



The Principal Financial Group®

2010 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 \$284.7 billion in assets under management and serves some 18.9 million customers worldwide from offices in 14 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** \$284.7 billion
- **Total GAAP revenues** \$8.8 billion
- **Net income available to common stockholders** \$589.7 million
- **Operating earnings³** \$804.1 million
- **Operating return on average equity available to common stockholders, excluding other comprehensive income³** 10.6 percent

People

- 14,500 employees worldwide
- 11,600 employees in the United States

Clientele

- 18.9 million customers

Financial Strength Ratings⁴ for Principal Life Insurance Company

- **A+ (Superior)** – A.M. Best Company
Second highest of 16 rating levels.
November 2009
- **AA- (Very strong)** – Fitch
Fourth highest of 21 rating levels.
February 2010
- **Aa3 (Excellent)** – Moody's Investors Service
Fourth highest of 21 rating levels.
May 2009
- **A+ (Strong)** – Standard & Poor's
Fifth highest of 21 rating levels.
May 2009

Recent Awards and Recognition

Industry Leadership

- Ranked 273rd on *FORTUNE* magazine's **Largest 500 Corporations** (based on 2007 GAAP revenues). May 2009
- A member of the **Standard & Poor's (S&P) 500®** since July 2002.
- Ranked 737th 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 2009
- Recognized as the **No. 1 recordkeeper in the number of defined contribution plans, SEP plans and SIMPLE plans** in *PLANSPONSOR* magazine's Recordkeeping Survey. June 2009
- Named the **No. 1 recordkeeper of defined benefit plans** by *Investment Advisor* magazine. November 2009
- Earned **Best in Class awards** in more than 82 categories measured in Chatham Partners survey of defined benefit, defined contribution and combo clients with more than \$5 million in assets. December 2009
- Received the **DALBAR Communication Seal of Excellence** in customer communications for defined benefit, defined contribution, total retirement, variable annuity and mutual fund statements. September 2009
- **Achieved the longest client retention** (an average of 10.3 years vs. an industry average of 8.4 years) in the Boston Research Group's Defined Contribution Survey. September 2009
- Principal Funds ranked as the **fifth largest manager of lifecycle mutual funds** by Financial Research Corporation. December 2009
- **Principal Funds holds the #16 spot on the list of top advisor-sold mutual fund companies** in the United States, according to the Financial Research Corporation. (December 2009)
- Recognized by *Pensions & Investments* magazine as one of the magazine's **Eddy Award winners** for excellence in investment education for defined contribution plan participants. March 2010
- Two 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. March 2010
- Principal Global Investors recognized as the **fourth largest manager of real estate** out of 99 managers profiled by *Pensions & Investments* "Real Estate Managers" (managers ranked by U.S. institutional tax-exempt assets). October 2009
- Principal Global Investors **manages assets for 12 of the top 25 largest U.S. pension plans** based on *Pensions & Investments* P&I 1,000 report. January 2009
- Principal Global Investors ranked as the **28th largest institutional manager** out of 725 managers profiled. Managers ranked by total worldwide institutional assets under management as of Dec. 31, 2008. "Largest Money Managers," *Pensions & Investments*. May 2009
- Principal Global Investors recognized as the **16th largest manager of U.S. institutional tax-exempt assets** out of more than 700 managers profiled. Managers ranked by U.S. institutional, tax-exempt assets as of Dec. 31, 2008. *Pensions & Investments*, 2009 Databook. December 2009
- **The 13th largest manager of defined contribution assets** out of 268 managers profiled. Managers ranked by U.S. institutional, tax-exempt assets, as of Dec. 31, 2008. *Pensions & Investments*, 2009 Databook. December 2009
- **The 31st largest manager of U.S. client assets** out of 738 managers profiled. Assets as of Dec. 31, 2008. *Pensions & Investments*, 2009 Databook. December 2009
- Principal Hong Kong won **three Lipper awards** in equity asset categories. March 2009

- BrasilPrev (joint venture with Banco do Brasil) **ranked first in Private Pensions** in the *Marcas de Confianca* (Trusted Brands) survey. July 2009
- CIMB-Principal Asset Management Berhad (Malaysia) named **Best Institutional House** by *Asia Asset Management* in its annual Best of the Best Awards. December 2009
- Principal Mexico earned **two Fund Pro Platinum Performance Awards**. February 2009
- Principal Chile awarded the **Platinum Performance Award** for its Principal LifeTime 2020 mutual fund in the Aggressive Balanced category. 2009
- CCB Principal Life Insurance Asset Management Company (China) named **Best Growth Asset Management Company** by China Securities Association. April 2009
- Principal PNB India won a **Lipper award** for Best Fund over Five Years—Mixed Asset Indian Rupee (INR) Balanced. 2009
- **Tenth largest life insurer** (Principal Life Insurance Company) based on HIGHLINEDATA 2010.
- **No. 4 provider of non-medical (dental, life and disability) insurance** based on 2008 LIMRA data on fully insured employer contracts in force. 2009
- **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. 24 internationally for membership in the Million Dollar Round Table**, an organization for financial professionals whose sales results qualify them for membership. August 2009

Workplace Excellence

- Included on *FORTUNE* magazine's list of the **100 Best Companies to Work For** for seven of the past eight years. January 2010
- Named among *Working Mother* magazine's **100 Best Companies for Working Mothers**. September 2009

- Noted as one of the **Top 50 Companies for Executive Women** for the eighth consecutive year by the National Association of Female Executives. March 2010
- Ranked 33rd on *Computerworld* magazine's **100 Best Places to Work in IT**. June 2009
- Voted one of *LATINA Style* magazine's **50 Best Places for Latinas to Work** for the 12th consecutive year. August 2009
- Currently recognized as a **Platinum Well Workplace** by the Wellness Councils of America.
- 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 2009

Community/Ethics Leadership

- Named as **one of the world's most ethical companies** for the third consecutive year by *Ethisphere Magazine*. March 2010
- The Principal Charity Classic was named the **2009 Best Event on the Champions Tour**. November 2009
- The 19th company to receive United Way of America's **Spirit of America Award** for corporate community involvement. May 2006

Technology Innovation

- Ranked No. 33 on *InformationWeek* magazine's list of **Top 500 IT Innovators**. September 2009
- Received **top 10 rankings from DALBAR** for financial professional Web site for Life Insurance/Annuity. December 2009
- **Ranked No. 3 by DALBAR** for plan sponsor and No. 4 for plan participant Web sites for Defined Contribution plans. December 2009
- Received **top 20 ranking from DALBAR** for consumer mutual fund Web site. December 2009.

2009 Highlights

U.S. Asset Accumulation

- Continued strong sales of the company's three key U.S. retirement and investment products—Full Service Accumulation (FSA), Principal Funds and Individual Annuities—despite a difficult sales environment, with \$14.9 billion of sales on a combined basis in 2009.
- FSA serves 35,000 plans with 3.6 million plan participants.
- FSA had \$2 billion of positive net cash flow in 2009.
- The Bank and Trust segment had record operating earnings of \$24.9 million.
- Record operating earnings for the Individual Annuities business of \$100.7 million.

Global Asset Management

- Assets under management for the segment totaled \$205 billion, an increase of 8 percent from 2008.
- More than 400 investment professionals in offices around the world, with clients in more than 50 countries.

International Asset Management and Accumulation

- Record assets under management for the segment, totaling \$34.6 billion.
- Record net cash flows of \$3.2 billion, or 14 percent, of beginning-of-year assets under management.
- Joint venture partners include China Construction Bank (China), Banco do Brasil (Brazil), CIMB Group (Malaysia) and Punjab National Bank (India).
- Principal International serves 7.9 million clients globally (excluding clients in China).

Life and Health Insurance

- Individual term life sales increased 25 percent in 2009 to \$14.5 million.
- Voluntary sales increased 19 percent to \$60.6 million in 2009.
- Specialty benefits return on equity totaled 15.2 percent for the trailing 12 months ended Dec. 31, 2009.
- Serves 68,000 group employers and more than 4.6 million covered members.



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¹ Data as of or for the 12 months ended Dec. 31, 2009, 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 \$804.1 million equal net income available to common stockholders of \$589.7 million adjusted for net realized/unrealized capital gains (losses) of \$(213.7) million and other after-tax adjustments of \$(0.7) million.
- ROE of 10.6 percent equals net income return on equity including other comprehensive income of 12.7 percent, adjusted for net realized/unrealized gains (losses) of (2.9) percent, other after-tax adjustments of (0.0) percent, net unrealized capital gains (losses) of 3.6 percent, foreign currency translation of 0.2 percent and net unrecognized post-retirement benefit obligations of 1.2 percent.

⁴ Ratings as of printing (April 2010). 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 from the Principal Financial Group® (The Principal®) are issued by Principal National Life Insurance Company (except in New York) and Principal Life Insurance Company, Des Moines, Iowa 50392. Securities offered through Princor Financial Services Corporation, 800-247-1737, member SIPC.

Banking products offered through Principal Bank, member FDIC. Principal National, Principal Life, Princor® and Principal Bank are members of the Principal Financial Group, Des Moines, Iowa 50392.

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