
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN INTL GROWTH SEP ACCT-I2		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-064	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 36766299
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LARGECAP GROWTH I SA-I2		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-066	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 65107188
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LARGECAP VALUE III SA-I2		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-068	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 43932779
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN SMALLCAP GROWTH II SA-I2		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-071	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 14518470
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN PREF SECS SEP ACCT-I2		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-087	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN SMALLCAP VALUE I SA-I2		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-094	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN REAL ESTATE SECS SA-I3		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-095	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 18758903
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN SMALLCAP VALUE II SA-I2		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-096	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 14196413

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LARGE CAP VALUE I SA-I2

PRINCIPAL LIFE INSURANCE COMPANY

b Name of sponsor of entity listed in (a):**c** EIN-PN 42-0127290-098**d** Entity code P**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

81699362

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN HIGH YIELD I SEP ACCT-I2

PRINCIPAL LIFE INSURANCE COMPANY

b Name of sponsor of entity listed in (a):**c** EIN-PN 42-0127290-101**d** Entity code P**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

24991960

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN INFLATION PROTECT SA-R6

PRINCIPAL LIFE INSURANCE COMPANY

b Name of sponsor of entity listed in (a):**c** EIN-PN 42-0127290-099**d** Entity code P**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

25431245

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN CORE PLUS BOND I SA-I2

PRINCIPAL LIFE INSURANCE COMPANY

b Name of sponsor of entity listed in (a):**c** EIN-PN 42-0127290-115**d** Entity code P**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

59540021

a Name of MTIA, CCT, PSA, or 103-12 IE: PR INTERNAT'L VALUE I SA-I2

PRINCIPAL LIFE INSURANCE COMPANY

b Name of sponsor of entity listed in (a):**c** EIN-PN 42-0127290-116**d** Entity code P**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

34974159

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
For calendar plan year 2009 or fiscal plan year beginning <u>01/01/2009</u> and ending <u>12/31/2009</u>		
A Name of plan <u>THE PRINCIPAL PENSION PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>PRINCIPAL LIFE INSURANCE COMPANY</u>	D Employer Identification Number (EIN) <u>42-0127290</u>	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.				
	Assets			
a Total noninterest-bearing cash	1a			
b Receivables (less allowance for doubtful accounts):				
(1) Employer contributions	1b(1)	25500000		0
(2) Participant contributions	1b(2)	0		0
(3) Other	1b(3)	0		0
c General investments:				
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)			
(2) U.S. Government securities	1c(2)			
(3) Corporate debt instruments (other than employer securities):				
(A) Preferred	1c(3)(A)			
(B) All other	1c(3)(B)			
(4) Corporate stocks (other than employer securities):				
(A) Preferred	1c(4)(A)			
(B) Common	1c(4)(B)			
(5) Partnership/joint venture interests	1c(5)			
(6) Real estate (other than employer real property)	1c(6)			
(7) Loans (other than to participants)	1c(7)			
(8) Participant loans	1c(8)			
(9) Value of interest in common/collective trusts	1c(9)			
(10) Value of interest in pooled separate accounts	1c(10)	516884091		701107311
(11) Value of interest in master trust investment accounts	1c(11)			
(12) Value of interest in 103-12 investment entities	1c(12)			
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)			
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)			
(15) Other	1c(15)			

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	542384091	701107311

Liabilities

g Benefit claims payable	1g	0	
h Operating payables	1h	0	
i Acquisition indebtedness	1i	0	
j Other liabilities	1j	0	
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	542384091	701107311
---	-----------	-----------	-----------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	49500000	
(B) Participants	2a(1)(B)	0	
(C) Others (including rollovers)	2a(1)(C)	0	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		49500000

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	0	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		217723915
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		0
c Other income.....	2c		-1220
d Total income. Add all income amounts in column (b) and enter total.....	2d		267222695

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	52164112	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	55595980	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		107760092
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	0	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other	2i(4)	739383	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		739383
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		108499475

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		158723220
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan	2l(2)		0

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ERNST & YOUNG, LLP

(2) EIN: 34-6565596

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	0
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	0
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	0
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	0
e Was this plan covered by a fidelity bond?.....	X		25000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)

5b(3) PN(s)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>THE PRINCIPAL PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>PRINCIPAL LIFE INSURANCE COMPANY</u>	D Employer Identification Number (EIN) <u>42-0127290</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>42-0127290</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>395</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
--	-----------------------------------	-----------------------------------	-------------------------------	--

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 68.0% Investment-Grade Debt: 13.0% High-Yield Debt: 5.0% Real Estate: 8.0% Other: 6.0%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☒ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

FINANCIAL STATEMENTS AND SCHEDULES

The Principal Pension Plan
Years Ended December 31, 2009 and 2008
With Report of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**

The Principal Pension Plan
Financial Statements and Schedules
Years Ended December 31, 2009 and 2008

Contents

Report of Independent Auditors	1
Audited Financial Statements	
Statements of Net Assets Available for Benefits.....	2
Statements of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements.....	4
Schedules	
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)	21
Schedule H, Line 4j – Schedule of Reportable Transactions	22

Report of Independent Auditors

The Benefit Plans Administration Committee
Principal Life Insurance Company

We have audited the accompanying statements of net assets available for benefits of The Principal Pension Plan as of December 31, 2009 and 2008, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Plan's net assets available for benefits at December 31, 2009, and the changes therein for the year then ended, and the financial status of the Plan at December 31, 2008, and the changes therein for the year then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2009, and reportable transactions for the year then ended, are presented for purposes of additional analysis and are not a required part of the financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Ernst & Young LLP

October 11, 2010

The Principal Pension Plan

Statements of Net Assets Available for Benefits

	December 31	
	2009	2008
Assets		
Unallocated portion of investment contracts, at fair value:		
Pooled separate accounts	\$ 701,107,311	\$ 516,884,091
Contributions receivable	—	25,500,000
Net assets available for benefits	<u>\$ 701,107,311</u>	<u>\$ 542,384,091</u>

See accompanying notes.

The Principal Pension Plan

Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31	
	2009	2008
Additions:		
Investment (loss) income:		
Net realized and unrealized appreciation (depreciation) in aggregate value of pooled separate accounts	\$ 128,849,107	\$ (265,242,817)
	128,849,107	(265,242,817)
Employer contributions	49,500,000	50,501,257
Other	(1,220)	25,341
	178,347,887	(214,716,219)
Deductions:		
Benefits paid directly to participants	6,075,793	2,829,855
Administrative expenses	—	95,935
Transfers to allocated contract	12,809,491	361,812,860
Other	739,383	716,364
	19,624,667	365,455,014
Net increase (decrease)	158,723,220	(580,171,233)
Net assets available for benefits at beginning of year	542,384,091	1,122,555,324
Net assets available for benefits at end of year	\$ 701,107,311	\$ 542,384,091

See accompanying notes.

The Principal Pension Plan

Notes to Financial Statements

December 31, 2009

1. Significant Accounting Policies

The accounting records of The Principal Pension Plan (the Plan) are maintained on the accrual basis of accounting.

Investment Valuation and Income Recognition

The unallocated investment options consist of separate accounts (described in ERISA 3(17) of insurance company: Principal Life Insurance Company (Principal Life)). The separate accounts are reported at fair value as determined by Principal Life. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 5 for further discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Risk and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated Plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

The Principal Pension Plan

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Accumulated Plan Benefits

Accumulated Plan benefits (see Note 3) are those estimated future payments, including small lump-sum distributions, that are attributable under the Plan's provisions to services rendered by the employees to the valuation date. Accumulated Plan benefits include benefits expected to be paid to (a) retired employees or their beneficiaries for the present value of future cost of living adjustments on their benefits only for those eligible for cost of living benefits and (b) present and terminated employees or their beneficiaries. Benefits payable under all circumstances – retirement, death, and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

We have evaluated subsequent events through October 11, 2010, which was the date our financial statements were available to be issued.

As of September 2010, we have decided to exit the medical insurance business within the next 36 months. Some participants will be needed throughout the period to continue to serve our customers during the transition. As the business transfers, positions will be eliminated. As much as possible, we will place qualified participants in open positions that become available through normal attrition and growth in other businesses. We expect to see a reduction in future benefit obligations and contributions. We continue to evaluate the impact the decision will have on the obligations and contributions under the plan.

The Principal Pension Plan

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

New Accounting Pronouncements

In April 2009, the Financial Accounting Standards Board (FASB) issued FASB Staff Position 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (FSP 157-4). FSP 157-4 amended FASB Statement No. 157 (codified as Accounting Standards Codification (ASC) 820) to provide additional guidance on estimating fair value when the volume and level of activity for an asset or liability have significantly decreased in relation to its normal market activity. FSP 157-4 also provided additional guidance on circumstances that may indicate that a transaction is not orderly and on defining major categories of debt and equity securities to comply with the disclosure requirements of ASC 820. The Plan adopted the guidance in FSP 157-4 for the reporting period ended December 31, 2009. Adoption of FSP 157-4 did not have a material effect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

In May 2009, the FASB issued FASB Statement No. 165, *Subsequent Events*, which was codified into ASC 855, *Subsequent Events*, to provide general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. ASC 855 was amended in February 2010. The Plan has adopted ASC 855, as amended.

In September 2009, the FASB issued Accounting Standards Update 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (ASU 2009-12). ASU 2009-12 amended ASC 820 to allow entities to use net asset value (NAV) per share (or its equivalent), as a practical expedient, to measure fair value when the investment does not have a readily determinable fair value and the net asset value is calculated in a manner consistent with investment company accounting. The Plan adopted the guidance in ASU 2009-12 for the reporting period ended December 31, 2009 and has utilized the practical expedient to measure the fair value of investments within the scope of this guidance based on the investment's NAV. In addition, as a result of adopting ASU 2009-12, the Plan has provided additional disclosures regarding the nature and risks of investments within the scope of this guidance. Refer to Note 5 for these disclosures. Adoption of ASU 2009-12 did not have a material effect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

The Principal Pension Plan

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

In January 2010, the FASB issued Accounting Standards Update 2010-06, *Improving Disclosures about Fair Value Measurements*, (ASU 2010-06). ASU 2010-06 amended ASC 820 to clarify certain existing fair value disclosures and require a number of additional disclosures. The guidance in ASU 2010-06 clarified that disclosures should be presented separately for each “class” of assets and liabilities measured at fair value and provided guidance on how to determine the appropriate classes of assets and liabilities to be presented. ASU 2010-06 also clarified the requirement for entities to disclose information about both the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. In addition, ASU 2010-06 introduced new requirements to disclose the amounts (on a gross basis) and reasons for any significant transfers between Levels 1, 2 and 3 of the fair value hierarchy and present information regarding the purchases, sales, issuances and settlements of Level 3 assets and liabilities on a gross basis. With the exception of the requirement to present changes in Level 3 measurements on a gross basis, which is delayed until 2011, the guidance in ASU 2010-06 becomes effective for reporting periods beginning after December 15, 2009.

2. Description of the Plan

The Plan is a noncontributory defined benefit plan that covers substantially all home office employees and contracted agents of Principal Life and its affiliates who have adopted the Plan. The Plan provides for retirement and death benefits.

Principal Life has agreed to contribute additional amounts that are necessary to provide assets sufficient to meet the benefits to be paid to Plan members. The Plan has met the minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

Although it has not expressed any intent to do so, Principal Life has the right to terminate the Plan subject to the provisions of ERISA. Should the Plan terminate at some future time, its net assets will generally be available on a prorata basis to provide participants’ benefits. Whether a particular participant’s accumulated Plan benefits will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the Pension Benefit Guaranty Corporation (PBGC) at that time. Some benefits may be fully or partially provided for by the then existing assets and the PBGC guarantee, while other benefits may not be provided at all.

The Principal Pension Plan

Notes to Financial Statements (continued)

2. Description of the Plan (continued)

Information about the Plan agreement, the vesting and benefit provisions, and the PBGC's benefit guarantee is contained in the Summary Plan Description. Copies of the Summary Plan Description are available from the Benefit Administration Department or the Intranet.

3. Actuarial Present Value of Accumulated Plan Benefits

An actuary from Principal Life determines the actuarial present value of accumulated Plan benefits, which is the amount that results from applying actuarial assumptions to estimate the value of the accumulated Plan benefits earned by the participants to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, withdrawal, or retirement) between the valuation date and the expected date of payment.

The actuarial present value of accumulated Plan benefit information as of the end of each Plan year is as follows:

	December 31, 2008
Actuarial present value of accumulated Plan benefits related to unallocated portion of investment contracts:	
Vested:	
Participants currently receiving payments (represents the present value of future cost of living adjustments only)	\$ 58,564,103
Other participants	610,424,261
Nonvested	30,133,384
	<u>\$ 699,121,748</u>

The Principal Pension Plan
Notes to Financial Statements (continued)

3. Actuarial Present Value of Accumulated Plan Benefits (continued)

Change in present value of accumulated Plan benefits:

	Year Ended December 31, 2008
Actuarial present value of accumulated Plan benefits related to unallocated portion of investment contracts, beginning of year	\$ 655,526,282
Increase (decrease) during the year due to:	
Increase for interest due to decrease in the discount period	45,497,152
Benefits paid directly from Plan assets	(2,837,820)
Benefits index consideration amounts	(53,120,893)
Benefits accumulated and Plan experience	52,723,599
Change in assumption	1,333,428
Plan amendment	—
Actuarial present value of accumulated Plan benefits related to unallocated portion of investment contracts, end of year	<u>\$ 699,121,748</u>

Significant valuation assumptions underlying the actuarial computations are as follows:

	December 31, 2008	December 31, 2007
Interest Rate	Full Yield Curve through the Segment interest rates month of October 2008	
	8.11% Sample Year 4.5	5.31% Years 0-5
	8.74% Sample Year 14.5	5.90% Years 5-20
	7.50% Sample Year 29.5	6.41% Years 20+
Cost of Living Adjustment	1.875% inflation rate	1.875% inflation rate
Mortality	IRS Prescribed Mortality-Static Annuitant, male and female.	IRS Prescribed Mortality-Static Annuitant, male and female.

The Principal Pension Plan
Notes to Financial Statements (continued)

3. Actuarial Present Value of Accumulated Plan Benefits (continued)

	December 31, 2008	December 31, 2007																											
Salary Scale	Agents: The preceding year's total salary is increased by 5.00% at each age.	Agents: The preceding year's total salary is increased by 5.00% at each age.																											
	Home Office: The preceding year's base salary (or total pay if not participating in PrinPay program) is increased using a graded salary scale averaging 5.00%. Bonuses paid under the company wide PrinPay program are assumed to be paid at individual target percentages for future years. Selected rates of increase are shown below:	Home Office: The preceding year's base salary (or total pay if not participating in PrinPay program) is increased using a graded salary scale averaging 5.00%. Bonuses paid under the company wide PrinPay program are assumed to be paid at individual target percentages for future years. Selected rates of increase are shown below:																											
	<table><tr><th><u>Home Office</u></th><th></th></tr><tr><th><u>Age</u></th><th><u>Increase</u></th></tr><tr><td>20</td><td>11.00%</td></tr><tr><td>30</td><td>6.80%</td></tr><tr><td>40</td><td>5.00%</td></tr><tr><td>50</td><td>4.00%</td></tr><tr><td>60</td><td>2.70%</td></tr></table>	<u>Home Office</u>		<u>Age</u>	<u>Increase</u>	20	11.00%	30	6.80%	40	5.00%	50	4.00%	60	2.70%	<table><tr><th><u>Home Office</u></th><th></th></tr><tr><th><u>Age</u></th><th><u>Increase</u></th></tr><tr><td>20</td><td>11.00%</td></tr><tr><td>30</td><td>6.80%</td></tr><tr><td>40</td><td>5.00%</td></tr><tr><td>50</td><td>4.00%</td></tr><tr><td>60</td><td>2.70%</td></tr></table>	<u>Home Office</u>		<u>Age</u>	<u>Increase</u>	20	11.00%	30	6.80%	40	5.00%	50	4.00%	60
<u>Home Office</u>																													
<u>Age</u>	<u>Increase</u>																												
20	11.00%																												
30	6.80%																												
40	5.00%																												
50	4.00%																												
60	2.70%																												
<u>Home Office</u>																													
<u>Age</u>	<u>Increase</u>																												
20	11.00%																												
30	6.80%																												
40	5.00%																												
50	4.00%																												
60	2.70%																												

The Principal Pension Plan

Notes to Financial Statements (continued)

3. Actuarial Present Value of Accumulated Plan Benefits (continued)

	December 31, 2008			December 31, 2007		
Retirement Age	Based on historical frequency distribution:			Based on historical frequency distribution:		
	<u>Agents</u>			<u>Agents</u>		
	<u>Probability of Retiring</u>			<u>Probability of Retiring</u>		
	<u>Age</u>	<u>Probability</u>		<u>Age</u>	<u>Probability</u>	
	57	0.040		57	0.040	
	58	0.025		58	0.025	
	59	0.030		59	0.030	
	60	0.040		60	0.040	
	61	0.110		61	0.110	
	62	0.135		62	0.135	
	63	0.106		63	0.106	
	64	0.245		64	0.245	
	65	1.000		65	1.000	
	<u>Home Office</u>			<u>Home Office</u>		
	<u>Grandfathered Choice</u>			<u>Grandfathered Choice</u>		
	<u>Participants</u>			<u>Participants</u>		
	<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
	57	0.050	0.040	57	0.050	0.040
	58	0.050	0.040	58	0.050	0.040
	59	0.050	0.060	59	0.050	0.060
	60	0.070	0.068	60	0.070	0.068
	61	0.100	0.075	61	0.100	0.075
	62	0.330	0.215	62	0.330	0.215
	63	0.140	0.125	63	0.140	0.125
	64	0.280	0.265	64	0.280	0.265
	65	1.000	1.000	65	1.000	1.000

The Principal Pension Plan

Notes to Financial Statements (continued)

3. Actuarial Present Value of Accumulated Plan Benefits (continued)

	December 31, 2008			December 31, 2007		
Retirement Age (continued)	<u>Home Office Probability of Retiring</u>			<u>Home Office Probability of Retiring</u>		
	<u>Other</u>			<u>Other</u>		
	<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
	57	0.050	0.040	57	0.050	0.040
	58	0.050	0.040	58	0.050	0.040
	59	0.050	0.060	59	0.050	0.060
	60	0.070	0.068	60	0.070	0.068
	61	0.100	0.075	61	0.100	0.075
	62	0.250	0.150	62	0.250	0.150
	63	0.250	0.150	63	0.250	0.150
	64	0.300	0.250	64	0.300	0.250
	65	1.000	1.000	65	1.000	1.000
	Withdrawal	<u>Agents</u>			<u>Agents</u>	
Table of withdrawal rates based on actual Plan experience. The table is a 10-year select and ultimate table. Selected rates for a 35 year old new entrant are:			Table of withdrawal rates based on actual Plan experience. The table is a 10-year select and ultimate table. Selected rates for a 35 year old new entrant are:			
	<u>Rate of</u>	<u>Age Withdrawal</u>		<u>Rate of</u>	<u>Age Withdrawal</u>	
		35	25.5%		35	25.5%
		40	15.2%		40	15.2%
		45	9.2%		45	9.2%
		50	8.9%		50	8.9%
		65	8.9%		65	8.9%
		60	8.9%		60	8.9%

The Principal Pension Plan

Notes to Financial Statements (continued)

3. Actuarial Present Value of Accumulated Plan Benefits (continued)

	December 31, 2008	December 31, 2007
Withdrawal (continued)	Home Office	Home Office
	Table of withdrawal rates based on actual Plan experience. Selected rates are:	Table of withdrawal rates based on actual Plan experience. Selected rates are:
	Male	Male
	Rate of	Rate of
	Age Withdrawal	Age Withdrawal
	25 14.2%	25 14.2%
	30 13.7%	30 13.7%
	35 11.1%	35 11.1%
	40 10.1%	40 10.1%
	50 10.4%	50 10.4%
	60 0.0%	60 0.0%
	Female	Female
	Rate of	Rate of
	Age Withdrawal	Age Withdrawal
	25 16.9%	25 16.9%
	30 14.1%	30 14.1%
	35 12.2%	35 12.2%
	40 11.2%	40 11.2%
	50 10.3%	50 10.3%
	60 0.0%	60 0.0%
Cash Balance Crediting Rate	5.50% annually	5.50% annually
Convert Cash Balance Account to Annuity	Mortality 1994 GAR	Mortality 1994 GAR
	Interest 5.85%	Interest 5.85%
	COLA 1.875%	COLA 1.875%

These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated Plan benefits.

The Principal Pension Plan

Notes to Financial Statements (continued)

4. Investments

Total invested assets for each of the unallocated portions of the investment accounts representing 5% or more of the fair value of net assets available for benefits were as follows:

	December 31	
	2009	2008
Principal Life Insurance Company		
Large-Cap Value I Separate Account	\$ 81,699,362	\$ 55,435,900
Principal Life Insurance Company		
Large-Cap Growth I Separate Account	65,107,188	41,759,980
Principal Life Insurance Company		
Large-Cap Growth Separate Account	64,464,043	41,415,697
Principal Life Insurance Company		
Core Plus Bond I Separate Account	59,540,021	*
Principal Life Insurance Company		
Large-Cap S&P 500 Index Separate Account	56,286,604	*
Principal Life Insurance Company		
Bond and Mortgage Separate Account	51,662,970	62,109,402
Principal Life Insurance Company		
Large-Cap Value III Separate Account	43,932,779	29,112,268
Principal Life Insurance Company		
International Growth Separate Account	36,766,299	38,231,895
Principal Life Insurance Company		
International I Separate Account	36,285,594	38,768,513
Principal Life Insurance Company		
Large-Cap Blend I Separate Account	*	49,747,512
Principal Life Insurance Company		
U.S. Property Separate Account	*	40,304,935

* Less than 5% of the fair value of net assets available for benefits at respective date.

The Principal Pension Plan
Notes to Financial Statements (continued)

5. Fair Value of Financial Instruments

Valuation Hierarchy

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date (an exit price). The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels.

- **Level 1** – Fair values are based on unadjusted quoted prices in active markets for identical assets.
- **Level 2** – Fair values are based on inputs other than quoted prices within Level 1 that are observable for the asset, either directly or indirectly. Our Level 2 assets are separate accounts of insurance company and all transactions are being transacted at the NAV price at the day of the transaction.
- **Level 3** – Fair values are based on significant unobservable inputs for the asset. Our Level 3 assets include real estate separate accounts of the insurance company.

Determination of Fair Value

The following discussion describes the valuation methodologies used for assets measured at fair value on a recurring basis. The techniques utilized in estimating the fair values of financial instruments are reliant on the assumptions used. Care should be exercised in deriving conclusions based on the fair value information of financial instruments presented below.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial instrument. Such estimates do not consider the tax impact of the realization of unrealized gains or losses. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial instrument. We did not make any significant changes to our valuation processes during 2009.

The Principal Pension Plan

Notes to Financial Statements (continued)

5. Fair Value of Financial Instruments (continued)

Separate Account Assets

Net asset value (NAV) of each of the separate accounts is calculated in a manner consistent with U.S. GAAP for investment companies and is determinative of their fair value and represents the price at which the Plan would be able to initiate a transaction.

- Several of the separate accounts invest in publicly quoted mutual funds or actively managed stocks. The fair value of the underlying mutual funds or stock is used to determine the NAV of the separate account, which is not publicly quoted.
- Some of the separate accounts also invest in fixed income securities. The fair value of the underlying securities is based on quoted prices of similar assets and used to determine the NAV of the separate account.
- One separate account invests in real estate, for which the fair value of the underlying real estate is based on unobservable inputs and used to determine the NAV of the separate account. The fair value of the underlying real estate is estimated using discounted cash flow valuation models that utilize public real estate market data inputs such as transaction prices, market rents, vacancy levels, leasing absorption, market cap rates and discount rates. In addition, each property is appraised annually by an independent appraiser.

Currently, this specific separate account has a temporary withdrawal limitation related to turmoil in the credit markets that resulted in a sharp slowdown in the sale of commercial real estate assets. The uncertain environment led to significantly increased requests for withdrawals. To allow for orderly administration and management benefiting all separate account investors, Principal Life implemented a pre-existing contractual limitation to delay withdrawal requests. Currently, certain, high need payments, such as death, disability, certain eligible retirements, and hardship withdrawals, are not subject to the withdrawal limitation. Other withdrawal requests are subject to the limitation until certain liquidity levels are achieved, mainly via proceeds from sales of underlying properties, rents from tenants and new investor contributions.

The Principal Pension Plan

Notes to Financial Statements (continued)

5. Fair Value of Financial Instruments (continued)

Since the inception of the withdrawal limitation, all sources of cash are first used to satisfy cash requirements at the properties, meet debt maturities, maintain compliance with debt covenants and meet upcoming separate account obligations. Outstanding withdrawal requests will be paid in multiple payments. Except for certain de minimis payments, payments will be made proportionately among all other outstanding withdrawal requests, based upon available liquidity. All withdrawals are being transacted at the NAV price at the date of distribution. Currently, there is no estimate of when this restriction will end. The restriction has been in place since September 26, 2008.

Assets Measured at Fair Value on a Recurring Basis

Assets measured at fair value on a recurring basis as of December 31, 2009 and 2008 are summarized below.

As of December 31, 2009				
Assets	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Separate accounts of insurance company:				
Fixed income security	\$ 161,626,197	\$ —	\$ 161,626,197	\$ —
U.S. large cap equity	311,489,976	—	311,489,976	—
Real estate investment trust	18,758,903	—	18,758,903	—
U.S. small/mid cap equity	58,070,274	—	58,070,274	—
U.S. real estate	30,334,417	—	—	30,334,417
International equity	120,827,544	—	120,827,544	—
Total assets	<u>\$ 701,107,311</u>	<u>\$ —</u>	<u>\$ 670,772,894</u>	<u>\$ 30,334,417</u>

As of December 31, 2008				
Assets	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Separate accounts of insurance company	\$ 516,884,091	\$ —	\$ 476,579,156	\$ 40,304,935
Total assets	<u>\$ 516,884,091</u>	<u>\$ —</u>	<u>\$ 476,579,156</u>	<u>\$ 40,304,935</u>

The Principal Pension Plan

Notes to Financial Statements (continued)

5. Fair Value of Financial Instruments (continued)

Changes in Level 3 Fair Value Measurements

The reconciliation for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2009 and 2008, are as follows:

For the Year Ended December 31, 2009						Changes in Unrealized Appreciation (Depreciation) Statements of Changes in Net Assets Available for Benefits Relating to Positions Still Held
Beginning Asset Balance as of January 1, 2009	Total Net Realized/ Unrealized Appreciation (Depreciation)	Purchases, Sales, Issuances and Settlements	Transfers in (out) of Level 3	Ending Asset Balance as of December 31, 2009		
Assets						
U.S. real estate	\$ 40,304,935	\$ (24,725,994)	\$ 14,755,477	\$ –	\$ 30,334,417	\$ (12,647,806)
Total	\$ 40,304,935	\$ (24,725,994)	\$ 14,755,477	\$ –	\$ 30,334,417	\$ (12,647,806)

For the Year Ended December 31, 2008						Changes in Unrealized Appreciation (Depreciation) Statements of Changes in Net Assets Available for Benefits Relating to Positions Still Held
Beginning Asset Balance as of January 1, 2008	Total Net Realized/ Unrealized Appreciation (Depreciation)	Purchases, Sales, Issuances and Settlements	Transfers in (out) of Level 3	Ending Asset Balance as of December 31, 2008		
Assets						
Separate accounts of insurance company	\$ 72,508,339	\$ (6,028,615)	\$ (26,174,789)	\$ –	\$ 40,304,935	\$ (19,264,356)
Total	\$ 72,508,339	\$ (6,028,615)	\$ (26,174,789)	\$ –	\$ 40,304,935	\$ (19,264,356)

The Principal Pension Plan

Notes to Financial Statements (continued)

6. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated November 27, 2002, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code), and therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended and restated. Once qualified, the Plan is required to operate in conformity with the terms of the plan document and the Code to maintain its qualification. The Plan Sponsor intends to operate the Plan in conformity with the provision of the document and the Code. The Plan Sponsor acknowledges that inadvertent errors may occur in the operation of the Plan. If such inadvertent errors occur, the Plan Sponsor represents that it will voluntarily and timely correct such errors in accordance with procedures established by the Internal Revenue Service.

7. Contracts With Insurance Company

Prior to April 10, 2009 when an employee retired and began benefits under the Plan, funds from the unallocated portion of investment contracts are allocated to Principal Life to provide all future retirement benefits to the retiree, at which time these allocated funds are excluded from the Plan's net assets available for benefits. Any future cost-of-living benefit enhancements provided pursuant to the terms of the Plan will be handled in the same manner. The fair value of the allocated funds at December 31, 2009 and 2008, totaled \$549,207,698 and \$493,611,718, respectively. The net realized and unrealized appreciation/(depreciation) in aggregate value of these contracts was \$88,874,808 and \$(253,305,878) for the years ended December 31, 2009 and 2008, respectively.

For employees that retiree on or after April 10, 2009, retirement payments and any future cost-of-living enhancements provided pursuant to the terms of the Plan are made on a direct fund basis each month directly from the unallocated portion of the investment contracts.

The Principal Pension Plan
Notes to Financial Statements (continued)

8. Transactions With Parties In Interest

Principal Financial Advisors, Inc. (PFA), an affiliate of Principal Life, provides investment management services to the Plan. Fees for PFA's services are paid directly by Principal Life. The Plan invests in Principal Life Separate Accounts and Principal Life receives revenue from the investments. Principal Life also provides recordkeeping services to the Plan and receives fees, which are paid through revenue generated by Plan investments, for those services. Fees paid during the year for services rendered by parties in interest were based on customary and reasonable rates for such services. Principal Life may pay other Plan expenses from time to time.

9. Form 5500

Certain line items in the 2009 and 2008 Form 5500s differ from similar classifications in the accompanying financial statements. However, such differences are not considered material and create no differences in the net assets available for benefits at December 31, 2009 and 2008.

Schedules

The Principal Pension Plan

EIN #42-0127290 Plan #001

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2009

Identity of Issuer	Description of Investment	Cost**	Current Value
Pooled separate accounts			
Principal Life Insurance Company*	Bond and Mortgage Separate Account	\$ 51,360,888	\$ 51,662,970
Principal Life Insurance Company*	High Yield I Separate Account	21,530,270	24,991,961
Principal Life Insurance Company*	Core Plus Bond I Separate Account	55,766,442	59,540,021
Principal Life Insurance Company*	Large-Cap S&P 500 Index Separate Account	53,367,462	56,286,604
Principal Life Insurance Company*	Large-Cap Value I Separate Account	91,010,149	81,699,362
Principal Life Insurance Company*	Large-Cap Value III Separate Account	44,735,390	43,932,779
Principal Life Insurance Company*	U.S. Property Separate Account	29,347,140	30,334,417
Principal Life Insurance Company*	Large-Cap Growth Separate Account	64,152,902	64,464,043
Principal Life Insurance Company*	Large-Cap Growth I Separate Account	58,161,548	65,107,188
Principal Life Insurance Company*	Small-Cap Value II Separate Account	13,879,024	14,196,413
Principal Life Insurance Company*	Small-Cap Growth II Separate Account	14,896,655	14,518,470
Principal Life Insurance Company*	International I Separate Account	35,205,521	36,285,594
Principal Life Insurance Company*	Real Estate Securities Separate Account	14,374,450	18,758,903
Principal Life Insurance Company*	International Emerging Markets Separate Account	9,512,619	12,801,492
Principal Life Insurance Company*	International Growth Separate Account	34,520,384	36,766,299
Principal Life Insurance Company*	International Value Separate Account	24,039,322	34,974,159
Principal Life Insurance Company*	Inflation Protection Separate Account	26,840,665	25,431,245
Principal Life Insurance Company*	Midcap Value III Separate Account	16,662,759	14,641,413
Principal Life Insurance Company*	Midcap Growth III Separate Account	16,439,499	14,713,978
Total invested assets		<u>\$ 675,803,089</u>	<u>\$ 701,107,311</u>

*Indicates party in interest to the Plan.

**The insurance company maintains its records on a contract and fair value basis; therefore, historical cost basis information is not available but has been estimated by the insurance company.

The Principal Pension Plan

EIN #42-0127290 Plan #001

Schedule H, Line 4j – Schedule of Reportable Transactions

Year Ended December 31, 2009

Identity of Party Involved/ Description of Asset	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on		Net Gain (Loss)
				Transaction Date		
Category (iii) – Series of transactions in excess of 5% of plan assets						
Principal Life Insurance Company* Core Plus Bond I Separate Account	\$ 83,591,051	\$ –	\$ 83,591,051	\$ 83,591,051	\$ –	–
Principal Life Insurance Company* Core Plus Bond I Separate Account	–	39,384,702	36,914,314	39,384,702		2,470,388
Principal Life Insurance Company* Bond and Mortgage Separate Account	71,176,015	–	71,176,015	71,176,015		–
Principal Life Insurance Company* Bond and Mortgage Separate Account	–	83,400,550	85,292,306	83,400,550		(1,891,756)
Principal Life Insurance Company* Large-Cap Blend I Separate Account	57,982,012	–	57,982,012	57,982,012		–
Principal Life Insurance Company* Large-Cap Blend I Separate Account	–	116,028,900	118,860,945	116,028,900		(2,832,045)
Principal Life Insurance Company* Large-Cap S&P 500 Index Separate Account	95,173,157	–	95,173,157	95,173,157		–

The Principal Pension Plan

EIN #42-0127290 Plan #001

Schedule H, Line 4j – Schedule of Reportable Transactions (continued)

Identity of Party Involved/ Description of Asset	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on		Net Gain (Loss)
				Transaction Date		
Category (iii) – Series of transactions in excess of 5% of plan assets (continued)						
Principal Life Insurance Company* International Value Separate Account	\$ 48,388,041	\$ –	\$ 48,388,041	\$ 48,388,041	\$ –	–
Principal Life Insurance Company* International Value Separate Account	–	35,488,175	24,348,719	35,488,175	11,139,456	–
Principal Life Insurance Company* International I Separate Account	21,905,864	–	21,905,864	21,905,864	–	–
Principal Life Insurance Company* International I Separate Account	–	25,367,087	32,421,096	285,367,087	(7,054,009)	–
Principal Life Insurance Company* International Growth Separate Account	20,074,266	–	20,074,266	20,074,266	–	–
Principal Life Insurance Company* International Growth Separate Account	–	22,295,155	27,113,840	22,295,155	(4,818,685)	–
Principal Life Insurance Company* Preferred Securities Separate Account	10,350,691	–	10,350,691	10,350,691	–	–

The Principal Pension Plan

EIN #42-0127290 Plan #001

Schedule H, Line 4j – Schedule of Reportable Transactions (continued)

Identity of Party Involved/ Description of Asset	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on		Net Gain (Loss)
				Transaction Date		
Category (iii) – Series of transactions in excess of 5% of plan assets (continued)						
Principal Life Insurance Company* Preferred Securities Separate Account	\$ –	\$ 20,632,604	\$ 27,583,323	\$ 20,632,604	\$	(6,950,719)
Principal Life Insurance Company* Small-Cap Value II Separate Account	24,750,724	–	24,750,724	24,750,724		–
Principal Life Insurance Company* Small-Cap Value II Separate Account	–	11,120,159	10,871,701	11,120,159		248,458
Principal Life Insurance Company* Small-Cap Value I Separate Account	13,155,708	–	13,155,708	13,155,708		–
Principal Life Insurance Company* Small-Cap Value I Separate Account	–	25,715,387	26,639,706	25,715,387		(924,319)

There were no category (i), (ii) or (iv) transactions during the year.

*Indicates party in interest to the Plan.

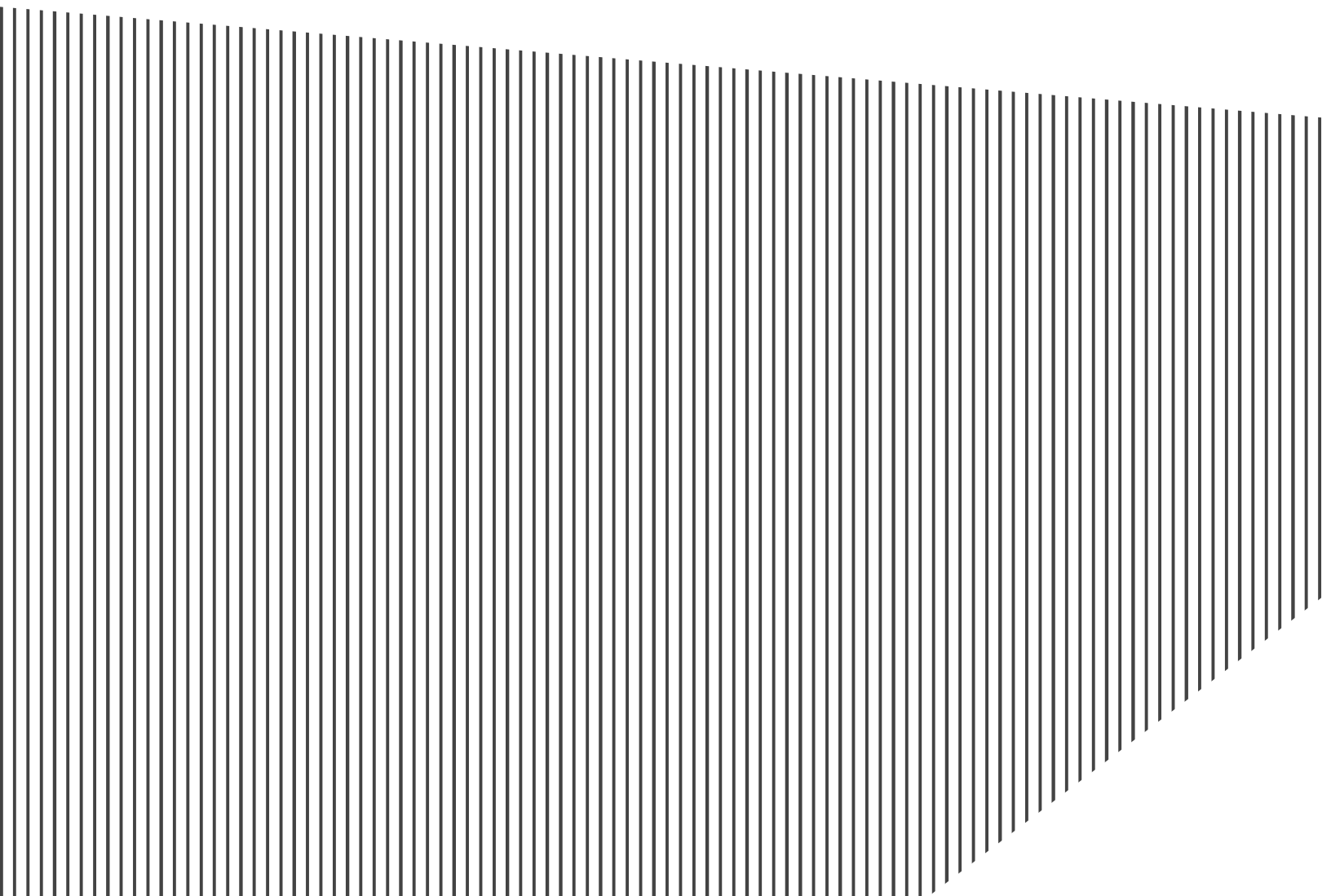
Schedule is prepared using the alternative way of reporting (iii) series transactions under DOL Regulation 2520.103-6(d)(2).

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 144,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

For more information, please visit www.ey.com

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. This Report has been prepared by Ernst & Young LLP, a client serving member firm located in the United States.



SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

THE PRINCIPAL PENSION PLAN

EIN 42 0127290
 PLAN NUMBER 001
 PLAN YEAR 01/01/2009 TO 12/31/2009

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN MIDCAP VALUE III SA-I4	\$ 16,662,759.00	\$ 14,641,413.00
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN INTL EM MKT SEP ACCT-I5	\$ 9,512,619.00	\$ 12,801,492.00
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN LGCAP GROWTH SEP ACCT-I5	\$ 64,152,902.00	\$ 64,464,043.00
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN U.S. PROPERTY SA-I5	\$ 29,347,140.00	\$ 30,334,417.00
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN BOND AND MTGE SA-I5	\$ 51,360,888.00	\$ 51,662,970.00
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN LGCAP S&P 500 INDEX SA-I3	\$ 53,367,462.00	\$ 56,286,604.00
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN INTL I SEPARATE ACCT-I2	\$ 35,205,521.00	\$ 36,285,594.00
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN MIDCAP GROWTH III SA-I2	\$ 16,439,499.00	\$ 14,713,978.00
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN INTL GROWTH SEP ACCT-I2	\$ 34,520,384.00	\$ 36,766,299.00
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN LARGE CAP GROWTH I SA-I2	\$ 58,161,548.00	\$ 65,107,188.00
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN LARGE CAP VALUE III SA-I2	\$ 44,735,390.00	\$ 43,932,779.00
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN SMALL CAP GROWTH II SA-I2	\$ 14,896,655.00	\$ 14,518,470.00
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN REAL ESTATE SECS SA-I3	\$ 14,374,450.00	\$ 18,758,903.00
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN SMALL CAP VALUE II SA-I2	\$ 13,879,024.00	\$ 14,196,413.00
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN LARGE CAP VALUE I SA-I2	\$ 91,010,149.00	\$ 81,699,362.00

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

EIN 42 0127290
PLAN NUMBER 001
PLAN YEAR 01/01/2009 TO 12/31/2009

[illegible]

SCHEDULE H, Line 4j - SCHEDULE OF REPORTABLE TRANSACTIONS

THE PRINCIPAL PENSION PLAN

EIN 42 0127290

PLAN NUMBER 001

PLAN YEAR 01/01/2009 to 12/31/2009

DESCRIPTION OF ASSET	(A) Total Number of Purchases	(B) Total Number of Sales	(C) Total Value of Purchases	(D) Total Value of Sales	(E) Net Gain/(Loss)
Pooled Separate Accounts Principal Core Plus Bond I Sep	16		\$83,591,051.41		\$0.00
Pooled Separate Accounts Principal Core Plus Bond I Sep		149		\$39,384,702.39	\$2,470,387.87
Pooled Separate Accounts Principal Bond & Mortgage Se	54		\$71,176,014.61		\$0.00
Pooled Separate Accounts Principal Bond & Mortgage Se		362		\$83,400,549.78	(\$1,891,756.26)
Pooled Separate Accounts Principal LargeCap Blend I Se	9		\$57,982,012.02		\$0.00
Pooled Separate Accounts Principal LargeCap Blend I Se		2		\$116,028,899.88	(\$2,832,045.13)
Pooled Separate Accounts Principal LargeCap S&P 500 In	5		\$95,173,157.43		\$0.00
Pooled Separate Accounts Principal LargeCap S&P 500 In		2		\$44,090,794.19	\$2,285,099.03
Pooled Separate Accounts Principal International Value	12		\$48,388,041.20		\$0.00
Pooled Separate Accounts Principal International Value		4		\$35,488,174.95	\$11,139,455.96
Pooled Separate Accounts Principal International I Sep	10		\$21,905,863.79		\$0.00
Pooled Separate Accounts Principal International I Sep		6		\$25,367,086.79	(\$7,054,009.48)
Pooled Separate Accounts Principal International Growth	10		\$20,074,266.44		\$0.00

SCHEDULE H, Line 4j - SCHEDULE OF REPORTABLE TRANSACTIONS

* Schedule is prepared using the alternative way of reporting (iii) series transactions under DOL Regulation 2520.103-6(d)(2).

SCHEDULE H,Line 4j - SCHEDULE OF REPORTABLE TRANSACTIONS

THE PRINCIPAL PENSION PLAN

EIN 42 0127290

PLAN NUMBER 001

PLAN YEAR 01/01/2009 to 12/31/2009

SCHEDULE H,Line 4j - SCHEDULE OF REPORTABLE TRANSACTIONS

DESCRIPTION OF ASSET	(A) Total Number of Purchases	(B) Total Number of Sales	(C) Total Value of Purchases	(D) Total Value of Sales	(E) Net Gain/(Loss)
Pooled Separate Accounts Principal International Growth		6		\$22,295,155.41	(\$4,818,684.62)
Pooled Separate Accounts Principal Preferred Sec Sep	2		\$10,350,691.13		\$0.00
Pooled Separate Accounts Principal Preferred Sec Sep		4		\$20,632,604.43	(\$6,950,719.37)
Pooled Separate Accounts Principal SmCap Value II Sep	5		\$24,750,724.08		
Pooled Separate Accounts Principal SmCap Value II Sep		2		\$11,120,158.78	\$248,458.20
Pooled Separate Accounts Principal SmallCap Value I Sep	9		\$13,155,707.68		
Pooled Separate Accounts Principal SmallCap Value I Sep		2		\$25,715,386.98	(\$924,319.10)

* Schedule is prepared using the alternative way of reporting (iii) series transactions under DOL Regulation 2520.103-6(d)(2).

Schedule SB, Line 22 - Description of Weighted Average Retirement Age
THE PRINCIPAL PENSION PLAN
EIN 420127290 Plan No. 001

The weighted average retirement age is weighted by the expected percentage retiring at each age.

Schedule B, Line 26 - Schedule of Active Participant Data
The Principal Pension Plan
EIN 420127290 Plan No 001

4-8463 & 4-8464

Valn Date 1/1/2009

Form 5500 - Schedule of Active Participant Data															
YEARS OF CREDITED SERVICE															
Under 1				1 to 4			5 to 9			10 to 14			15 to 19		
Attained Age	No.	Average Comp.	Cash Bal.	No.	Average Comp.	Cash Bal.	No.	Average Comp.	Cash Bal.	No.	Average Comp.	Cash Bal.	No.	Average Comp.	Cash Bal.
Under 25	176	35,771	520	348	44,444	1,985	6			0			0		
25 to 29	223	43,648	701	1,250	51,490	3,726	329	60,921	10,239	21	46,426	9,829	0		
30 to 34	137	56,515	853	744	63,237	4,529	658	72,938	14,012	307	72,718	17,453	18		
35 to 39	149	61,496	905	526	73,698	6,458	470	78,372	17,719	650	83,355	24,010	312	87,096	29,359
40 to 44	113	71,019	1,613	405	84,971	9,517	372	83,953	23,453	442	78,416	24,935	498	92,051	35,080
45 to 49	91	71,604	1,393	339	75,105	9,126	297	84,204	25,815	339	79,980	29,615	288	85,359	38,703
50 to 54	72	69,727	1,243	212	78,508	9,344	231	82,652	28,220	206	69,073	32,536	240	77,229	47,871
55 to 59	37	50,968	673	132	64,185	8,587	129	79,417	33,640	178	63,911	34,020	158	65,623	46,431
60 to 64	20	72,604	2,327	72	70,573	10,564	81	59,500	26,310	88	59,195	37,223	63	69,300	50,190
65 to 69	3			19			17			15			13		
70 & up	2			3			1			3			0		
	1,023			4,050			2,591			2,249			1,590		

Form 5500 - Schedule of Active Participant Data															
YEARS OF CREDITED SERVICE															
20 to 24				25 to 29			30 to 34			35 to 39			40 and up		
Attained Age	No.	Average Comp.	Cash Bal.	No.	Average Comp.	Cash Bal.	No.	Average Comp.	Cash Bal.	No.	Average Comp.	Cash Bal.	No.	Average Comp.	Cash Bal.
Under 25	0			0			0			0			0		
25 to 29	0			0			0			0			0		
30 to 34	0			0			0			0			0		
35 to 39	18			0			0			0			0		
40 to 44	329	92072	42503	22	72516	34137	0			0			0		
45 to 49	362	100586	53508	242	77207	43636	45	71349	42628	0			0		
50 to 54	188	90256	65266	139	112532	98490	123	81644	77192	19			0		
55 to 59	122	85532	71200	83	89445	87193	69	100430	105225	63	86677	94715	7		
60 to 64	76	71596	66227	32	79306	81716	25	87719	92210	23	96220	106061	11		
65 to 69	6			3			1			0			4		
70 & up	0			1			1			0			0		
	1,101			522			264			105			22		13,517

Schedule SB, Part V - Statement of Actuarial Assumptions/Methods
THE PRINCIPAL PENSION PLAN
EIN 420127290 Plan No. 001

Assumptions Prescribed by Law	
Mortality	During Benefit Payment Period IRS Prescribed Mortality-Static Annuitant, male and female.
	Before Benefit Payment Period IRS Prescribed Mortality- Static Non-annuitant, male and female.
Interest Rate for Employee Accumulations	6.75%

Schedule SB, Part V - Statement of Actuarial Assumptions/Methods
THE PRINCIPAL PENSION PLAN
EIN 420127290 Plan No. 001

Assumptions Selected by Actuary																																														
Retirement Age	Based on historitcal frequency distribution																																													
	Agents:																																													
	<table><tr><th>Age</th><th colspan="2">Probability of Retirement</th></tr><tr><td>57</td><td colspan="2">4.0%</td></tr><tr><td>58</td><td colspan="2">2.5%</td></tr><tr><td>59</td><td colspan="2">3.0%</td></tr><tr><td>60</td><td colspan="2">4.0%</td></tr><tr><td>61</td><td colspan="2">11.0%</td></tr><tr><td>62</td><td colspan="2">13.5%</td></tr><tr><td>63</td><td colspan="2">10.6%</td></tr><tr><td>64</td><td colspan="2">24.5%</td></tr><tr><td>65</td><td colspan="2">100.0%</td></tr></table>			Age	Probability of Retirement		57	4.0%		58	2.5%		59	3.0%		60	4.0%		61	11.0%		62	13.5%		63	10.6%		64	24.5%		65	100.0%														
	Age	Probability of Retirement																																												
	57	4.0%																																												
	58	2.5%																																												
	59	3.0%																																												
	60	4.0%																																												
	61	11.0%																																												
	62	13.5%																																												
	63	10.6%																																												
	64	24.5%																																												
	65	100.0%																																												
	Home Office (Grandfathered Choice Participants):																																													
	<table><tr><th></th><th colspan="3">Probability of Retirement</th></tr><tr><th>Age</th><th>Male</th><th>Female</th><th></th></tr><tr><td>57</td><td>5.0%</td><td>4.0%</td><td></td></tr><tr><td>58</td><td>5.0%</td><td>4.0%</td><td></td></tr><tr><td>59</td><td>5.0%</td><td>6.0%</td><td></td></tr><tr><td>60</td><td>7.0%</td><td>6.8%</td><td></td></tr><tr><td>61</td><td>10.0%</td><td>7.5%</td><td></td></tr><tr><td>62</td><td>33.0%</td><td>21.5%</td><td></td></tr><tr><td>63</td><td>14.0%</td><td>12.5%</td><td></td></tr><tr><td>64</td><td>28.0%</td><td>26.5%</td><td></td></tr><tr><td>65</td><td>100.0%</td><td>100.0%</td><td></td></tr></table>				Probability of Retirement			Age	Male	Female		57	5.0%	4.0%		58	5.0%	4.0%		59	5.0%	6.0%		60	7.0%	6.8%		61	10.0%	7.5%		62	33.0%	21.5%		63	14.0%	12.5%		64	28.0%	26.5%		65	100.0%	100.0%
	Probability of Retirement																																													
Age	Male	Female																																												
57	5.0%	4.0%																																												
58	5.0%	4.0%																																												
59	5.0%	6.0%																																												
60	7.0%	6.8%																																												
61	10.0%	7.5%																																												
62	33.0%	21.5%																																												
63	14.0%	12.5%																																												
64	28.0%	26.5%																																												
65	100.0%	100.0%																																												

Schedule SB, Part V - Statement of Actuarial Assumptions/Methods
THE PRINCIPAL PENSION PLAN
EIN 420127290 Plan No. 001

Retirement Age (continued)	<div>Home Office (All Other Participants):</div> <table><tr><th></th><th colspan="2">Probability of Retirement</th></tr><tr><th>Age</th><th>Male</th><th>Female</th></tr><tr><td>57</td><td>5.0%</td><td>4.0%</td></tr><tr><td>58</td><td>5.0%</td><td>4.0%</td></tr><tr><td>59</td><td>5.0%</td><td>6.0%</td></tr><tr><td>60</td><td>7.0%</td><td>6.8%</td></tr><tr><td>61</td><td>10.0%</td><td>7.5%</td></tr><tr><td>62</td><td>25.0%</td><td>15.0%</td></tr><tr><td>63</td><td>25.0%</td><td>15.0%</td></tr><tr><td>64</td><td>30.0%</td><td>25.0%</td></tr><tr><td>65</td><td>100.0%</td><td>100.0%</td></tr></table>		Probability of Retirement		Age	Male	Female	57	5.0%	4.0%	58	5.0%	4.0%	59	5.0%	6.0%	60	7.0%	6.8%	61	10.0%	7.5%	62	25.0%	15.0%	63	25.0%	15.0%	64	30.0%	25.0%	65	100.0%	100.0%
	Probability of Retirement																																	
Age	Male	Female																																
57	5.0%	4.0%																																
58	5.0%	4.0%																																
59	5.0%	6.0%																																
60	7.0%	6.8%																																
61	10.0%	7.5%																																
62	25.0%	15.0%																																
63	25.0%	15.0%																																
64	30.0%	25.0%																																
65	100.0%	100.0%																																
Upcoming Year Salary Increase	<div>Agents: The preceding year’s total salary is increased by 5.00% at each age.</div> <div>Home Office: The preceding year’s base salary is increased using a graded salary scale averaging 5.00%. Sample rates are as follows:</div> <table><tr><th>Age</th><th>Upcoming Increase</th></tr><tr><td>20</td><td>11.00%</td></tr><tr><td>30</td><td>6.80%</td></tr><tr><td>40</td><td>5.00%</td></tr><tr><td>50</td><td>4.00%</td></tr><tr><td>60</td><td>2.70%</td></tr></table> <div>Bonuses assumed to be paid at individual target percentages for future years.</div> <div>Note: not used for SFAS 35 calculations.</div>	Age	Upcoming Increase	20	11.00%	30	6.80%	40	5.00%	50	4.00%	60	2.70%																					
Age	Upcoming Increase																																	
20	11.00%																																	
30	6.80%																																	
40	5.00%																																	
50	4.00%																																	
60	2.70%																																	
Disability	None.																																	
Marriage	<div>Agents: 95% of males are married. 60% of females are married. Male is 3 years older than the female.</div> <div>Home Office: 94% of males are married. 62% of females are married. Male is 3 years older than the female.</div>																																	

Schedule SB, Part V - Statement of Actuarial Assumptions/Methods
THE PRINCIPAL PENSION PLAN
EIN 420127290 Plan No. 001

Withdrawal	<p>Agents: Table of withdrawal rates based on actual experience. The table is a 10 year select and ultimate table.</p> <p>Selected rates for a 35 year old new entrant are:</p> <table> <tr> <th>Age</th><th>Rate of withdrawal</th></tr> <tr> <td>35</td><td>25.5%</td></tr> <tr> <td>40</td><td>15.2%</td></tr> <tr> <td>45</td><td>9.2%</td></tr> </table> <table> <tr> <th>Age</th><th>Rate of withdrawal</th></tr> <tr> <td>50</td><td>8.9%</td></tr> <tr> <td>55</td><td>8.9%</td></tr> <tr> <td>60</td><td>8.9%</td></tr> </table> <p>Home Office: Table of withdrawal rates based on actual plan experience.</p> <p>Selected rates for Males:</p> <table> <tr> <th>Age</th><th>Rate of withdrawal</th></tr> <tr> <td>25</td><td>14.2%</td></tr> <tr> <td>30</td><td>13.7%</td></tr> <tr> <td>35</td><td>11.1%</td></tr> </table> <table> <tr> <th>Age</th><th>Rate of withdrawal</th></tr> <tr> <td>40</td><td>10.1%</td></tr> <tr> <td>50</td><td>10.4%</td></tr> <tr> <td>60</td><td>0.0%</td></tr> </table> <p>Selected rates for Females:</p> <table> <tr> <th>Age</th><th>Rate of withdrawal</th></tr> <tr> <td>25</td><td>16.9%</td></tr> <tr> <td>30</td><td>14.1%</td></tr> <tr> <td>35</td><td>12.2%</td></tr> </table> <table> <tr> <th>Age</th><th>Rate of withdrawal</th></tr> <tr> <td>40</td><td>11.2%</td></tr> <tr> <td>50</td><td>10.3%</td></tr> <tr> <td>60</td><td>0.0%</td></tr> </table>	Age	Rate of withdrawal	35	25.5%	40	15.2%	45	9.2%	Age	Rate of withdrawal	50	8.9%	55	8.9%	60	8.9%	Age	Rate of withdrawal	25	14.2%	30	13.7%	35	11.1%	Age	Rate of withdrawal	40	10.1%	50	10.4%	60	0.0%	Age	Rate of withdrawal	25	16.9%	30	14.1%	35	12.2%	Age	Rate of withdrawal	40	11.2%	50	10.3%	60	0.0%
Age	Rate of withdrawal																																																
35	25.5%																																																
40	15.2%																																																
45	9.2%																																																
Age	Rate of withdrawal																																																
50	8.9%																																																
55	8.9%																																																
60	8.9%																																																
Age	Rate of withdrawal																																																
25	14.2%																																																
30	13.7%																																																
35	11.1%																																																
Age	Rate of withdrawal																																																
40	10.1%																																																
50	10.4%																																																
60	0.0%																																																
Age	Rate of withdrawal																																																
25	16.9%																																																
30	14.1%																																																
35	12.2%																																																
Age	Rate of withdrawal																																																
40	11.2%																																																
50	10.3%																																																
60	0.0%																																																
Wage Base Increase	3.25% per year.																																																
Compensation Limit Increase	3.00% increase per year used in the calculation of the IRC 404 Maximum Deduction cushion. See Calculated Deduction in Rules and Regulations.																																																
Form of Benefit	Participants are assumed to receive their benefits on the normal form at the assumed retirement age.																																																
Retirement Cost of Living	1.875% inflation rate (75% of assumed 2.5% inflation rate)																																																
Cash Balance Crediting Rate	5.50% compounded annually																																																

Schedule SB, Part V - Statement of Actuarial Assumptions/Methods
THE PRINCIPAL PENSION PLAN
EIN 420127290 Plan No. 001

Methods Prescribed by Law	
Liability Measure	Funding target is the present value of the benefits accrued on the valuation date. Target Normal Cost is based on benefits expected to accrue during the current plan year.
Benefit Accrual	<p>All benefits paid at decrement are considered in total and then split to determine how much is included in Funding Target. The following pieces are included in the Funding Target.</p> <ul style="list-style-type: none"> • The portion based on the plan's definition of accrued benefit. • The benefit portion in excess of the accrued benefit based on the ratio of the participant's years of service on the valuation date to the years of service the participant will have at the time of decrement. <p>The benefits included in Target Normal Cost are calculated similarly, by splitting the benefits. The Target Normal Cost is based on the difference between the amount included in Funding Target and an amount calculated assuming the participant accrues service through the end of the plan year.</p>
Methods Selected by Plan Sponsor	
Asset Measure	<p>The asset valuation method is prescribed by law for plans that elect to use a value other than market value.</p> <p>For each of the preceding two years, an expected value of assets at the end of the year is compared to the end of year market value. The resulting gain or loss is recognized evenly over three plan years.</p> <p>The expected value includes contributions, distributions, any deducted administrative expenses, and expected earnings (based on the lesser of the assumed interest rate or the Maximum Allowable Rate). The deferred gains and losses are added to the current market value and then restricted to no more than 110% and no less than 90% of that market value.</p> <p>When actual returns exceed the assumed return, the actuarial value of assets will lag below market value. The lag and the smoothing effect are limited since the value must be within 10% of market value.</p>
Yield Curve Rates	Full yield curve. Use the rates through the month of October.
PBGC Premium Basis	Premiums are calculated using the funding target rates used for the plan year. This method was elected with the 01/01/2009 plan year and must continue for five years before a change can be made.

Schedule SB, Part V - Statement of Actuarial Assumptions/Methods
THE PRINCIPAL PENSION PLAN
EIN 420127290 Plan No. 001

Methods Elected by Actuary	
Retirees	Assets and liabilities for current and future retirees are included.
HCE Benefit Payment Restrictions	<p>A ratio of the market value of assets and funding target is used to determine if restrictions apply. Assets and Funding Target are as of the valuation date and are reduced by:</p> <ul style="list-style-type: none"> • any retiree benefit index or floor • amounts for HCEs who were previously restricted • an amount for the retiring HCE
Vested Benefits	<p>A benefit is included in vested benefits when the participant will meet age and service eligibility requirements at the valuation date. The benefit is multiplied by the participant's vesting percentage applicable to each benefit on the valuation date.</p> <p>The following ancillary benefits are always treated as nonvested: disability benefits payable to retirement age unless in pay status, and pre-retirement death benefits in excess of the Survivor Annuity Death Benefit except as noted in the Plan Provisions.</p>
Assumptions and Methods Elected by Actuary	
Long-Term Contribution Level and Plan Accounting (formerly known as SFAS No. 35)	
With the exceptions below, all assumptions and methods are the same as those used in determining your plan's regular Funding Target and Target Normal Cost.	
Interest Rate Used to Value Liabilities	7.25%
Benefit Liability	<p>Long-Term Contribution Level reflects:</p> <ul style="list-style-type: none"> • Service and compensation projected to the age benefits are assumed to be paid. • Compensation and benefit limits projected at 3.00% per year.
Long-Term Contribution Level	Allocates the difference between the Benefit Liability and the Actuarial Value of Assets as a level percentage of payroll per year.

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
---	--	---

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan THE PRINCIPAL PENSION PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF PRINCIPAL LIFE INSURANCE COMPANY	D Employer Identification Number (EIN) 42-0127290	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information

1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2009</u>			
2 Assets:			
a Market value.....	2a	1035177528	
b Actuarial value.....	2b	1138695281	
3 Funding target/participant count breakdown	(1) Number of participants		(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	3525	426727332
b For terminated vested participants.....	3b	7808	171852675
c For active participants:			
(1) Non-vested benefits.....	3c(1)		26855342
(2) Vested benefits.....	3c(2)		375588702
(3) Total active.....	3c(3)	13517	402444044
d Total.....	3d	24850	1001024051
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions.....	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....	4b		
5 Effective interest rate.....	5	8.02 %	
6 Target normal cost.....	6	41031779	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE		
	Signature of actuary	Date
	Terrance M. McCarthy	0804665
	Type or print name of actuary	Most recent enrollment number
	Principal Financial Group	515-235-5411
	Firm name	Telephone number (including area code)
	PO Box 9394 Des Moines, IA 50306-9394	
	Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	131843762	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9 Amount remaining (Item 7 minus item 8)	131843762	0
10 Interest on item 9 using prior year's actual return of <u>-33.68</u> %	-44404979	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		47387766
b Interest on (a) using prior year's effective rate of <u>6.18</u> %		2928564
c Total available at beginning of current plan year to add to prefunding balance		50316330
d Portion of (c) to be added to prefunding balance		0
12 Reduction in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	87438783	0

Part III Funding percentages		
14 Funding target attainment percentage	14	105.02 %
15 Adjusted funding target attainment percentage	15	113.75 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	131.98 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
09/30/2009	6250000	0			
12/22/2009	37000000	0			
12/31/2009	6250000	0			
Totals ▶			18(b)	49500000	18(c)
					0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	46013400

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b 3
22 Weighted average retirement age				22 64
23 Mortality table(s) (see instructions)	☐ Prescribed - combined	☒ Prescribed - separate	☐ Substitute	

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment	☐ Yes	☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment	☒ Yes	☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment	☒ Yes	☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment	27	

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	0
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33)	34	0
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	0	0
36 Additional cash requirement (item 34 minus item 35)	36	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	37	46013400
38 Interest-adjusted excess contributions for current year (see instructions)	38	46013400
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

Schedule SB, Line 2a - Explanation of Assets
THE PRINCIPAL PENSION PLAN
EIN 420127290 Plan No. 001

Line 2a includes assets allocated for retirees' guaranteed benefits of \$493,611,718..

Schedule SB, Part III - Explanation of Funded Ratios
THE PRINCIPAL PENSION PLAN
EIN 420127290 Plan No. 001

For 2009 and prior years, funded ratios were rounded to the nearest 0.01% for operational purposes.

Schedule SB, Part V - Summary of Plan Provisions
THE PRINCIPAL PENSION PLAN
EIN 420127290 Plan No. 001

This report reflects the maximum benefit limits under Internal Revenue Code (IRC) Section 415 and maximum compensation limits under IRC Section 401 in effect on the first day of each plan year.

The following is a summary of plan provisions and does not alter the intent or meanings of the provisions contained in the contract or plan document. This report reflects the provisions of the plan signed 12/31/2008.

Plan Eligibility	
Age	Attained age 21 or older.
Service	1,000 hours of service for hourly employees.
Class	Any employee of the employer or adopting employer, an agent or field manager. However, the following are excluded; short-term employee, temporary employee hired through an temporary help agency, a vendor or independent contractor, a brokerage general agent or a leased employee.

Normal Retirement Benefit	
Age	Attained age 65.
Form	For the final average pay benefit, monthly annuity payable for life (optional forms may be elected in advance of retirement). For the cash balance account, a single sum payment
Amount (accrued benefit)	For those employees who were plan participants before 1/1/2002, the greater of the final average pay benefit or the cash balance account value converted to an annuity. For those employees who become plan participants on or after 1/1/2002, the cash balance account only.
Final Average Pay Benefit (Grandfathered Choice Participant)	The sum of (a) and (b) below but not less than the accrued benefit on December 31, 1995. (a) 39.2% of average compensation up to the integration level, plus 66.75% of average compensation over the integration level multiplied by the pre-89 accrued benefit adjustment. However, the accrued benefit shall not be less than the accrued benefit under the prior plan provisions as of December 31, 1988. (b) 39.2% of average compensation up to the integration level, plus 61.25% of average compensation over the integration level multiplied by accrued benefit adjustment (final average pay).

Schedule SB, Part V - Summary of Plan Provisions
THE PRINCIPAL PENSION PLAN
EIN 420127290 Plan No. 001

Final Average Pay Benefit (All Other Grandfathered Participants)	35% of average compensation up to the integration level, plus 55% of average compensation over the integration level multiplied by the accrued benefit adjustment (final average pay). However, the accrued benefit shall not be less than the accrued benefit under the prior plan provisions as of December 31, 2005.																								
Cash Balance Account (Grandfathered Choice Participants)	<p>The account balance determined using a percentage of annual pay based on age and years of service, see following table. The cash balance account will earn annual interest credits.</p> <table> <tr> <th rowspan="2">Points (Total of age & service)</th><th colspan="2">Annual Pay Credits</th></tr> <tr> <th>Total Pay</th><th>Excess *</th></tr> <tr> <td>Less than 40</td><td>4.00%</td><td>2.00%</td></tr> <tr> <td>40 – 49</td><td>5.50%</td><td>2.75%</td></tr> <tr> <td>50 – 59</td><td>7.00%</td><td>3.50%</td></tr> <tr> <td>60 – 69</td><td>9.00%</td><td>4.50%</td></tr> <tr> <td>70 – 79</td><td>11.50%</td><td>5.75%</td></tr> <tr> <td>80 or more</td><td>14.00%</td><td>7.00%</td></tr> </table>		Points (Total of age & service)	Annual Pay Credits		Total Pay	Excess *	Less than 40	4.00%	2.00%	40 – 49	5.50%	2.75%	50 – 59	7.00%	3.50%	60 – 69	9.00%	4.50%	70 – 79	11.50%	5.75%	80 or more	14.00%	7.00%
Points (Total of age & service)	Annual Pay Credits																								
	Total Pay	Excess *																							
Less than 40	4.00%	2.00%																							
40 – 49	5.50%	2.75%																							
50 – 59	7.00%	3.50%																							
60 – 69	9.00%	4.50%																							
70 – 79	11.50%	5.75%																							
80 or more	14.00%	7.00%																							
Cash Balance Account (All Other Participants)	<table> <tr> <th rowspan="2">Points (Total of age & service)</th><th colspan="2">Annual Pay Credits</th></tr> <tr> <th>Total Pay</th><th>Excess *</th></tr> <tr> <td>Less than 40</td><td>3.00%</td><td>1.50%</td></tr> <tr> <td>40 – 59</td><td>4.00%</td><td>2.00%</td></tr> <tr> <td>60 – 79</td><td>5.50%</td><td>2.75%</td></tr> <tr> <td>80 or more</td><td>7.00%</td><td>3.50%</td></tr> </table> <p>* Wages above the Social Security Taxable Wage Base will earn this additional percentage.</p>		Points (Total of age & service)	Annual Pay Credits		Total Pay	Excess *	Less than 40	3.00%	1.50%	40 – 59	4.00%	2.00%	60 – 79	5.50%	2.75%	80 or more	7.00%	3.50%						
Points (Total of age & service)	Annual Pay Credits																								
	Total Pay	Excess *																							
Less than 40	3.00%	1.50%																							
40 – 59	4.00%	2.00%																							
60 – 79	5.50%	2.75%																							
80 or more	7.00%	3.50%																							

Early Retirement Benefit																																															
Age	Attained age 57.																																														
Service	Ten years of vesting service (excluding years prior to March 1, 1979 during which he was eligible to participate in the prior plan and failed to make required contributions).																																														
Form	Same as normal retirement benefit.																																														
Amount	<p>For those participants as of January 1, 2002, the greater of</p> <p>(a) The final average pay benefit on early retirement date reduced to reflect the fact that early retirement date precedes normal retirement date (see table below).</p> <p>(b) The cash balance account converted to an annuity.</p> <p>For those who became plan participants on or after 1/1/2002, their cash balance account value as a single sum.</p> <table><tr><th colspan="4">Early Retirement Factors</th></tr><tr><th></th><th>Grandfathered Choice Active Participants*</th><th>All other Active Participants</th><th>All Inactive Participants</th></tr><tr><th>Age at ERD</th><th>Percentage</th><th>Percentage</th><th>Percentage</th></tr><tr><td>64</td><td>100</td><td>97</td><td>92.87</td></tr><tr><td>63</td><td>100</td><td>94</td><td>86.45</td></tr><tr><td>62</td><td>100</td><td>91</td><td>80.65</td></tr><tr><td>61</td><td>95</td><td>88</td><td>75.39</td></tr><tr><td>60</td><td>90</td><td>85</td><td>70.61</td></tr><tr><td>59</td><td>85</td><td>82</td><td>66.25</td></tr><tr><td>58</td><td>80</td><td>79</td><td>62.27</td></tr><tr><td>57</td><td>75</td><td>75</td><td>58.62</td></tr></table> <p>*These early retirement factors also apply to all benefits earned prior to 1/1/2006 for all active participants</p>			Early Retirement Factors					Grandfathered Choice Active Participants*	All other Active Participants	All Inactive Participants	Age at ERD	Percentage	Percentage	Percentage	64	100	97	92.87	63	100	94	86.45	62	100	91	80.65	61	95	88	75.39	60	90	85	70.61	59	85	82	66.25	58	80	79	62.27	57	75	75	58.62
Early Retirement Factors																																															
	Grandfathered Choice Active Participants*	All other Active Participants	All Inactive Participants																																												
Age at ERD	Percentage	Percentage	Percentage																																												
64	100	97	92.87																																												
63	100	94	86.45																																												
62	100	91	80.65																																												
61	95	88	75.39																																												
60	90	85	70.61																																												
59	85	82	66.25																																												
58	80	79	62.27																																												
57	75	75	58.62																																												

Late Retirement Benefit	
Age	No maximum age
Form	Same as normal retirement benefit.
Amount	<p>The greater of (a), (b) or (c)</p> <p>(a) Final average pay benefit on late retirement date.</p> <p>(b) Final average pay benefit on normal retirement date actuarially increased to late retirement date.</p> <p>(c) Cash balance account value.</p>

Schedule SB, Part V - Summary of Plan Provisions
THE PRINCIPAL PENSION PLAN
EIN 420127290 Plan No. 001

--	--

Termination Benefit	
Vesting Percentage	100% after five years of vesting service
Form	Same as normal retirement benefit with annuity income deferred until normal retirement date.
Amount	<p>The greater of (1) or (2)</p> <p>1. Accrued benefit on date of termination multiplied by the vesting percentage, but not less than the benefit that could be provided by the participant's required contribution account.</p> <p>2. The participant's cash balance account value multiplied by the vesting percentage.</p>

Disability Benefit	
Eligibility	Participant who has been continuously employed since December 31, 2001 and who has 10 years of service as of the date he is absent from service by reason of Total and Permanent Disability or a participant who is absent from service due to Total and Permanent disability as of December 31, 2001.
Amount of Benefit at Retirement	Service will continue to accrue and compensation will be based on the greater of (1) the monthly average of participant's earning for the calendar year prior to the calendar year in which the participant became totally and permanently disabled, adjusted by a cost-of-living adjustment or (2) the participant's monthly earnings for the current calendar year.
Amount of Benefit at Retirement (All Other Plan Participants)	Service will continue to accrue for 30 months from the date he is first absent from service due to total and permanent disability. Compensation will be based on the greater of (1) the monthly average of participant's earning for the calendar year prior to the calendar year in which the participant became totally and permanently disabled, adjusted by a cost-of-living adjustment or (2) the participant's monthly earnings for the current calendar year.

Survivor Annuity Death Benefit	
Eligibility	Qualified married participant fully or partially vested in an accrued benefit and a plan participant before 1/1/2002.
Form	Monthly annuity payable to spouse, deferred to participant's Earliest Retirement Date if later than the date of death.
Amount	<p>If death occurs, the amount paid to the surviving spouse equals the amount that would have been paid had the participant terminated employment on the date of death and survived to his/her earliest retirement age, retired with a qualified joint and 50% survivor annuity in effect, and died the next day.</p> <p>In any event, the value of the death benefit described above shall not be less than the spouse pension benefit in effect under the plan on December 31, 1995, for any participant who had met the eligibility requirements then in effect for such spouse pension benefit. Any death benefit payable under these provisions shall be payable immediately.</p> <p>In any event, the amount paid to the spouse will not be less than the amount that could be provided by the participant's contribution account or cash balance account.</p>

Single Sum Death Benefit	
Eligibility	Qualified married participant fully or partially vested in an accrued benefit and a plan participant before 1/1/2002.
Form	Single sum payment.
Amount	Cash balance account value.

Cost of Living Adjustment	
	Annuity payments to Grandfathered Choice Participants or their beneficiaries and all annuity payments based on COLA eligible benefits earned prior to 1/1/2006 will be adjusted for changes in the cost-of-living.
Amount	Monthly income will be increased annually on March 1 by 75% of the increase in the average consumer price index. The maximum increase in any year will be 7.5%. No adjustment will be made if less than 1%.

Definitions	
Average compensation	The monthly average of total pay received for the five consecutive years out of the ten latest years before Retirement Date which gives the highest average.
Covered Compensation	The monthly average of the social security taxable wage bases for each year in the 35-year period ending with the year the employee attains social security retirement age.
Grandfathered Choice Participant	Those participants who are age 47 with 10 years of service as of 12/31/2005, and who elect to retain the plan benefit provisions as of that date
Pre-89 Accrued Benefit Adjustment	<p>The quotient of (a) divided by (b):</p> <p>(a) The participant's accrual service earned before January 1, 1989.</p> <p>(b) The participant's potential accrual service as of date reaches normal retirement age but not less than 35 years.</p>
Accrued Benefit Adjustment (Final Average Pay)	<p>The quotient of (a) divided by (b):</p> <p>(a) The participant's accrual service as of the date of determination. However, the participants accrual service will only include service on or after January 1, 1989 if it is being used to calculate the Frozen and Protected benefit as of December 31, 2005 or he is a Grandfathered Choice Participant.</p> <p>(b) The participant's potential accrual service as of date reaches normal retirement age but not less than 35 years.</p> <p>In no case will a participants ABA be greater than 1.</p>
Social Security Taxable Wage Base	Contribution and benefit base in effect under section 230 of the social security act as the beginning of the plan year.
Participant's Required Contribution Account	The sum of the employee's required contributions with interest. No required contributions were made on or after March 1, 1979

Schedule SB, Line 32 - Schedule of Amortization Bases
THE PRINCIPAL PENSION PLAN
EIN 420127290 Plan No. 001

Shortfall			
Date Created	Present Value	Remaining Years	Annual Charge
N/A	N/A	N/A	N/A

There are no shortfall bases for the current year.

Last year's total shortfall annual charge was \$0.

Waiver			
Date Created	Present Value	Remaining Years	Annual Charge
N/A	N/A	N/A	N/A

There are no waiver bases for the current year.

Schedule SB, Line 25 – Change in Method
THE PRINCIPAL PENSION PLAN
EIN 420127290 Plan No. 001

A change in funding method has occurred since last year due to:

- a change in the valuation interest rate to use yield curve
- use of 3 month lookback for the valuation interest rate
- a change in the asset valuation method to use smoothed value
- a change to include an administrative expense estimate in the Target Normal Cost

These changes are available under Code section 430 and do not need IRS approval.

The Employee Retirement Income Security Act of 1974, Section 103(c)(4), requires the plan administrator to furnish an explanation of a change in the enrolled actuary as part of the annual report. There was a change in enrolled actuaries since last year. The actuarial valuation work continues to be done by Principal Life Insurance Company. However, the individual involved with this plan as the enrolled actuary has changed due to a change in the plan assignment among enrolled actuaries at Principal Life Insurance Company.