



The Principal Financial Group®

2009 Company Profile¹

Founded in 1879, the Principal Financial Group® (The Principal®) is a leader in offering businesses, individuals and institutional clients a wide range of financial products and services, including retirement and investment services, life and health insurance and banking through its diverse family of financial services companies.

As a 401(k) leader² and a member of the *FORTUNE* 500®, the Principal Financial Group has \$247.0 billion in assets under management and serves some 19.1 million customers worldwide from offices in 12 countries throughout Asia, Australia, Europe, Latin America and the United States. The Principal Financial Group, Inc. is traded on the New York Stock Exchange under the ticker symbol PFG.

Financial Data

- Total assets under management \$247.0 billion
- Total GAAP revenues \$9.9 billion
- Net income available to common stockholders \$425.1 million
- Operating earnings³ \$942.7 million
- Operating return on average equity available to common stockholders, excluding other comprehensive income³, 14.2 percent

People

- 16,200 employees worldwide
- 13,200 employees in the United States

Clientele

- 19.1 million customers

Financial Strength Ratings⁴ for Principal Life Insurance Company

- **A+ (Superior)** – A.M. Best Company
Second highest of 16 rating levels.
Outlook: negative. February 2009
- **AA- (Very strong)** – Fitch
Fourth highest of 21 rating levels.
Outlook: rating watch negative. February 2009
- **Aa3 (Excellent)** – Moody's Investors Service
Fourth highest of 21 rating levels.
Outlook: negative. March 2009
- **AA- (Very strong)** – Standard & Poor's
Fourth highest of 21 rating levels.
Outlook: negative. February 2009

Recent Awards and Recognition

Industry Leadership

- Named one of **America's Most Admired Companies** by *FORTUNE* magazine. March 2008
- Ranked 242nd on *FORTUNE* magazine's **Largest 500 Corporations** (based on 2006 GAAP revenues). April 2008
- A member of the **Standard & Poor's (S&P) 500 Index** since July 2002.
- Ranked 385th on **The Forbes Global 2000 list**, which recognizes the world's biggest and most powerful companies, as measured by a composite ranking for sales, profits, assets and market value. April 2008
- Ranked No. 58 on *P&I/Watson Wyatt* **world's 500 largest managers**. October 2008
- Recognized as the **No. 1 recordkeeper in the number of defined contribution plans**; the **No. 1 provider of ESOP plans**; and the **No. 1 recordkeeper of recordkeeping plans** in *PLANSPONSOR* magazine's Recordkeeping Survey. June 2008
- Named the **No. 1 recordkeeper of defined benefit plans** by *Investment Advisor* magazine. November 2008
- Named the **No. 1 recordkeeper of bundled 401(k) plans** in Spectrem Group's analysis of fully bundled 401(k) providers. 2008
- Recognized by *PLANSPONSOR* magazine as the **No. 1 recordkeeper of nonqualified deferred compensation plans**. April 2008
- Earned **Best in Class awards** in more than 74 categories measured in Chatham Partners survey of defined benefit, defined contribution and combo clients with more than \$5 million in assets, including our range of services, relationship managers, accessibility and actuaries' knowledge and consulting skills. December 2008
- Recognized in the *PlanAdviser* DC Recordkeepers survey as a **top 5 provider** (out of 43 companies) of overall service for clients with less than \$5 million in assets, \$5 million to \$50 million in assets and \$50 million to \$200 million in assets. Also recognized as a top 5 provider for adviser post-sale support, adviser sales and marketing support and adviser fee structure. December 2008
- Received the **DALBAR Communication Seal of Excellence** in customer communications for defined benefit, defined contribution, total retirement, variable annuity and mutual fund statements. September 2008
- Received the **DALBAR Seal of Excellence** for defined contribution plan participant and plan sponsor Web sites. September 2008
- **Achieved the longest client retention** (an average of 10.3 years vs. an industry average of 8.1 years) in the Boston Research Group's plan sponsor Defined Contribution study. September 2008
- Principal Funds ranked as the **fourth largest manager of target-date lifecycle mutual funds** by Financial Research Corporation. September 2008
- Named a **2008 Fund Operations Award winner** by *Money Management Executive* magazine. October 2008
- Recognized by *Pensions & Investments* magazine as one of the magazine's **Eddy Award winners** for excellence in investment education for defined contribution plan participants. February 2009
- Eighteen of our mutual funds were recognized as **Lipper Leaders**. We received awards in Value and Growth; Large-, Mid- and Small-Caps; U.S. and non-U.S.; Real Estate and Traditional Fixed Income; and High Yield Fixed Income. 2008
- Three Principal Funds won **top honors from Lipper Inc.** The Lipper Fund Awards program highlights funds that have excelled in delivering consistently strong risk-adjusted performance, relative to peers. April 2009
- Principal Real Estate Investors named **Green Giant of the Year** by *Real Estate Finance & Investment* magazine. June 2008
- Principal Global Investors recognized as **the fourth largest manager of real estate** by *Pensions & Investments* magazine. June 2008
- Principal Global Investors **manages assets for 12 of the top 25 largest U.S. pension plans** based on *Pensions & Investments* magazine P&I 1,000 report. January 2009
- Principal Global Investors ranked as the **eighth largest 401(k) manager** by *Pensions & Investments* magazine based on U.S. institutional, tax-exempt assets as of Dec. 31, 2007. July 2008

- Principal Global Investors ranked the **19th largest manager of U.S. institutional, tax-exempt assets** out of 300 managers profiled, according to *Pensions & Investments* magazine. December 2008
- Principal Hong Kong won **eight Lipper awards** across asset categories of bond, mixed asset and equity. March 2008
- Principal Hong Kong voted by *AsianInvestor* magazine as the **MPF (Mandatory Provident Fund) Master Trust of the Year**. April 2008
- Principal PNB Asset Management Company named **Best Mutual Fund House** by *Outlook Money* NDTV Profit Awards 2008. June 2008
- CIMB-Principal Asset Management Berhad won the *AsianInvestor* magazine 2007 Achievement Award for **Malaysia Fund House of the Year**. April 2008
- BrasilPrev (joint venture with Banco do Brasil) named **one of the most admired companies in Brazil** by *Carta Capital* magazine. September 2008
- Ranked **fifth out of 15 Life and Health (stock) companies** on the *FORTUNE* 500 (based on 2006 GAAP revenues). May 2008
- **Eighth largest life insurer** (Principal Life Insurance Company) based on HIGHLINEDATA 2008.
- **No. 2 provider of non-medical (dental, life and disability) insurance** based on 2007 LIMRA data on fully insured employer contracts in force. 2008
- **No. 6 provider of non-cancelable individual disability income insurance** based on 2008 LIMRA data of annualized premium in force. 2009
- Ranked in the **Top 10 nationally and No. 26 internationally for membership in the Million Dollar Round Table**, an organization for financial professionals whose sales results qualify them for membership. August 2008
- Noted as one of the **Top 30 Companies for Executive Women** for the seventh year in a row by the National Association of Female Executives. March 2009
- Ranked No. 73 on *Training* magazine's **Training Top 125**. February 2009
- Ranked 26th on *Computerworld* magazine's **100 Best Places to Work in IT**. July 2008
- Voted one of *LATINA Style* magazine's **50 Best Places for Latinas to Work** for the 10th year in a row. August 2008
- Recognized as a **Platinum Well Workplace** by the Wellness Councils of America. 2006-08
- Named one of the **Best Employers for Healthy Lifestyles** and received the highest level of distinction, a Platinum rating, by the National Business Group on Health. May 2007
- Scored a 95 out of 100 on the **Human Rights Campaign Foundation Corporate Equality Index**. September 2008

Community/Ethics Leadership

- Named as **one of the world's most ethical companies** by *Ethisphere Magazine*. June 2008
- The 19th company to receive United Way of America's **Spirit of America Award** for corporate community involvement. May 2006
- Won **United Way of Central Iowa's Spirit of Central Iowa Award**. March 2007

Technology Innovation

- Ranked No. 9 on *InformationWeek* magazine's list of **Top 500 IT Innovators**. September 2008
- Named a **Top Five Life Insurance Web site** by the Customer Respect Group. September 2008
- Received **Top 20 rankings from DALBAR** for both consumer and financial professional Web sites for Life Insurance & Annuity and Mutual Funds. June 2008

Workplace Excellence

- Ranked No. 17 on *FORTUNE* magazine's list of the **100 Best Companies to Work For**; seventh consecutive year on the list. January 2009
- Named among *Working Mother* magazine's **100 Best Companies for Working Mothers**. September 2008

2008 Highlights

U.S. Asset Accumulation

- Continued outstanding sales of the company's three key retirement and investment products (Full Service Accumulation (FSA), Principal Funds and Individual Annuities) despite a difficult sales environment, with \$21.1 billion of sales on a combined basis in 2008
- Principal Bank delivered record operating earnings of \$15.5 million
- FSA serves 35,000 plans with 3.7 million plan participants
- Record net cash flows of \$5.5 billion for FSA and \$2.8 billion for Individual Annuities

Global Asset Management

- Record operating revenues of \$598.5 million, an increase of 4 percent, in spite of the impact of poor market conditions on assets under management
- Near-record deposits of \$54.3 billion, compared to a record \$54.6 billion of deposits in 2007
- More than 400 investment professionals in offices around the world

International Asset Management and Accumulation

- Record operating revenues of \$849.0 million
- Record operating earnings of \$126.3 million
- Joint venture partners include China Construction Bank (China), Banco do Brasil (Brazil), CIMB Group (Malaysia) and Punjab National Bank/Vijaya Bank (India)

Life and Health Insurance

- Life and Health earnings improved \$49.3 million, or 22 percent, to \$270.4 million, with improvement across each of the divisions, including strong earnings performance for the health division
- Segment return on equity improved 250 basis points to 13.5 percent as of Dec. 31, 2008
- Serves 73,000 employers with 5.2 million covered members



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¹ Data as of or for the 12 months ended Dec. 31, 2008, unless otherwise noted. For the latest and additional information, visit www.principal.com.

² The Principal ranks No. 1 in bundled 401(k) plans for all asset sizes among fully bundled 401(k) providers — 2008 Spectrem Group analysis of fully bundled 401(k) providers (companies that provide both administrative and investment services).

³ The company uses a number of non-GAAP financial measures that management believes are important in understanding and evaluating the normal, recurring operations of our businesses. These measures are not a substitute for GAAP financial measures. Therefore, we provide a reconciliation of the non-GAAP measures to the comparable GAAP financial measures as follows:

- Operating earnings of \$942.7 million equal net income available to common stockholders of \$425.1 million adjusted for net realized/unrealized capital gains of \$(505.3) million and other after-tax adjustments of \$(12.3) million.
- ROE of 14.2 percent equals net income return on equity including other comprehensive income of 9.7 percent, adjusted for net realized/unrealized gains (losses) of (7.6) percent, other after-tax adjustments of (0.2) percent, net unrealized capital gains (losses) of 2.7 percent, foreign currency translation of 0.1 percent and net unrecognized post-retirement benefit obligations of 0.5 percent.

⁴ Ratings as of printing (April 6, 2009). The four rating agencies referenced have placed negative outlooks on the U.S. Life Insurance Sector. A negative outlook means that the ratings of many U.S. Life Insurance Companies may be downgraded due to the impact of negative market conditions.

Insurance products and services offered through Principal Life Insurance Company (Des Moines, Iowa 50392), its subsidiaries and affiliates. Securities offered through Princor Financial Services Corporation, 800-247-1737, member FINRA & SIPC. Banking products offered through Principal Bank. Principal Life, Princor and Principal Bank are members of the Principal Financial Group®, Des Moines, Iowa 50392.

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