



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 health² insurance and banking through its diverse family of financial services companies.

As a 401(k) leader³ and a member of the FORTUNE 500®, the Principal Financial Group has \$305.7 billion in assets under management and serves some 19.1 million customers worldwide from offices in 15 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** \$305.7 billion
- **Total GAAP revenues** \$6.8 billion
- **Net income available to common stockholders** \$467.0 million
- **Operating earnings⁴** \$630.7 million
- **Operating return on average equity available to common stockholders, excluding other comprehensive income⁴** 9.7 percent

People

- 13,900 employees worldwide
- 11,200 employees in the United States

Clientele

- 19.1 million customers

Financial Strength Ratings⁵ for Principal Life Insurance Company and Principal National Insurance Company

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

Recent Awards and Recognition

Industry Leadership

- Ranked 266th on *FORTUNE* magazine's **Largest 500 Corporations** (based on 2009 GAAP revenues). May 2010
- A member of the **Standard & Poor's (S&P) 500®** since July 2002.
- Ranked 455th 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 2010
- Recognized as the **No. 1 recordkeeper in the number of defined contribution plans, profit-sharing plans, SEP plans and SIMPLE plans** in *PLANSPONSOR* magazine's Recordkeeping Survey. June 2010
- Named the **No. 1 recordkeeper of defined benefit plans** by *Investment Advisor* magazine. November 2010
- Earned **Best in Class awards** in 112 categories measured in Chatham Partners survey of defined benefit, defined contribution and combo clients with more than \$5 million in assets. December 2010
- Received the **DALBAR Communication Seal of Excellence** in customer communications for defined benefit and defined contribution statements. January 2010
- **Achieved the longest client retention** (an average of 10.7 years vs. an industry average of 8.8 years) in the Boston Research Group's Defined Contribution Survey. September 2010
- Principal Funds ranked as the **fifth largest manager of lifecycle mutual funds** by Financial Research Corporation. September 2010
- **Principal Funds holds the No. 15 spot on the list of top advisor-sold mutual fund companies** in the United States, according to the Financial Research Corporation. December 2010
- 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). September 2010
- 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. February 2010
- Principal Global Investors ranked as the **31st largest money manager** out of 708 managers profiled. Managers ranked by total worldwide institutional assets under management as of Dec. 31, 2009. "Largest Money Managers," *Pensions & Investments*. May 2010
- Principal Global Investors recognized as the **15th 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, 2009, *Pensions & Investments*. May 2010
- Principal Global Investors is the **10th largest manager of defined contribution assets** out of 275 managers profiled. Managers ranked by U.S. institutional, tax-exempt assets, as of Dec. 31, 2009, *Pensions & Investments*. May 2010
- Principal Global Investors ranked as the **28th largest manager of U.S. client assets** out of 710 managers profiled. Assets as of Dec. 31, 2009. *Pensions & Investments*. June 2010

- BrasilPrev (joint venture with Banco do Brasil) acknowledged by the *Segurador Brasil* award, hosted by Brasil Notícias Editora e Comunicação Empresarial, as **one of the best companies in the Private Pension Market** in 2009. March 2010
- CIMB-Principal Asset Management Berhad (Malaysia) named **Best Institutional House** by *Asia Asset Management* in its annual Best of the Best Awards. March 2010
- Principal Mexico earned a **Fund Pro Platinum Performance Award**. February 2010
- Principal PNB India won the **ICRA 5 Star Award 2010** for its Principal Emerging Bluechip Fund – Growth Option. February 2010
- **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 2009 LIMRA data on fully insured employer contracts in force. April 2010
- **No. 6 provider of non-cancelable individual disability income insurance** based on 2009 LIMRA data of annualized premium in force. June 2010

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** for the ninth year. September 2010
- 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 49th on *Computerworld* magazine's **100 Best Places to Work in IT**. June 2010
- Voted one of *LATINA Style* magazine's **50 Best Places for Latinas to Work** for 12 consecutive years and earned an honorable mention in 2010. August 2010

- 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**. October 2010

Community/Ethics Leadership

- Named as **one of the world's most ethical companies** for the fourth consecutive year by *Ethisphere Magazine*. March 2010
- The Principal Charity Classic was named the **No. 1 stop for Champion Tour golf professionals**. November 2010
- Principal Hong Kong named a **Caring Company for 2009-10**. March 2010
- The 19th company to receive United Way of America's **Spirit of America Award** for corporate community involvement. May 2006

Technology Innovation

- Named to *InformationWeek* magazine's list of **Top 500 IT Innovators** for the 13th consecutive year. September 2010
- Ranked **No.10 by DALBAR** for financial professional website for Life Insurance/Annuity. September 2010
- **Ranked No. 3 by DALBAR** for plan sponsor and No. 6 for plan participant websites for defined contribution plans. July 2010
- Received **top 20 ranking from DALBAR** for consumer and financial professional mutual fund websites. July 2010

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).

U.S. Insurance Solutions

- 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.



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¹ Data as of or for the nine months ended Sept. 30, 2010, unless otherwise noted. For the latest and additional information, visit www.principal.com.

² The Principal announced on Sept. 30, 2010 that it will exit the medical insurance business and entered into an agreement with United Healthcare to renew medical insurance coverage for customers as the business transitions over 36 months.

³ The Principal ranks No. 1 in total plans for all asset sizes among fully bundled 401(k) providers — February 2010 Spectrem Group analysis of fully bundled 401(k) providers (companies that provide both administrative and investment services).

⁴ 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 \$630.7 million equal net income available to common stockholders of \$467.0 million adjusted for net realized/unrealized capital gains (losses) of \$(156.9) million and other after-tax adjustments of \$(6.8) million.
- ROE of 9.7 percent equals net income return on equity including other comprehensive income of 7.5 percent, adjusted for net realized/unrealized gains (losses) of (2.6) percent, other after-tax adjustments of (0.1) percent, net unrealized capital gains (losses) of 0.2 percent, foreign currency translation of 0.0 percent and net unrecognized post-retirement benefit obligations of 0.3 percent.

⁵ Ratings as of printing (January 2011).

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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