

**FORM ADV****Uniform Application for Investment Adviser Registration****Part II - Page 1**

Name of Investment Adviser: <b>Principal Management Corporation</b>				
Address: (Number and Street) <b>680 8<sup>th</sup> Street</b>	(City) <b>Des Moines</b>	(State) <b>IA</b>	(Zip Code) <b>50392</b>	Area Code: Telephone Number: <b>( 515 ) 248-3842</b>

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.**

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

**Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.**

**FORM ADV****Part II - Page 2**

Applicant:

**Principal Management Corporation**

SEC File Number:

**801-8144**

Date:

**03/24/2009****1. A. Advisory Services and Fees.** (check the applicable boxes)For each type of service provided, state the approximate % of total advisory billings from that service.  
(See instruction below.)**Applicant:**

- |                                     |     |   |              |
|-------------------------------------|-----|---|--------------|
| <input checked="" type="checkbox"/> | (1) | Provides investment supervisory services . . . . .  | <u>3.3%</u>  |
| <input checked="" type="checkbox"/> | (2) | Manages investment advisory accounts not involving investment supervisory services . . . . .  | <u>96.7%</u> |
| <input type="checkbox"/>            | (3) | Furnishes investment advice through consultations not included in either service described above . . . . .  | <u>    %</u> |
| <input type="checkbox"/>            | (4) | Issues periodicals about securities by subscription . . . . .   | <u>    %</u> |
| <input type="checkbox"/>            | (5) | Issues special reports about securities not included in any service described above . . . . .   | <u>    %</u> |
| <input type="checkbox"/>            | (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities . . . . . | <u>    %</u> |
| <input type="checkbox"/>            | (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities . . . . .   | <u>    %</u> |
| <input type="checkbox"/>            | (8) | Provides a timing service . . . . .   | <u>    %</u> |
| <input type="checkbox"/>            | (9) | Furnishes advice about securities in any manner not described above . . . . .   | <u>    %</u> |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

**B.** Does applicant call any of the services it checked above financial planning or some similar term? . . . . .Yes ☐ No ☒**C.** Applicant offers investment advisory services for: (check all that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges                                     | <input type="checkbox"/> (5) Commissions       |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees)       | <input checked="" type="checkbox"/> (6) Other  |

**D.** For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- |  |   |
|--|---|
| <input type="checkbox"/> A. Individuals                      | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations         |
| <input type="checkbox"/> B. Banks or thrift institutions     | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input checked="" type="checkbox"/> C. Investment companies  | <input type="checkbox"/> G. Other (describe on Schedule F)                                  |
| <input type="checkbox"/> D. Pension and profit sharing plans |   |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**FORM ADV****Part II - Page 3**

Applicant:

**Principal Management Corporation**

SEC File Number:

801- **8144**

Date:

**03/24/2009****3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |  |  |
|--|--|
| <input type="checkbox"/> A. Equity securities  | <input type="checkbox"/> H. United States government securities      |
| <input type="checkbox"/> (1) exchange-listed securities                                |  |
| <input type="checkbox"/> (2) securities traded over-the-counter                        | <input type="checkbox"/> I. Options contracts on:                    |
| <input type="checkbox"/> (3) foreign issues  | <input type="checkbox"/> (1) securities                              |
|  | <input type="checkbox"/> (2) commodities                             |
| <input type="checkbox"/> B. Warrants   | <input type="checkbox"/> J. Futures contracts on:                    |
|  | <input type="checkbox"/> (1) tangibles                               |
| <input type="checkbox"/> C. Corporate debt securities<br>(other than commercial paper) | <input type="checkbox"/> (2) intangibles                             |
| <input type="checkbox"/> D. Commercial paper   | <input type="checkbox"/> K. Interests in partnerships investing in:  |
| <input type="checkbox"/> E. Certificates of deposit                                    | <input type="checkbox"/> (1) real estate                             |
| <input type="checkbox"/> F. Municipal securities                                       | <input type="checkbox"/> (2) oil and gas interests                   |
| <input type="checkbox"/> G. Investment company securities:                             | <input type="checkbox"/> (3) other (explain on Schedule F)           |
| <input type="checkbox"/> (1) variable life insurance                                   | <input checked="" type="checkbox"/> L. Other (explain on Schedule F) |
| <input type="checkbox"/> (2) variable annuities  |  |
| <input checked="" type="checkbox"/> (3) mutual fund shares                             |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.****A.** Applicant's security analysis methods include: (check those that apply)

- |  |   |
|--|---|
| (1) <input type="checkbox"/> Charting    | (4) <input type="checkbox"/> Cyclical                                 |
| (2) <input type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical   |   |

**B.** The main sources of information applicant uses include: (check those that apply)

- |  |   |
|--|---|
| (1) <input type="checkbox"/> Financial newspapers and magazines    | (5) <input type="checkbox"/> Timing services  |
| (2) <input type="checkbox"/> Inspections of corporate activities   | (6) <input type="checkbox"/> Annual reports, prospectuses, filings with the<br>Securities and Exchange Commission |
| (3) <input type="checkbox"/> Research materials prepared by others | (7) <input type="checkbox"/> Company press releases   |
| (4) <input type="checkbox"/> Corporate rating services             | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F)   |

**C.** The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |   |  |
|---|--|
| (1) <input type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions   |
| (2) <input type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input type="checkbox"/> Short sales  |  |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**FORM ADV****Part II - Page 4**

Applicant:

**Principal Management Corporation**

SEC File Number:

**801-8144**

Date:

**03/24/2009****5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? . . . . .

Yes No  
☒ ☐

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- |                 |  |
|-----------------|--|
| • name          | • formal education after high school               |
| • year of birth | • business background for the preceding five years |

**7. Other Business Activities.** (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☒ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- |   |  |
|---|--|
| <input type="checkbox"/> A. Applicant is registered (or has an application pending) as a securities broker-dealer.  |  |
| <input type="checkbox"/> B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser. |  |
| C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:   |  |
| <input checked="" type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input checked="" type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input checked="" type="checkbox"/> (3) other investment adviser  | <input checked="" type="checkbox"/> (9) insurance company or agency                |
| <input type="checkbox"/> (4) financial planning firm  | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant  | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution  | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?.....

Yes No  
☐ ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

## FORM ADV

## Part II - Page 5

Applicant:

Principal Management Corporation

SEC File Number:

801- 8144

Date:

03/24/2009

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☒ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☒ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? . . . . .

Yes

☐

No

☒

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

The Registrant has two mutual fund clients, consisting of 112 portfolios, organized by Principal Life Insurance Company. The board of directors of the Registrant reviews quarterly written reports prepared by the portfolio managers assigned to manage specific portfolios. Significant events impacting the investment markets may trigger more frequent or special reviews, depending on relevant circumstances.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Quarterly reports are made to each client's Board of Directors. These reports include performance data, portfolio strategy and holdings and comments on the economy and securities markets. Other special reports may be made if deemed appropriate by the Registrant.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**FORM ADV****Part II - Page 6**

Applicant:

**Principal Management Corporation**

SEC File Number:

**801-8144**

Date:

**03/24/2009****12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

(1) securities to be bought or sold? . . . . .

Yes No

☒ ☐

(2) amount of the securities to be bought or sold ? . . . . .

Yes No

☒ ☐

(3) broker or dealer to be used ? . . . . .

Yes No

☒ ☐

(4) commission rates paid? . . . . .

Yes No

☒ ☐

B. Does applicant or a related person suggest brokers to clients? . . . . .

Yes No

☒ ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? . . . . .

Yes No

☐ ☒

B. directly or indirectly compensates any person for client referrals? . . . . .

Yes No

☐ ☒

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? . . . . .

Yes No

☐ ☒**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
<b>Principal Management Corporation</b>	<b>801- 8144</b>	<b>03/24/2009</b>

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Principal Management Corporation</b>	IRS Empl. Ident. No.: <b>42-0948302</b>
--	--

Item of Form (identify)	Answer																																																																
Form ADV Part II Item 1D	<p>The Registrant currently provides investment advisory services to the LifeTime portfolios (which are Funds of Funds) of mutual funds organized by Principal Life Insurance Company. In this connection, the Registrant furnishes to the Board of Directors of each fund an investment policy statement consistent with each fund's investment objectives and policies. The Registrant is authorized, within the approved investment program, to determine which mutual funds are to be bought or sold, and in what amounts. The Registrant has entered into a sub-advisory agreement with Principal Global Investors, an affiliated investment advisory firm, to provide asset allocation services to the LifeTime portfolios. Principal Global Investors determines the portion of each portfolio's assets that should be allocated to various asset classes.</p> <p>The Registrant also manages a cash buffer account in connection with the advisory services it provides to some of its mutual fund clients. A cash buffer account has been established for each such fund with the funds' custodian. As each cash buffer account increases or decreases due to the daily cash flows, the Registrant monitors and maintains account balances against pre-set target levels by transferring excess funds to the portfolio managers in a prescribed and orderly fashion and equitizing the remaining cash balance in futures contracts. The amount invested in futures is based on the cash balance in the accounts on the trade date of the investment. Cash held in the cash buffer accounts is not included in asset figures for purposes of determining sub-advisory fees payable.</p> <p>The Registrant also serves as a "manager of managers" on behalf of the mutual funds organized by Principal Life Insurance Company. The Registrant recommends the hiring and firing of sub-advisory firms, provides ongoing oversight of the sub-advisors' investment advisory services provided to the funds, and provides ongoing compliance oversight of the firms in connection with the services provided to the funds.</p> <p>The Registrant also serves as the nondiscretionary investment advisor to a collective investment trust called Principal Trust<sup>SM</sup> Target Date Collective Investment Funds (CIT), a non-registered trust maintained exclusively for the "collective investment" and reinvestment of moneys contributed on behalf of eligible employees' pension, profit sharing and other employee benefit trusts that are exempt from taxation and is not available for investment by the general public. The CIT provides access to funds with underlying assets which consist of Principal Funds, Principal Life Separate Accounts, non-affiliated mutual funds, and non-affiliated collective investment trusts. The Registrant provides asset allocation and investment manager selection advice to Delaware Charter Guarantee &amp; Trust Company, conducting business as Principal Trust Company, the Trustee of the CIT.</p> <p>For providing the investment advisory services and specified other services, the Registrant, under a Management Agreement, is entitled to receive fees computed and accrued daily and payable monthly at the following annual rates:</p> <p><b>Accounts of Principal Variable Contracts Funds, Inc.</b></p> <table><tr><th colspan="2"><b>SCHEDULE 1 MANAGEMENT FEES</b></th><th colspan="2"><b>SCHEDULE 2 MANAGEMENT FEES</b></th></tr><tr><th colspan="2"><b>LargeCap Growth Account I and Asset Allocation Account</b></th><th colspan="2"><b>Diversified International Account and LargeCap Value Account II</b></th></tr><tr><th>Average Daily Net Assets of the Account</th><th>Fee as a Percentage of Average Daily Net Assets</th><th>Average Daily Net Assets of the Account</th><th>Fee as a Percentage of Average Daily Net Assets</th></tr><tr><td>First \$100 million.....</td><td>0.80%</td><td>First \$250 million.....</td><td>0.85%</td></tr><tr><td>Next \$100 million.....</td><td>0.75%</td><td>Next \$250 million.....</td><td>0.80%</td></tr><tr><td>Next \$100 million.....</td><td>0.70%</td><td>Next \$250 million.....</td><td>0.75%</td></tr><tr><td>Next \$100 million.....</td><td>0.65%</td><td>Next \$250 million.....</td><td>0.70%</td></tr><tr><td>Over \$400 million.....</td><td>0.60%</td><td>Over \$1 billion.....</td><td>0.65%</td></tr></table> <table><tr><th colspan="2"><b>SCHEDULE 3 MANAGEMENT FEES</b></th><th colspan="2"><b>SCHEDULE 4 MANAGEMENT FEES</b></th></tr><tr><th colspan="2"><b>MidCap Blend Account</b></th><th colspan="2"><b>Balanced Account</b></th></tr><tr><th>Average Daily Net Assets of the Account</th><th>Fee as a Percentage of Average Daily Net Assets</th><th>Average Daily Net Assets of the Account</th><th>Fee as a Percentage of Average Daily Net Assets</th></tr><tr><td>First \$100 million.....</td><td>0.65%</td><td>First \$100 million.....</td><td>0.60%</td></tr><tr><td>Next \$100 million.....</td><td>0.60%</td><td>Next \$100 million.....</td><td>0.55%</td></tr><tr><td>Next \$100 million.....</td><td>0.55%</td><td>Next \$100 million.....</td><td>0.50%</td></tr><tr><td>Next \$100 million.....</td><td>0.50%</td><td>Next \$100 million.....</td><td>0.45%</td></tr><tr><td>Over \$400 billion.....</td><td>0.45%</td><td>Over \$400 million.....</td><td>0.40%</td></tr></table>	<b>SCHEDULE 1 MANAGEMENT FEES</b>		<b>SCHEDULE 2 MANAGEMENT FEES</b>		<b>LargeCap Growth Account I and Asset Allocation Account</b>		<b>Diversified International Account and LargeCap Value Account II</b>		Average Daily Net Assets of the Account	Fee as a Percentage of Average Daily Net Assets	Average Daily Net Assets of the Account	Fee as a Percentage of Average Daily Net Assets	First \$100 million.....	0.80%	First \$250 million.....	0.85%	Next \$100 million.....	0.75%	Next \$250 million.....	0.80%	Next \$100 million.....	0.70%	Next \$250 million.....	0.75%	Next \$100 million.....	0.65%	Next \$250 million.....	0.70%	Over \$400 million.....	0.60%	Over \$1 billion.....	0.65%	<b>SCHEDULE 3 MANAGEMENT FEES</b>		<b>SCHEDULE 4 MANAGEMENT FEES</b>		<b>MidCap Blend Account</b>		<b>Balanced Account</b>		Average Daily Net Assets of the Account	Fee as a Percentage of Average Daily Net Assets	Average Daily Net Assets of the Account	Fee as a Percentage of Average Daily Net Assets	First \$100 million.....	0.65%	First \$100 million.....	0.60%	Next \$100 million.....	0.60%	Next \$100 million.....	0.55%	Next \$100 million.....	0.55%	Next \$100 million.....	0.50%	Next \$100 million.....	0.50%	Next \$100 million.....	0.45%	Over \$400 billion.....	0.45%	Over \$400 million.....	0.40%
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Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
<b>Principal Management Corporation</b>	<b>801- 8144</b>	<b>03/24/2009</b>

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Principal Management Corporation</b>		IRS Empl. Ident. No.: <b>42-0948302</b>										
Item of Form (identify)	Answer											
Form ADV Part II Item 1D (continued)	<table border="0"> <tr> <td> <b>SCHEDULE 5 MANAGEMENT FEES</b>  <b>Bond and Mortgage Securities Account, Government &amp; High Quality Bond Account, Short-Term Bond Account and Money Market Account</b>  Average Daily Net      Fee as a Percentage of  <u>Assets of the Account</u>      <u>Average Daily Net Assets</u>  First \$100 million.....0.50%  Next \$100 million.....0.45%  Next \$100 million.....0.40%  Next \$100 million.....0.35%  Over \$400 million.....0.30% </td> <td> <b>SCHEDULE 6 MANAGEMENT FEES</b>  <b>MidCap Growth Account I and Real Estate Securities Account</b>  Average Daily Net      Fee as a Percentage of  <u>Assets of the Account</u>      <u>Average Daily Net Assets</u>  First \$100 million.....0.90%  Next \$100 million.....0.85%  Next \$100 million.....0.80%  Next \$100 million.....0.75%  Over \$400 million.....0.70% </td> </tr> <tr> <td> <b>SCHEDULE 7 MANAGEMENT FEES</b>  <b>SmallCap Growth Account II</b>  Average Daily Net      Fee as a Percentage of  <u>Assets of the Account</u>      <u>Average Daily Net Assets</u>  First \$100 million.....1.00%  Next \$100 million.....0.95%  Next \$100 million.....0.90%  Next \$100 million.....0.85%  Over \$400 million.....0.80% </td> <td> <b>SCHEDULE 8 MANAGEMENT FEES</b>  <b>SmallCap Blend Account</b>  Average Daily Net      Fee as a Percentage of  <u>Assets of the Account</u>      <u>Average Daily Net Assets</u>  First \$100 million.....0.85%  Next \$100 million.....0.80%  Next \$100 million.....0.75%  Next \$100 million.....0.70%  Over \$400 million.....0.65% </td> </tr> <tr> <td> <b>SCHEDULE 9 MANAGEMENT FEES</b>  <b>SmallCap Value Account I</b>  Average Daily Net      Fee as a Percentage of  <u>Assets of the Account</u>      <u>Average Daily Net Assets</u>  First \$100 million.....1.10%  Next \$100 million.....1.05%  Next \$100 million.....1.00%  Next \$100 million.....0.95%  Over \$400 million.....0.90% </td> <td> <b>SCHEDULE 10 MANAGEMENT FEES</b>  <b>International SmallCap Account</b>  Average Daily Net      Fee as a Percentage of  <u>Assets of the Account</u>      <u>Average Daily Net Assets</u>  First \$100 million.....1.20%  Next \$100 million.....1.15%  Next \$100 million.....1.10%  Next \$100 million.....1.05%  Over \$400 million.....1.00% </td> </tr> <tr> <td> <b>SCHEDULE 11 MANAGEMENT FEES</b>  <b>LargeCap Value Account</b>  Average Daily Net      Fee as a Percentage of  <u>Assets of the Account</u>      <u>Average Daily Net Assets</u>  First \$250 million.....0.60%  Next \$250 million.....0.55%  Next \$250 million.....0.50%  Next \$250 million.....0.45%  Over \$1 billion.....0.40% </td> <td> <b>SCHEDULE 12 MANAGEMENT FEES</b>  <b>MidCap Value Account II</b>  Average Daily Net      Fee as a Percentage of  <u>Assets of the Account</u>      <u>Average Daily Net Assets</u>  First \$250 million.....1.05%  Next \$250 million.....1.00%  Next \$250 million.....0.95%  Next \$250 million.....0.90%  Over \$1 billion.....0.85% </td> </tr> <tr> <td> <b>SCHEDULE 13 MANAGEMENT FEES</b>  <b>LargeCap S&amp;P 500 Index Account</b>  Average Daily Net      Fee as a Percentage of  <u>Assets of the Account</u>      <u>Average Daily Net Assets</u>  All Net Assets.....0.25% </td> <td> <b>SCHEDULE 14 MANAGEMENT FEES</b>  <b>International Emerging Markets Account</b>  Average Daily Net      Fee as a Percentage of  <u>Assets of the Account</u>      <u>Average Daily Net Assets</u>  First \$250 million.....1.25%  Next \$250 million.....1.20%  Next \$250 million.....1.15%  Next \$250 million.....1.10%  Over \$1 billion.....1.05% </td> </tr> </table>		<b>SCHEDULE 5 MANAGEMENT FEES</b> <b>Bond and Mortgage Securities Account, Government &amp; 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Complete amended pages in full, circle amended items and file with execution page (page 1).												



**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
<b>Principal Management Corporation</b>	801- 8144	03/24/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

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23 MANAGEMENT FEES</b> <b>LargeCap Growth Account</b></p> <table> <tr> <td>Average Daily Net Assets of the Account</td> <td>Fee as a Percentage of Average Daily Net Assets</td> </tr> <tr> <td>First \$500 million.....</td> <td>0.68%</td> </tr> <tr> <td>Next \$500 million.....</td> <td>0.65%</td> </tr> <tr> <td>Next \$1 billion.....</td> <td>0.62%</td> </tr> <tr> <td>Next \$1 billion.....</td> <td>0.58%</td> </tr> <tr> <td>Over \$3 billion.....</td> <td>0.55%</td> </tr> </table> </div> <div style="width: 48%;"> <p><b>SCHEDULE 16 MANAGEMENT FEES</b> <b>Principal LifeTime 2010, Principal LifeTime 2020, Principal LifeTime 2030, Principal LifeTime 2040, Principal LifeTime 2050 and Principal LifeTime Strategic Income Accounts</b></p> <table> <tr> <td>Average Daily Net Assets of the Account</td> <td>Fee as a Percentage of Average Daily Net Assets</td> </tr> <tr> <td>First \$3 billion.....</td> <td>0.1225%</td> </tr> <tr> <td>Over \$3 billion.....</td> <td>0.1125%</td> </tr> </table> 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Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant:	SEC File Number:	Date:
<b>Principal Management Corporation</b>	<b>801- 8144</b>	<b>03/24/2009</b>

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Principal Management Corporation</b>	IRS Empl. Ident. No.: <b>42-0948302</b>
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Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
<b>Principal Management Corporation</b>	<b>801- 8144</b>	<b>03/24/2009</b>

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

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Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
<b>Principal Management Corporation</b>	<b>801- 8144</b>	<b>03/24/2009</b>

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Principal Management Corporation</b>	IRS Empl. Ident. No.: <b>42-0948302</b>
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Item of Form (identify)	Answer						
Form ADV Part II Item 1D (continued)	<u>Series</u>	<u>Management Fee as a Percentage of Daily Average Net Assets</u>					
		<u>First</u> <u>\$250 million</u>					<u>Over</u> <u>\$250 million</u>
	High Yield Fund	0.625%					0.50%
	<u>Series</u>	<u>Management Fee as a Percentage of Daily Average Net Assets</u>					
		<u>First</u> <u>\$1 billion</u>					<u>Over</u> <u>\$1 billion</u>
	California Municipal Fund	0.50%					0.45%
	<u>Series</u>	<u>Management Fee as a Percentage of Daily Average Net Assets</u>					
		<u>First</u> <u>\$200 million</u>	<u>Next</u> <u>\$300 million</u>				<u>Over</u> <u>\$500 million</u>
	Short-Term Income Fund	0.50%	0.45%				0.40%
	<u>Series</u>	<u>Management Fee as a Percentage of Daily Average Net Assets</u>					
		<u>First</u> <u>\$500 million</u>	<u>Next</u> <u>\$500 million</u>	<u>Next</u> <u>\$1 billion</u>	<u>Next</u> <u>\$1 billion</u>	<u>Over</u> <u>\$3 billion</u>	
	LargeCap Growth Fund	0.68%	0.65%	0.62%	0.58%	0.55%	
	<u>Series</u>	<u>Management Fee as a Percentage of Daily Average Net Assets</u>					
		<u>First</u> <u>\$500 million</u>	<u>Next</u> <u>\$500 million</u>	<u>Next</u> <u>\$1 billion</u>	<u>Next</u> <u>\$1 billion</u>	<u>Next</u> <u>\$1 billion</u>	<u>Over</u> <u>\$5 billion</u>
	SAM Balanced Portfolio	0.55%	0.50%	0.45%	0.40%	0.35%	0.25%
	SAM Conservative Balanced Portfolio	0.55%	0.50%	0.45%	0.40%	0.35%	0.25%
	SAM Conservative Growth Portfolio	0.55%	0.50%	0.45%	0.40%	0.35%	0.25%
	SAM Flexible Income Portfolio	0.55%	0.50%	0.45%	0.40%	0.35%	0.25%
	SAM Strategic Growth Portfolio	0.55%	0.50%	0.45%	0.40%	0.35%	0.25%
	Investment advisory fees are negotiated at the time of the initial organization of a mutual fund organized by Principal Life Insurance Company. The fees are reviewed annually by the fund clients' board of directors.						
	The Registrant also provides corporate administrative services as a part of the above fee, which includes providing office space, facilities and simple business equipment and the cost of keeping the books of the funds. The Registrant also compensates all personnel, officers and directors, if such officers and directors are also affiliated with the Registrant. In addition, the Registrant also provides and pays for fees for auditors and legal counsel and preparing and printing client prospectuses for Principal Variable Contracts Fund. In addition, with regard to Principal Variable Contracts Fund, the Registrant provides, as part of the above fee, administration of shareholder accounts, including issuance and maintenance of open account system, dividend disbursement, reports to shareholders, redemption and all services customarily performed by the transfer and paying agent.						
	The Registrant is also responsible for providing portfolio accounting services to the Funds.						
	The Registrant is also responsible for qualifying shares of the Fund for sale in states and other jurisdictions for the Principal Investors Fund. Currently these services are provided by the Registrant to the Institutional Class, Advisors Select, Advisors Preferred, Advisors Signature, Select and Preferred classes at no charge.						
For providing the investment advisory services, and specified other services, the Registrant, under the terms of the Management Agreement for each Fund, is entitled to receive a fee computed and accrued daily and payable monthly.							
The Registrant does not collect a fee for its management of Principal Trust <sup>SM</sup> Target Date collective Investment Funds.							

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
<b>Principal Management Corporation</b>	801- 8144	<b>03/24/2009</b>

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Principal Management Corporation</b>		IRS Empl. Ident. No.: <b>42-0948302</b>
Item of Form (identify)	Answer	
Form ADV Part II Item 3 L	The Registrant provides investment advice to its mutual fund clients (LifeTime Funds) regarding investments in shares of other investment companies, consistent with the fund's investment policies and restrictions as disclosed in the fund's registration statement.	
Form ADV Part II Item 4(A).5	<p><u>Investment Strategies</u></p> <p>The Registrant chooses its investment strategies from among the Principal Funds. Each of these funds is monitored on an ongoing basis by the Registrant's Research Group on both quantitative (performance) and qualitative (fundamental) basis. The sub advisor of the fund, Principal Global Investors, sets strategic weights for each of the asset classes within the various LifeTime funds. The Registrant's role is to select and appropriately weight the managers within each asset class. The Registrant is also responsible for ongoing monitoring of each investment option underlying the LifeTime funds.</p>	
Form ADV Part II Item 4(C)(7)	<p><u>Methods of Analysis</u></p> <p>The Registrant considers many different factors in arriving at a final line-up of funds for the LifeTime portfolios. Factors that are considered include the Registrant's view of each manager's ability to outperform, the overall tracking error and risk level of the portfolio, the overall style characteristics of each major asset class compared to its index, diversification within the portfolio by investment firm and process, and a preference to minimize the costs of turnover and fund expenses.</p> <p>The <i>Compass</i> product can be used to perform optimizations that seek to minimize portfolio tracking error (risk versus the benchmark) and to measure style neutrality. <i>Compass</i> is also used to measure whether or not historic risk and returns levels for the portfolios are appropriate. <i>Atlas</i> gives the Registrant the ability to perform detailed attributions both on each underlying fund as well as the equity portion of each LifeTime portfolio as a whole. Because <i>Atlas</i> is based on current portfolio holdings, it gives us a better <i>forecast</i> of future risk levels than by looking at <i>Compass</i> alone. The Registrant's goal is to provide consistent outperformance through strong manager selection rather than trying to make tactical decisions about which asset classes or equity styles will be in favor.</p>	
Form ADV Part II Item 4.B.(8)	<p><u>Sources of Information</u></p> <p>The Registrant has access to the underlying holdings of all portfolios. Equity portfolio holdings are loaded into a specialized risk model on a daily or weekly basis. This gives the Registrant the ability to analyze portfolio positioning, risk, and sources of performance for each underlying portfolio in LifeTime, other portfolios that could be included in LifeTime, and the LifeTime portfolios themselves. This risk model is <i>Atlas</i> and has been purchased from Wilshire Associates.</p> <p>Another Wilshire product called <i>Compass</i> is also used for both equity and fixed income portfolios. Monthly portfolio performance is available for all of our products and their relevant indexes. Morningstar data by investment category is also used in an effort to monitor peer group performance.</p> <p>For fixed income portfolios, the Registrant also receives additional risk information on a quarterly basis from the fixed income sub advisors.</p>	
Form ADV Part II Item 5	A Masters degree in economics or finance or equivalent business experience is ordinarily required.	
Form ADV Part II Item 6	<p>Nora M. Everett: President; Born 1959; Formal Education after High School: BS, Iowa State University, Ames, Iowa; JD, William and Mary College, Williamsburg, VA; Business Background for preceding 5 years: President of Principal Management Corporation since 2008; 2004 - 2008 Senior Vice President and Deputy General of Principal Financial Group since 2004 and prior thereto, Vice President and Counsel of Principal Financial Group.</p> <p>James W. Fennessey: Head of Investment Manager Research; Born 1977; Formal Education after High School; BS, Truman State University; Business Background for preceding 5 years: Head of Investment Management Research, Principal Life Insurance Company.</p> <p>Michael P. Finnegan: Chief Investment Officer; Born 1963; Formal Education after High School: BBA, Iowa State University; MA, University of Iowa; Business Background for preceding 5 years: Vice President, Principal Life Insurance Company, 2008 ; 2<sup>nd</sup> Vice President prior thereto</p>	

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**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
<b>Principal Management Corporation</b>	<b>801- 8144</b>	<b>03/24/2009</b>

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Principal Management Corporation</b>		IRS Empl. Ident. No.: <b>42-0948302</b>
Item of Form (identify)	Answer	
Form ADV Part II Item 6 (continued)	<p>Randy L. Welch: Portfolio Manager; Born 1962; Formal Education after High School: BA, Grandview College; MBA, Drake University. Business Background for preceding 5 years: Vice President, Principal Management Corporation, 2005; Principal Life prior thereto.</p> <p>Mark Stark: Portfolio Manager; Born 1956; Formal Education after High School: BS, University of Nebraska; Business Background preceding 5 years; Vice President and Portfolio Manager Principal Management Corporation and Vice President, Principal Financial Advisor, Inc.</p>	
Form ADV Part II Item 7B	The Registrant provides certain administrative services in connection with the Plan Class shares of Principal Fund.	
Form ADV Part II Item 8C	<b>Material Arrangements to advisory business:</b>	
Form ADV Part II Item 8C(1)	<p><b>Broker-Dealer</b> Principal Funds Distributor, Inc. ("PFD") is a wholly-owned subsidiary of the Registrant. PFD is a limited services broker-dealer registered with the SEC and a FINRA member firm that serves as principal underwriter for Principal Funds and Principal Variable Contracts Funds. Princor Financial Services Corporation ("Princor"), an affiliate of the Registrant, also serves as an underwriter of Principal Funds. Princor also markets mutual funds, unit investment trusts, limited partnerships, stocks and bonds. The Registrant and Princor are wholly-owned subsidiaries of Principal Financial Services, Inc.</p>	
Form ADV Part II Item 8C(2)	<p><b>Investment Company</b> The Registrant has executed a contract to provide investment advisory and specified other services to each mutual fund organized by Principal Life Insurance Company.</p>	
Form ADV Part II Item 8C(3)	<p><b>Other Investment Advisors</b> Principal Global Investors, LLC ("PGI"), an investment advisor registered with the SEC, is an indirect wholly-owned subsidiary of Principal Life Insurance Company, a related person of the Registrant. The Registrant has executed sub-advisory agreements with PGI to serve as investment sub-advisor to certain mutual funds organized by Principal Life Insurance Company.</p> <p>Principal Real Estate Investors, LLC ("Principal – REI"), an investment advisor registered with the SEC, is an indirect wholly-owned subsidiary of Principal Life Insurance Company, a related person of the Registrant. The Registrant has executed sub-advisory agreements with Principal – REI to serve as investment sub-advisor to certain mutual funds organized by Principal Life Insurance Company.</p> <p>Spectrum Asset Management, Inc. ("Spectrum"), an investment advisor registered with the SEC, is an indirect wholly-owned subsidiary of Principal Life Insurance Company, a related person of the Registrant. The Registrant has executed sub-advisory agreements with Spectrum to serve as investment sub-advisor to certain mutual funds organized by Principal Life Insurance Company. Spectrum is registered with the SEC and NASD as a broker-dealer.</p> <p>Columbus Circle Investors ("CCI"), an investment advisor registered with the SEC, is an indirect wholly-owned subsidiary of Principal Life Insurance Company, a related person of the Registrant. The Registrant has executed sub-advisory agreements with CCI to serve as investment sub-advisor to certain mutual funds organized by Principal Life Insurance Company.</p> <p>Edge Asset Management, Inc., an investment advisor registered with the SEC, is a wholly-owned subsidiary of the Registrant. The Registrant has executed sub-advisory agreements with Edge to serve as investment sub-advisor to certain mutual funds organized by Principal Life Insurance Company.</p> <p>Princor Financial Services Corporation is registered with the SEC as an investment advisor.</p>	
Form ADV Part II Item 8C(9)	<p><b>Insurance Company</b> The Registrant is a related person of Principal Life Insurance Company, an Iowa Corporation, which is licensed as an insurance company in all 50 states and the District of Columbia. Principal Life makes available its personnel and its other resources to the Registrant to enable the Registrant to provide its services to the funds.</p>	
Form ADV Part II Item 9B	Spectrum Asset Management, Inc., a related person of the Registrant, effects securities transactions as a broker for Principal Fund portfolios for which it serves as sub-adviser. Spectrum completes these transactions in accordance with procedures each fund has adopted pursuant to Rule 17e-1 of the Investment Company Act of 1940. Each fund's board of directors reviews all transactions completed pursuant to these procedures on a	

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**Schedule F of  
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**Continuation Sheet for Form ADV Part II**

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<b>Principal Management Corporation</b>	<b>801- 8144</b>	<b>03/24/2009</b>

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Principal Management Corporation</b>		IRS Empl. Ident. No.: <b>42-0948302</b>
Item of Form (identify)	Answer	
Form ADV Part II Item 9D and 9E	<p>quarterly basis to determine whether the compensation each fund pays to Spectrum Asset Management is reasonable and fair compared to compensation other brokers received for transactions in similar securities traded on an exchange during a comparable time period.</p> <p>A related person of the Registrant which also serves as a sub-advisor to some of the Funds, may advise the funds to purchase securities which at the time the fund purchases, one of more related persons of the Registrant may also (1) be purchasing or selling and/or (2) holding. Such situations will be subject to procedures designed to assure fair allocation of available transactions.</p> <p>The Registrant has adopted a Code of Ethics that is compliant with Rule 204-A-1. Related persons of the Registrant who are officers, directors and employees of Registrant may buy or sell for themselves securities that Registrant also recommends to its client, so long as Registrant's officers, directors and employees undertake those purchases and sales in accordance with the Registrant's code of ethics.</p> <p>The Code of Ethics sets out the Registrant's standards of conduct expected of advisory personnel, including compliance with applicable federal securities laws, prompt reporting of any violation of the Code of Ethics to the Chief Compliance Officer, confidential treatment of non-public client investment information, acknowledging the receipt of the Code of Ethics and any amendments and personal security investment reporting by supervised persons of the Registrant with access to material non-public client investment information. A copy of the Registrant's Code of Ethics will be provided to clients or prospective clients upon request.</p>	
Form ADV Part II Item 12A(3)(4) and 12B	<p><b>Brokerage on Purchases and Sales of Securities</b></p> <p>The Registrant has discretion to determine in which portfolios to invest in connection with the advisory services it provides to the "LifeTime" portfolios of Principal Funds (which invest in Institutional Class shares of Principal Funds) and Principal Variable Contracts Funds (which invest in Class I shares of Principal Variable Contracts Funds or Institutional Class shares of Principal Funds). Sub-Advisors, including affiliated firms, for each portfolio have investment discretion over the portfolios each sub-advises.</p> <p>In distributing brokerage business arising out of the placement of orders for the purchase and sale of securities for any Fund, the objective of each of the Fund's Sub-Advisors who are related persons of the Registrant is to obtain the best overall terms. In pursuing this objective, the Sub-Advisor considers all matters it deems relevant, including the breadth of the market in the security, the price of the security, the financial condition and executing capability of the broker or dealer and the reasonableness of the commission, if any (for the specific transaction and on a continuing basis). This may mean in some instances that the Sub-Advisor will pay a broker commissions that are in excess of the amount of commission another broker might have charged for executing the same transaction when the Sub-Advisor believes that such commissions are reasonable in light of (a) the size and difficulty of transactions, (b) the quality of the execution provided, and (c) the level of commissions paid relative to commissions paid by other institutional investors. (Such factors are viewed both in terms of that particular transaction and in terms of all transactions that broker executes for accounts over which the Sub-Advisor exercises investment discretion. The Sub-Advisor may purchase securities in the over-the-counter market, utilizing the services of principal market makers, unless better terms can be obtained by purchases through brokers or dealers, and may purchase securities listed on the New York Stock Exchange from non-Exchange members in transactions off the Exchange.) The Sub-Advisor gives consideration in the allocation of business to services performed by a broker (e.g. the furnishing of statistical data and research generally consisting of information of the following types: analyses and reports concerning issuers, industries, economic factors and trends, portfolio strategy and performance of client accounts). If any such allocation is made, the primary criteria used will be to obtain the best overall terms for such transactions. The Sub-Advisor may pay additional commission amounts for research services. Such statistical data and research information received from brokers or dealers may be useful in varying degrees and the Sub-Advisor may use it in servicing some or all of the accounts it manages. Some statistical data and research information may not be useful to the Sub-Advisor in managing the client account, brokerage for which resulted in the Sub-Advisor's receipt of the statistical data and research information. However, in the Sub-Advisor's opinion, the value thereof is not determinable and it is not expected that the Sub-Advisor's expenses will be significantly reduced since the receipt of such statistical data and research information is only supplementary to the Sub-Advisor's own research efforts.</p> <p>Purchases and sales of debt securities and money market instruments by a Sub-Advisor usually will be principal transactions; portfolio securities will normally be purchased directly from the issuer or from an underwriter or marketmaker for the securities. Such transactions are usually conducted on a net basis with the Fund paying no brokerage commissions. Purchases from underwriters will include a commission or concession paid by the issuer to the underwriter, and the purchases from dealers serving as marketmakers will include the spread between the bid and asked prices.</p>	

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