Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

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).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2010

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

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.	10/13/2011	CHRISTOPHER BOWMAN
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2011	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**	20524
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**	11568
b	Retired or separated participants receiving benefits	**6b**	474
c	Other retired or separated participants entitled to future benefits	**6c**	8435
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	20477
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	71
f	Total. Add lines **6d** and **6e**	**6f**	20548
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**	446
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)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	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)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)	X	**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

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

SCHEDULE A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance 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.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

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	18639	01/01/2010	12/31/2010

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**	656073805

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.	**6d**	

Specify nature of costs ▶

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 A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance 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.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

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	1909	01/01/2010	12/31/2010

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**	236793328

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.	**6d**	

Specify nature of costs ▶

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

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **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: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1	Enter the valuation date: Month 01 Day 01 Year 2010			
2	Assets:			
a	Market value	**2a**		1250315008
b	Actuarial value	**2b**		1355498024
3	Funding target/participant count breakdown		**(1)** Number of participants	**(2)** Funding Target
a	For retired participants and beneficiaries receiving payment	**3a**	3801	515809691
b	For terminated vested participants	**3b**	8680	264996446
c	For active participants:			
	(1) Non-vested benefits	**3c(1)**		27747456
	(2) Vested benefits	**3c(2)**		441756000
	(3) Total active	**3c(3)**	11658	469503456
d	Total	**3d**	24139	1250309593
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**		6.71 %
6	Target normal cost	**6**		37729650

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

09/01/2011
Signature of actuary — Date

TERRANCE M. MCCARTHY
Type or print name of actuary

11-04665
Most recent enrollment number

PRINCIPAL FINANCIAL GROUP
Firm name

515-235-5411
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 [ ]

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)	87438783	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)	87438783	0
10	Interest on item 9 using prior year's actual return of 21.77 %	19035423	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		46013400
b	Interest on (a) using prior year's effective rate of 8.02 %		3690275
c	Total available at beginning of current plan year to add to prefunding balance		49703675
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)	106474206	0

Part III Funding percentages

14	Funding target attainment percentage	14	99.89 %
15	Adjusted funding target attainment percentage	15	108.41 %
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	113.75 %
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
04/15/2010	10000000	0			
06/15/2010	10000000	0			
09/15/2010	10000000	0			
12/15/2010	10000000	0			
			Totals ► 18(b)	40000000	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	38479934

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:	
5.03 %	6.73 %	6.82 %	☐ N/A, full yield curve used

b Applicable month (enter code) **21b** 4

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** 37729650

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** 37729650

	Carryover balance	Prefunding balance	Total balance
35 Balances used to offset funding requirement	0	0	0

36 Additional cash requirement (item 34 minus item 35) **36** 37729650

37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c) **37** 38479934

38 Interest-adjusted excess contributions for current year (see instructions) **38** 750284

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)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	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.**	**2010** **This Form is Open to Public Inspection.**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

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).. . . . . [X] 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

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(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:	**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:

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

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan 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

2010

This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
THE PRINCIPAL PENSION PLAN

B Three-digit plan number (PN) ▶ 001

C Plan or DFE 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 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	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
42-0127290-022	P	22557042

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	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
42-0127290-013	P	15403128

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	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
42-0127290-018	P	73806813

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	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
42-0127290-027	P	53512786

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	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
42-0127290-005	P	76709939

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	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
42-0127290-016	P	68881982

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	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
42-0127290-048	P	54819085

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)	22458979
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)	0
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN SMALLCAP GROWTH I SA-I2			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
c EIN-PN 42-0127290-070	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	22448547
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)	73352673
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)	74772370
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)	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)	22321739
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)	22856114
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LARGECAP VALUE I SA-I2			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
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)	0
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN HIGH YIELD I SEP ACCT-I2			
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY			
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)	21454290

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN INFLATION PROT SA-I2

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

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) 31622817

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

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

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) 79001432

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

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

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) 81940896

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN EQUITY INCOME SA-I3

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

c EIN-PN 42-0127290-120	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 74946501

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)

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

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b Name of plan sponsor	**c** EIN-PN

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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)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

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

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

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 Asset and Liability Statement

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) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	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)	701107311	892867132
(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)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(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	701107311	892867132
	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 through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	701107311	892867132

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) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	40000000	
	(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)		40000000
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)		181502367
(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		24707615
d Total income. Add all **income** amounts in column (b) and enter total	2d		246209982
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	53716601	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		53716601
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)	733560	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		733560
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		54450161
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		191759821
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) [X] 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 [X] 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.)	**4a**		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.)	**4b**		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.)	**4c**		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.)	**4d**		X	0
e	Was this plan covered by a fidelity bond?	**4e**	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?	**4f**		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?	**4g**		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?	**4h**		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.)	**4i**	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.)	**4j**	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?	**4k**		X	
l	Has the plan failed to provide any benefit when due under the plan?	**4l**		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	**4m**		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.	**4n**			

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)

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

2010

This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

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 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** 0

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): 42-0127290

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** 329

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 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**

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):

---

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: 71.0% Investment-Grade Debt: 12.0% High-Yield Debt: 4.0% Real Estate: 4.0% Other: 9.0%

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 Supplemental Schedules

The Principal Pension Plan
Years Ended December 31, 2010 and 2009
With Report of Independent Auditors

Ernst & Young LLP

Ernst & Young

The Principal Pension Plan

Financial Statements and Supplemental Schedules

Years Ended December 31, 2010 and 2009

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Ernst & Young LLP
Suite 3000
801 Grand Avenue
Des Moines, Iowa 50309-2767
Tel: 515 243 2727
www.ey.com

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, 2010 and 2009, 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, the net assets available for benefits at December 31, 2010 and 2009, and the changes in its net assets available for benefits for the years then ended, and the financial status of the Plan at December 31, 2009, 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, 2010 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 6, 2011

A member firm of Ernst & Young Global Limited

The Principal Pension Plan

Statements of Net Assets Available for Benefits

	December 31, 2010	2009
Assets		
Unallocated portion of investment contracts, at fair value:		
Separate accounts of insurance company	**$ 892,867,132**	$ 701,107,311
Net assets available for benefits	**$ 892,867,132**	$ 701,107,311

See accompanying notes.

The Principal Pension Plan

Statements of Changes in Net Assets Available for Benefits

	For the year ended December 31, 2010	2009
Additions:		
Investment income:		
Net appreciation in fair value of investments	**$ 123,703,001**	$ 128,849,107
	123,703,001	128,849,107
Principal Life Insurance Company contributions	**40,000,000**	49,500,000
Other	**58**	(1,220)
	163,703,059	178,347,887
Deductions:		
Benefits paid directly to participants	**8,611,098**	6,075,793
Transfers to/from allocated contract	**(37,401,419)**	12,809,491
Other	**733,559**	739,383
	(28,056,762)	19,624,667
Net increase	**191,759,821**	158,723,220
Net assets available for benefits:		
Beginning of year	**701,107,311**	542,384,091
End of year	**$ 892,867,132**	$ 701,107,311

See accompanying notes.

The Principal Pension Plan

Notes to Financial Statements

December 31, 2010

1. Significant Accounting Policies

Basis of Accounting

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 the Employee Retirement Income Security Act of 1974, as amended (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.

Payment of Benefits

Benefits are recorded when paid.

Risk and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market volatility, 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.

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 U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes and supplemental schedules. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events of the Plan through October 6, 2011, which was the date the financial statements were available to be issued.

1. Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued authoritative guidance that clarifies and changes fair value measurement and disclosure requirements. This guidance expands existing disclosure requirements for fair value measurements and makes other amendments but does not require additional fair value measurements. This guidance will be effective for us on January 1, 2012, and is not expected to have a material impact on the financial statements.

In January 2010, the FASB issued authoritative guidance to clarify certain existing fair value disclosures and require a number of additional disclosures. The guidance 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. The guidance 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, the guidance 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 was effective for reporting periods beginning after December 15, 2009. Since the guidance only affects fair value measurement disclosures, adoption of the guidance did not affect the Plan's net assets available for benefits or its changes in net assets available for benefits.

In September 2009, the FASB issued authoritative guidance for measuring the fair value 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 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 the guidance, 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 the guidance did not have a material effect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

1. Significant Accounting Policies (continued)

In May 2009, the FASB issued authoritative guidance 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. The guidance was amended in February 2010. The Plan has adopted the guidance, as amended.

In April 2009, the FASB issued authoritative guidance which provided additional information 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. It 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 fair value reporting. The Plan adopted the guidance for the reporting period ended December 31, 2009. Adoption of the guidance did not have a material effect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

2. Description of the Plan

General

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

Information about the Plan agreement, the vesting and benefit provisions, and the Pension Benefit Guaranty Corporation (PBGC) 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. The Plan is subject to the provisions of ERISA.

Contributions

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 ERISA.

2. Description of the Plan (continued)

Vesting

Once eligible, participants are 100% vested after three years of service or five years of service if terminated prior to 2008. A participant's accumulated benefit is payable upon retirement or in some situations upon a severance from employment. Federal and state income tax withholding will apply upon distribution.

Plan Termination

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 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.

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.

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

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

	December 31, 2009
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)	$ 92,421,912
Other participants	650,316,837
Nonvested	26,277,264
	$ 769,016,013

Change in present value of accumulated Plan benefits:

	Year Ended December 31, 2009
Actuarial present value of accumulated Plan benefits related to unallocated portion of investment contracts, beginning of year	$ 699,121,748
Increase (decrease) during the year due to:	
Increase for interest due to decrease in the discount period	48,984,431
Benefits paid directly from Plan assets	(6,075,793)
Benefits index consideration amounts	(40,873,061)
Benefits accumulated and Plan experience	66,421,025
Change in assumption	1,437,663
Actuarial present value of accumulated Plan benefits related to unallocated portion of investment contracts, end of year	$ 769,016,013

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

Significant valuation assumptions underlying the actuarial computations are as follows:

	December 31, 2009	December 31, 2008
Interest Rate	Segment Rates for which August is the last month in the average	Full Yield Curve through the month of October 2008
	8.11% Sample Year 4.5 8.74% Sample Year 14.5 7.50% Sample Year 29.5	Years 0-5: 5.03% Years 6-20: 6.73% Years 20 +: 6.82%
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.

	December 31, 2009	December 31, 2008
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:

Home Office Age	Increase	Home Office Age	Increase
20	11.00%	20	11.00%
30	6.80%	30	6.80%
40	5.00%	40	5.00%
50	4.00%	50	4.00%
60	2.70%	60	2.70%

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

	December 31, 2009	December 31, 2008
Retirement Age	Based on historical frequency distribution:	Based on historical frequency distribution:

Agents
Probability of Retiring

Age	Probability	Age	Probability
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

Home Office

Grandfathered Participants		Choice	Grandfathered Participants		Choice
Age	Male	Female	Age	Male	Female
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

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

	December 31, 2009	December 31, 2008
Retirement Age (continued)	**Home Office Probability of Retiring**	**Home Office Probability of Retiring**

Age	Other Male	Female	Age	Other Male	Female
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

	Agents	Agents
Withdrawal	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:

Age	Rate of Withdrawal	Age	Rate of Withdrawal
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%

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

	December 31, 2009	December 31, 2008
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**
	Age / Rate of Withdrawal 25 14.2% 30 13.7% 35 11.1% 40 10.1% 50 10.4% 60 0.0%	**Age / Rate of Withdrawal** 25 14.2% 30 13.7% 35 11.1% 40 10.1% 50 10.4% 60 0.0%
	Female	**Female**
	Age / Rate of Withdrawal 25 16.9% 30 14.1% 35 12.2% 40 11.2% 50 10.3% 60 0.0%	**Age / Rate of Withdrawal** 25 16.9% 30 14.1% 35 12.2% 40 11.2% 50 10.3% 60 0.0%
Cash Balance Crediting Rate	5.50% annually	5.50% annually
Disability	None	None
Convert Cash Balance Account to Annuity	Mortality 1994 GAR Interest 5.85% COLA 1.875%	Mortality 1994 GAR Interest 5.85% 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.

4. Investments

The fair value of individual investments that represent 5% or more of the fair value of net assets available for benefits were as follows:

	December 31	
	2010	**2009**
Principal Life Insurance Company:		
International Value Separate Account	**$ 81,940,896**	$ –
Core Plus Bond I Separate Account	**79,001,432**	59,540,021
Bond and Mortgage Separate Account	**76,709,939**	51,662,970
Equity Income Separate Account	**74,946,501**	–
Large-Cap Value III Separate Account	**74,772,370**	43,932,779
Large-Cap Growth Separate Account	**73,806,813**	64,464,043
Large-Cap Growth I Separate Account	**73,352,672**	65,107,188
Large-Cap S&P 500 Index Separate Account	**68,881,982**	56,286,604
International I Separate Account	**54,819,085**	36,285,594
U.S. Property Separate Account	**53,512,786**	*
Large-Cap Value I Separate Account	*	81,699,362
International Growth Separate Account	*	36,766,299

* Less than 5% of the Plan's net assets available for benefits at respective date.

Realized gains on sale of investments are determined on the average cost basis. The change in the difference between the current value and the cost of investments is reflected in the statements of changes in net assets available for benefits as net appreciation of the Plan's investments in separate accounts at December 31, 2010 and 2009, was $123,703,001 and $128,849,107 respectively.

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. The Plan does not hold any Level 1 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 are reflected at the NAV price.

- **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.

Transfers between fair value hierarchy levels are recognized at the beginning of the reporting period.

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. There were no significant changes to the valuation processes during 2010.

5. Fair Value of Financial Instruments (continued)

Separate Account of Insurance Company

The separate accounts are valued at the net asset value (NAV) provided by Principal Life on the last business day of the year. The 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. Most separate accounts are reflected in Level 2. Several of the separate accounts invest in publicly quoted mutual funds or actively managed stocks. Some of the separate accounts also invest in fixed income securities. The fair value of the underlying mutual funds or stock and of the underlying securities, which is based on quoted prices of similar assets, is used to determine the NAV of the separate account which is not publicly quoted. There are no redemption restrictions on these investments.

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. During the financial year, this specific separate account had 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 and is reflected in Level 3.

5. Fair Value of Financial Instruments (continued)

Assets Measured at Fair Value on a Recurring Basis

Assets measured at fair value on a recurring basis are summarized below.

	As of December 31, 2010			
	Assets Measured at Fair Value	**Fair Value Hierarchy Level**		
		Level 1	**Level 2**	**Level 3**
Assets				
Separate accounts of insurance company:				
Fixed income security	**$ 208,788,478**	**$ –**	**$ 208,788,478**	**$ –**
U.S. large cap equity	**365,760,338**	**–**	**365,760,338**	**–**
Real estate investment trust	**22,321,739**	**–**	**22,321,739**	**–**
U.S. small/mid cap equity	**90,320,682**	**–**	**90,320,682**	**–**
U.S. real estate	**53,512,786**	**–**	**–**	**53,512,786**
International equity	**152,163,109**	**–**	**152,163,109**	**–**
Total assets	**$ 892,867,132**	**$ –**	**$ 839,354,346**	**$ 53,512,786**

	As of December 31, 2009			
	Assets Measured at Fair Value	**Fair Value Hierarchy Level**		
		Level 1	**Level 2**	**Level 3**
Assets				
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	$ 701,107,311	$ –	$ 670,772,894	$ 30,334,417

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, 2010 and 2009, are as follows:

	For the Year Ended December 31, 2010					Changes in Unrealized Gains (Losses) Statements of Changes in Net Assets Available for Benefits Relating to Positions Still Held
	Beginning Asset Balance as of January 1, 2010	Total Net Realized/ Unrealized Appreciation (Depreciation)	Purchases, Sales, Issuances and Settlements	Transfers in (out) of Level 3	Ending Asset Balance as of December 31, 2010	
Assets						
U.S. real estate	**$ 30,334,417**	**$ 6,819,395**	**$ 16,358,974**	**$ –**	**$ 53,512,786**	**$ 6,324,927**
Total	**$ 30,334,417**	**$ 6,819,395**	**$ 16,358,974**	**$ –**	**$ 53,512,786**	**$ 6,324,927**

	For the Year Ended December 31, 2009					Changes in Unrealized Gains (Losses) 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	$ (24,725,995)	$ 14,755,477	$ –	$ 30,334,417	$ (12,647,806)
Total	$ 40,304,935	$ (24,725,995)	$ 14,755,477	$ –	$ 30,334,417	$ (12,647,806)

6. Contingencies

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 for the real estate separate account. Certain high need payments, such as death, disability, certain eligible retirements, and hardship withdrawals, were not subject to the withdrawal limitation. Other withdrawal requests were subject to the limitation until certain liquidity levels were achieved, mainly via proceeds from sales of underlying properties, rents from tenants and new investor contributions. With the inception of the withdrawal limitation, all sources of cash were 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 were paid in multiple payments. Except for certain de minimis payments, payments were made proportionately among all other outstanding withdrawal requests, based upon available liquidity. All withdrawals were transacted at the NAV price at the date of distribution. In October 2010, the queue was completely distributed with regular payments occurring approximately every three weeks. The restriction had been in place since September 26, 2008 and ended on March 25, 2011.

While the outcome of any future litigation or regulatory matter cannot be predicted, management does not believe that any future litigation or regulatory matter will have a material adverse effect on our net assets available for benefit. The outcome of such matters is always uncertain, and unforeseen results can occur. It is possible that such outcomes could materially affect net assets available for benefit in a particular year.

7. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS) 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 IRS, 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 Benefit Plans Administration Committee (BPAC) and the Plan Sponsor intends to operate the Plan in conformity with the provisions of the Plan document and the Code. BPAC and the Plan Sponsor acknowledge that inadvertent errors may occur in the operation of the Plan. If such inadvertent errors occur, BPAC and the Plan Sponsor represent that they will take the necessary steps to bring the Plan’s operations into compliance with the Code, including voluntarily and timely correcting such errors in accordance with procedures established by the IRS.

7. Income Tax Status (continued)

Accounting principles generally accepted in the United States require plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions. The IRS commenced examination of the Plan for 2008 in August 2010. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2007.

8. 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 were 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, 2010 and 2009, totaled $524,882,544 and $549,207,698, respectively. The net realized and unrealized appreciation in aggregate value of these contracts was $58,181,768 and $88,874,808 for the years ended December 31, 2010 and 2009, respectively.

For employees that retire 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.

9. Related Party Transactions

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. These transactions qualify as parties-in-interest; however, they are exempt from the prohibited transactions rules under ERISA. Principal Life may pay other Plan expenses from time to time.

10. Form 5500

Certain line items in the 2010 and 2009 Form 5500 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, 2010 and 2009.

Supplemental Schedules

The Principal Pension Plan

EIN #42-0127290 Plan #001

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

December 31, 2010

Identity of Issuer	Description of Investment	Cost**	Current Value
Pooled separate accounts			
Principal Life Insurance Company*	Bond and Mortgage Separate Account	$ 73,256,935	$ 76,709,939
Principal Life Insurance Company*	High Yield I Separate Account	18,875,465	21,454,290
Principal Life Insurance Company*	Core Plus Bond I Separate Account	72,447,816	79,001,432
Principal Life Insurance Company*	Large-Cap S&P 500 Index Separate Account	59,373,130	68,881,982
Principal Life Insurance Company*	Large-Cap Value III Separate Account	69,389,400	74,772,370
Principal Life Insurance Company*	U.S. Property Separate Account	46,200,582	53,512,786
Principal Life Insurance Company*	Large-Cap Growth Separate Account	65,176,802	73,806,813
Principal Life Insurance Company*	Large-Cap Growth I Separate Account	60,365,595	73,352,672
Principal Life Insurance Company*	Small-Cap Value II Separate Account	19,005,964	22,856,114
Principal Life Insurance Company*	International I Separate Account	49,251,419	54,819,085
Principal Life Insurance Company*	Real Estate Securities Separate Account	16,240,295	22,321,739
Principal Life Insurance Company*	International Emerging Markets Separate Account	11,042,846	15,403,128
Principal Life Insurance Company*	International Value Separate Account	69,611,223	81,940,896
Principal Life Insurance Company*	Inflation Protection Separate Account	31,310,168	31,622,817
Principal Life Insurance Company*	Midcap Value III Separate Account	21,523,304	22,557,042
Principal Life Insurance Company*	Midcap Growth III Separate Account	20,402,968	22,458,979
Principal Life Insurance Company*	Small-Cap Growth I Separate Account	22,044,850	22,448,547
Principal Life Insurance Company*	Equity Income Separate Account	73,180,757	74,946,501
Total investments		$ 798,699,519	$ 892,867,132

*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, 2010

Identity of Party Involved/ Description of Asset	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain (Loss)
Category (iii) – Series of transactions in excess of 5% of plan assets					
Principal Life Insurance Company* Core Plus Bond I Separate Account	$ 29,387,362	$ –	$ 29,387,362	$ 29,387,362	$ –
Principal Life Insurance Company* Core Plus Bond I Separate Account	–	14,021,038	12,705,987	14,021,038	1,315,051
Principal Life Insurance Company* Bond and Mortgage Separate Account	74,236,874	–	74,236,874	74,236,874	–
Principal Life Insurance Company* Bond and Mortgage Separate Account	–	55,664,173	52,340,827	55,664,173	3,323,346
Principal Life Insurance Company* Large-Cap Value III Separate Account	34,977,911	–	34,977,911	34,977,911	–
Principal Life Insurance Company* Large-Cap Value III Separate Account	–	10,974,221	10,323,901	10,974,221	650,320
Principal Life Insurance Company* Large-Cap Growth Separate Account	22,107,246	–	22,107,246	22,107,246	–

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 Transaction Date	Net Gain (Loss)
Category (iii) – Series of transactions in excess of 5% of plan assets (continued)					
Principal Life Insurance Company* Large-Cap Growth Separate Account	$ –	$ 24,279,000	$ 21,083,347	$ 24,279,000	$ 3,195,653
Principal Life Insurance Company* Equity Income Separate Account	119,382,290	–	119,382,290	119,382,290	–
Principal Life Insurance Company* Equity Income Separate Account	–	47,291,201	46,201,533	47,291,201	1,089,668
Principal Life Insurance Company* Large Cap Growth I Separate Account	22,898,242	–	22,898,242	22,898,242	–
Principal Life Insurance Company* Large Cap Growth I Separate Account	–	26,388,725	20,694,196	26,388,725	5,694,529
Principal Life Insurance Company* Large Cap Value I Separate Account	75,000,760	–	75,000,760	75,000,760	–
Principal Life Insurance Company* Large Cap Value I Separate Account	–	163,486,473	166,010,909	163,486,473	(2,524,436)

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 Transaction Date	Net Gain (Loss)
Category (iii) – Series of transactions in excess of 5% of plan assets (continued)					
Principal Life Insurance Company* Small-Cap Growth I Separate Account	$ 35,963,374	$ –	$ 35,963,374	$ 35,963,374	$ –
Principal Life Insurance Company* Small-Cap Growth I Separate Account	–	14,173,473	13,918,524	14,173,473	254,949
Principal Life Insurance Company* Small-Cap Growth II Separate Account	14,275,348	–	14,275,348	14,275,348	–
Principal Life Insurance Company* Small-Cap Growth II Separate Account	–	32,008,079	29,172,004	32,008,079	2,836,075
Principal Life Insurance Company* International Value Separate Account	64,283,616	–	64,283,616	64,283,616	–
Principal Life Insurance Company* International Value Separate Account	–	22,074,342	18,711,715	22,074,342	3,362,627
Principal Life Insurance Company* International Growth Separate Account	33,776,176	–	33,776,176	33,776,176	–

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 Transaction Date	Net Gain (Loss)
Category (iii) – Series of transactions in excess of 5% of plan assets (continued)					
Principal Life Insurance Company*					
International Growth Separate Account	$ –	$ 74,392,326	$ 68,296,560	$ 74,392,326	$ 6,095,766

There were no category (i), (ii) or (iv) transactions during the year.
*Indicates party in interest to the Plan.

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).

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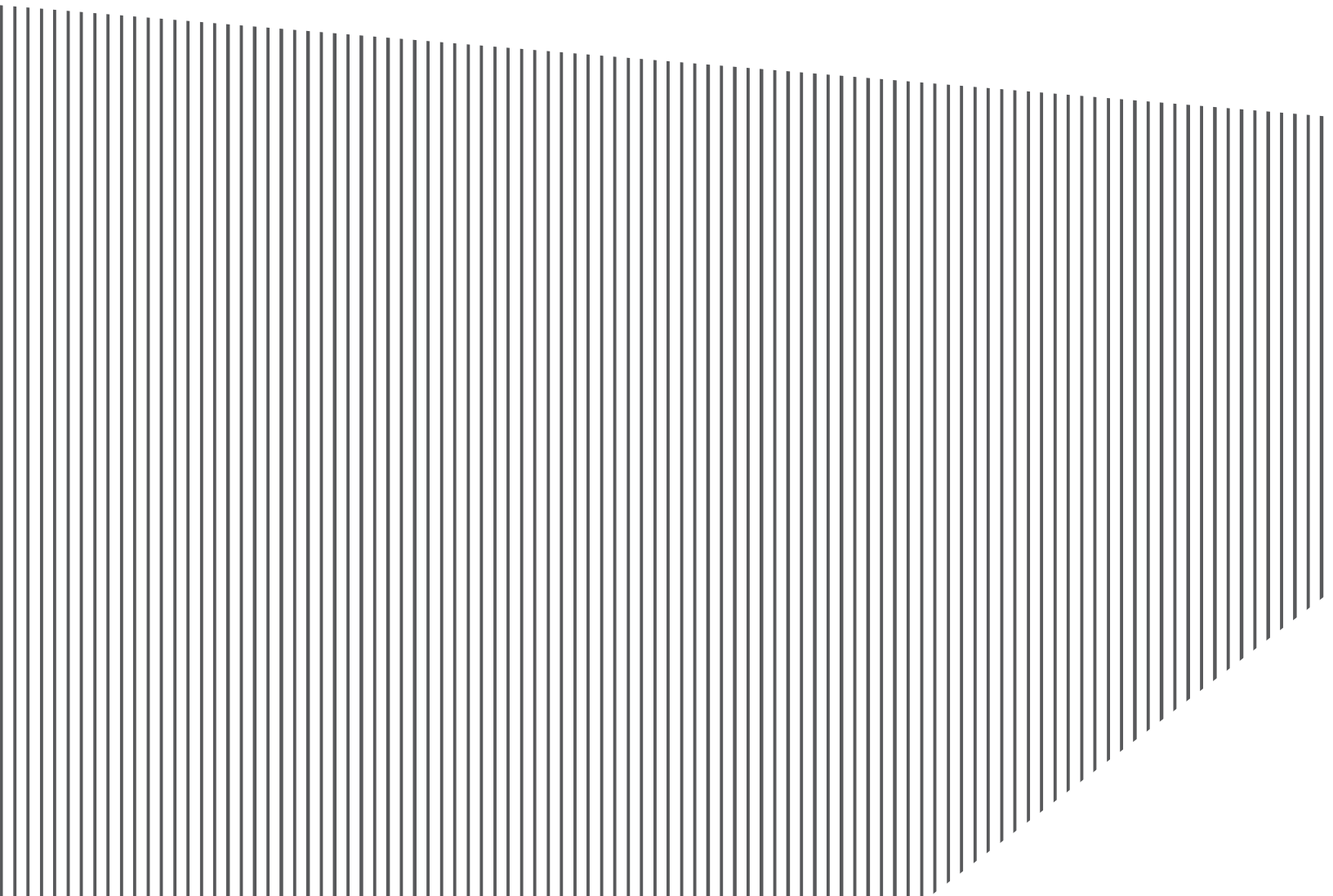

SCHEDULE H,Line 4j - SCHEDULE OF REPORTABLE TRANSACTIONS

THE PRINCIPAL PENSION PLAN

EIN 42 0127290
PLAN NUMBER 001
PLAN YEAR 01/01/2010 to 12/31/2010

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		$29,387,361.68		$0.00
Pooled Separate Accounts Principal Core Plus Bond I Sep		173		$14,021,038.45	$1,315,050.67
Pooled Separate Accounts Principal Bond & Mortgage Se	53		$74,236,873.68		$0.00
Pooled Separate Accounts Principal Bond & Mortgage Se		351		$55,664,173.04	$3,323,346.40
Pooled Separate Accounts Principal LargeCap Value III	13		$34,977,911.29		$0.00
Pooled Separate Accounts Principal LargeCap Value III		5		$10,974,220.91	$650,319.93
Pooled Separate Accounts Principal LargeCap Growth	13		$22,107,245.89		$0.00
Pooled Separate Accounts Principal LargeCap Growth		5		$24,278,999.63	$3,195,653.21
Pooled Separate Accounts Principal Equity Income	4		$119,382,290.17		$0.00
Pooled Separate Accounts Principal Equity Income		3		$47,291,201.34	$1,089,668.33
Pooled Separate Accounts Principal LargeCap Growth I	11		$22,898,242.15		$0.00
Pooled Separate Accounts Principal LargeCap Growth I		7		$26,388,724.68	$5,694,529.32
Pooled Separate Accounts Principal LargeCap Value I	11		$75,000,759.63		$0.00

* 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

SCHEDULE H,Line 4j - SCHEDULE OF REPORTABLE TRANSACTIONS

THE PRINCIPAL PENSION PLAN

EIN 42 0127290
PLAN NUMBER 001
PLAN YEAR 01/01/2010 to 12/31/2010

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 LargeCap Value I		4		$163,486,472.84	($2,524,436.13)
Pooled Separate Accounts Principal SmallCap Growth I	4		$35,963,373.93		$0.00
Pooled Separate Accounts Principal SmallCap Growth I		3		$14,173,472.52	$254,948.70
Pooled Separate Accounts Principal SmallCap Growth II	9		$14,275,347.88		
Pooled Separate Accounts Principal SmallCap Growth II		6		$32,008,078.75	$2,836,075.38
Pooled Separate Accounts Principal International Val	15		$64,283,615.56		
Pooled Separate Accounts Principal International Val		3		$22,074,342.38	$3,362,627.24
Pooled Separate Accounts Principal International Growth	11		$33,776,176.05		
Pooled Separate Accounts Principal International Growth		4		$74,392,326.32	$6,095,766.08

* 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

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

THE PRINCIPAL PENSION PLAN

EIN 42 0127290
PLAN NUMBER 001
PLAN YEAR 01/01/2010 TO 12/31/2010

(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 PR INTERNAT'L VALUE I SA-I2	$ 69,611,222.63	$ 81,940,896.06
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN BOND AND MTGE SA-I5	$ 73,256,935.18	$ 76,709,939.27
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN CORE PLUS BOND I SA-I2	$ 72,447,815.57	$ 79,001,431.82
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN EQUITY INCOME SA-I3	$ 73,180,757.16	$ 74,946,500.77
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN HIGH YIELD I SEP ACCT-I2	$ 18,875,465.09	$ 21,454,289.69
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN INFLATION PROT SA-I2	$ 31,310,168.45	$ 31,622,816.64
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN INTL EM MKT SEP ACCT-I5	$ 11,042,846.07	$ 15,403,128.05
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN INTL I SEPARATE ACCT-I2	$ 49,251,419.46	$ 54,819,085.04
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN LARGECAP GROWTH I SA-I2	$ 60,365,594.77	$ 73,352,672.52
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN LARGECAP VALUE III SA-I2	$ 69,389,399.91	$ 74,772,369.67
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN LGCAP GROWTH SEP ACCT-I5	$ 65,176,801.88	$ 73,806,812.73
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN LGCAP S&P 500 INDEX SA-I3	$ 59,373,130.42	$ 68,881,981.88
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN MIDCAP GROWTH III SA-I2	$ 20,402,968.04	$ 22,458,979.35
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN MIDCAP VALUE III SA-I4	$ 21,523,303.95	$ 22,557,042.38
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN REAL ESTATE SECS SA-I3	$ 16,240,294.88	$ 22,321,738.93

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

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

THE PRINCIPAL PENSION PLAN

EIN 42 0127290
PLAN NUMBER 001
PLAN YEAR 01/01/2010 TO 12/31/2010

(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 SMALLCAP GROWTH I SA-I2	$ 22,044,850.11	$ 22,448,547.36
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN SMALLCAP VALUE II SA-I2	$ 19,005,963.79	$ 22,856,114.14
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN U.S. PROPERTY SA-I5	$ 46,200,581.96	$ 53,512,785.98

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

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 1/1/2010

Form 5500 - Schedule of Active Participant Data

YEARS OF CREDITED SERVICE

Attained Age	Under 1			1 to 4			5 to 9			10 to 14			15 to 19		
	No.	Average Comp.	Average Cash Bal.	No.	Average Comp.	Average Cash Bal.	No.	Average Comp.	Average Cash Bal.	No.	Average Comp.	Average Cash Bal.	No.	Average Comp.	Average Cash Bal.
Under 25	6			276	40,715	2,051	0			0			0		
25 to 29	21	30,309	501	1,035	49,079	3,844	305	58,248	10,084	17			0		
30 to 34	21	35,605	611	684	60,436	4,918	591	63,241	13,705	292	69,536	19,612	9		
35 to 39	28	49,222	748	483	69,381	6,213	390	70,976	17,960	573	71,963	23,822	287	76,219	28,610
40 to 44	19			373	78,106	9,057	329	83,030	24,631	384	69,252	25,578	508	84,760	36,421
45 to 49	23	38,407	655	316	75,702	8,954	252	80,910	28,001	280	72,069	30,580	288	78,171	39,106
50 to 54	23	34,067	703	194	69,798	8,434	219	76,715	28,613	203	67,194	35,494	238	72,214	48,977
55 to 59	21	34,688	669	116	66,242	8,339	114	76,623	32,720	148	61,365	38,179	166	58,657	50,479
60 to 64	9			64	63,391	10,884	70	55,670	27,782	89	52,897	36,882	74	56,594	50,540
65 to 69	2			22	50,582	10,575	16			15			11		
70 & up	0			2			3			1			0		
	173			3,565			2,289			2,002			1,581		

Form 5500 - Schedule of Active Participant Data

YEARS OF CREDITED SERVICE

Attained Age	20 to 24			25 to 29			30 to 34			35 to 39			40 and up		
	No.	Average Comp.	Average Cash Bal.	No.	Average Comp.	Average Cash Bal.	No.	Average Comp.	Average Cash Bal.	No.	Average Comp.	Average Cash Bal.	No.	Average Comp.	Average 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	17			0			0			0			0		
40 to 44	301	85871	44782	19			0			0			0		
45 to 49	372	88698	52863	210	76554	49030	58	61797	41185	0			0		
50 to 54	205	81486	67135	139	100734	97763	134	80337	82336	21	62575	72681	0		
55 to 59	115	68480	66662	92	92688	110488	83	94815	123946	78	74265	93681	8		
60 to 64	77	65984	69001	33	74032	88236	28	88267	121829	27	93456	125184	18		
65 to 69	10			1			0			0			1		
70 & up	0			0			1			0			0		
	1,097			494			304			126			27		11,658

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.

Assumptions Selected by Actuary

Retirement Age

Based on historical frequency distribution

Agents:

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):

	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%

Retirement Age (continued)

Home Office (All Other Participants):

	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

Agents:
The preceding year's total salary is increased by 5.00% at each age.

Home Office:
The preceding year's base salary is increased using a graded salary scale averaging 5.00%. Sample rates are as follows:

Age	Upcoming Increase
20	11.00%
30	6.80%
40	5.00%
50	4.00%
60	2.70%

Bonuses assumed to be paid at individual target percentages for future years.

Note: not used for SFAS 35 calculations.

Disability

None.

Marriage

Agents:
95% of males are married. 60% of females are married. Male is 3 years older than the female.

Home Office:
94% of males are married. 62% of females are married. Male is 3 years older than the female.

Withdrawal

Agents:
Table of withdrawal rates based on actual experience. The table is a 10 year select and ultimate table.

Selected rates for a 35 year old new entrant are:

Age	Rate of withdrawal	Age	Rate of withdrawal
35	25.5%	50	8.9%
40	15.2%	55	8.9%
45	9.2%	60	8.9%

Home Office:
Table of withdrawal rates based on actual plan experience.

Selected rates for Males:

Age	Rate of withdrawal	Age	Rate of withdrawal
25	14.2%	40	10.1%
30	13.7%	50	10.4%
35	11.1%	60	0.0%

Selected rates for Females:

Age	Rate of withdrawal	Age	Rate of withdrawal
25	16.9%	40	11.2%
30	14.1%	50	10.3%
35	12.2%	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
Interest Rate for Employee Accumulations	6.75%

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	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. • 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. 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.
Methods Selected by Plan Sponsor	
Asset Measure	The asset valuation method is prescribed by law for plans that elect to use a value other than market value. 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. 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. 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.
Segment Rates	24 month average with no weighting to prior law basis. Use rates where August is the last month included in the average.
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.

Methods Elected by Actuary	
Retirees	Assets and liabilities for current and future retirees are included.
HCE Benefit Payment Restrictions	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: • any retiree benefit index or floor • amounts for HCEs who were previously restricted • an amount for the retiring HCE
Vested Benefits	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. 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.
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	Long-Term Contribution Level reflects: • 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, Line 2a - Explanation of Assets
THE PRINCIPAL PENSION PLAN
EIN 420127290 Plan No. 001

Line 2a includes assets allocated for retirees' guaranteed benefits of $549,207,698.

Changes since last year's valuation are:
Individual's assigned to work at Principal Global Investors and specified as Investment or Industry Variant Employees are ineligible as of 01/01/2010.

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 12/31/2009.

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 a temporary help agency, a vendor or independent contractor, a brokerage general agent or a leased employee. Individual's assigned to work at Principal Global Investors and specified as Investment or Industry Variant Employees are also excluded as of 01/01/2010.

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).

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)

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.

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)

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%

* Wages above the Social Security Taxable Wage Base will earn this additional percentage.

<table>
<tr><th colspan="2">Early Retirement Benefit</th></tr>
<tr><td>Age</td><td>Attained age 57.</td></tr>
<tr><td>Service</td><td>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).</td></tr>
<tr><td>Form</td><td>Same as normal retirement benefit.</td></tr>
<tr><td>Amount</td><td>For those participants as of January 1, 2002, the greater of
(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).
(b) The cash balance account converted to an annuity.

For those who became plan participants on or after 1/1/2002, their cash balance account value as a single sum.

<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>

*These early retirement factors also apply to all benefits earned prior to 1/1/2006 for all active participants</td></tr>
</table>

<table>
<tr><th colspan="2">Late Retirement Benefit</th></tr>
<tr><td>Age</td><td>No maximum age</td></tr>
<tr><td>Form</td><td>Same as normal retirement benefit.</td></tr>
<tr><td>Amount</td><td>The greater of (a), (b) or (c)

(a) Final average pay benefit on late retirement date.
(b) Final average pay benefit on normal retirement date actuarially increased to late retirement date.
(c) Cash balance account value.</td></tr>
</table>

Termination Benefit	
Vesting Percentage	100% after three years of vesting service (five years if terminated prior to January 1, 2008.)
Form	Same as normal retirement benefit with annuity income deferred until normal retirement date.
Amount	The greater of (1) or (2) 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. 2. The participant's cash balance account value multiplied by the vesting percentage.

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 earnings 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)	For those participants who don't satisfy the eligibility requirements above, service will continue to accrue for 30 months from the date he is first absent from service due to total and permanent disability. There shall be no cost-of-living adjustment on pre-disability compensation for such 30 month period.

Survivor Annuity Death Benefit	
Eligibility	Qualified married participant fully or partially vested in an accrued benefit.
Form	Monthly annuity payable to spouse, deferred to participant's Earliest Retirement Date if later than the date of death.
Amount	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. 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. 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.

Single Sum Death Benefit	
Eligibility	A qualified married participant whose value of their cash balance account exceeds the value of their traditional benefit and who waives the Qualified Joint and Survivor Annuity; or an unmarried participant who has a vested cash balance account.
Form	Single sum payment.
Amount	Vested 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	The quotient of (a) divided by (b): (a) The participant's accrual service earned before January 1, 1989. (b) The participant's potential accrual service as of date reaches normal retirement age but not less than 35 years.
Accrued Benefit Adjustment (Final Average Pay)	The quotient of (a) divided by (b): (a) The participant's accrual service as of the date of determination. However, the participant's 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. (b) The participant's potential accrual service as of date reaches normal retirement age but not less than 35 years. In no case will a participant's ABA be greater than 1.
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

Optional Forms of Benefit Payments	The optional forms of benefit payments for participants who will receive a pension based on the traditional benefit formula, or participants who entered the plan on or before 12/31/2001 and who will receive a pension based on the cash balance formula are: • Monthly annuity payable for life, or 10 or 15 years certain and life. If the participant dies before the end of the certain period, payments can be commuted to a single sum. • Monthly annuity payable as a survivorship life annuity with survivorship percentages of 50, 66 2/3, 75, or 100. • Monthly annuity payable as a special survivorship life annuity with survivorship percentages of 50, 66 2/3, or 75. The reduced payment is paid to the survivor for life upon the death of either the participant or the contingent annuitant. • Monthly annuity payable for life with a Social Security adjustment option. • Re-election option at age 65 if a participant entered the plan before 9/30/1999 and early retired with the life annuity option or the Social Security adjustment option. • Single sum payment for a benefit calculated under the cash balance pension formula. The optional forms of benefit payments for participants with a cash balance account who entered the plan on or after 01/01/2002 are: • Monthly annuity payable for life, or 5, 10, or 15 years certain and life. If the participant dies before the end of the certain period, payments can be commuted to a single sum. • Monthly annuity payable as a survivorship life annuity with survivorship percentages of 50, 66 2/3, 75, or 100. • Single sum payment. The optional form conversion basis uses the applicable interest rate and applicable mortality table as set forth in Code Section 417(e)(3). The applicable interest rate uses the average of the interest rates for the look-back months of September, October, and November preceding the first day of the stability period which is the plan year.

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.

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

- a change in the valuation interest rate to use segment rates

This change is available under Code section 430 and does not need IRS approval.

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

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **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: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1	Enter the valuation date: Month 01 Day 01 Year 2010			
2	Assets:			
a	Market value	2a		1250315008
b	Actuarial value	2b		1355498024
3	Funding target/participant count breakdown		(1) Number of participants	(2) Funding Target
a	For retired participants and beneficiaries receiving payment	3a	3801	515809691
b	For terminated vested participants	3b	8680	264996446
c	For active participants:			
(1)	Non-vested benefits	3c(1)		27747456
(2)	Vested benefits	3c(2)		441756000
(3)	Total active	3c(3)	11658	469503456
d	Total	3d	24139	1250309593
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		6.71 %
6	Target normal cost	6		37729650

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

TMM
Signature of actuary

Sept 1, 2011
Date

Terrance M. McCarthy
Type or print name of actuary

1104665
Most recent enrollment number

Principal Financial Group
Firm name

515-235-5411
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 [ ]

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)	87438783	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)	87438783	0
10	Interest on item 9 using prior year's actual return of 21.77 %	19035423	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Excess contributions (Item 38 from prior year)		46013400
	b Interest on (a) using prior year's effective rate of 8.02 %		3690275
	c Total available at beginning of current plan year to add to prefunding balance		49703675
	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)	106474206	0

Part III Funding percentages

14	Funding target attainment percentage	14	99.89 %
15	Adjusted funding target attainment percentage	15	108.41 %
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	113.75 %
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
04/15/2010	10000000	0			
06/15/2010	10000000	0			
09/15/2010	10000000	0			
12/15/2010	10000000	0			
			Totals ▶ 18(b)	40000000	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	38479934

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
5.03 %	6.73 %	6.82 %	

b Applicable month (enter code) — **21b**: 4

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**		37729650
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**		37729650

	Carryover balance	Prefunding balance	Total balance
35 Balances used to offset funding requirement	0	0	0

36 Additional cash requirement (item 34 minus item 35)	**36**	37729650
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	**37**	38479934
38 Interest-adjusted excess contributions for current year (see instructions)	**38**	750284
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