



## The Principal Financial Group®

# 2012 Company Profile<sup>1</sup>

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

A member of the FORTUNE 500®, the Principal Financial Group has \$335 billion in assets under management and serves some 18 million customers worldwide from offices in 18 countries throughout Asia, Australia, Europe, Latin America and North America. The Principal Financial Group, Inc. is traded on the New York Stock Exchange under the ticker symbol PFG.

### Financial Data

- **Total assets under management** \$335 billion
- **Total GAAP revenues** \$8.7 billion
- **Net income available to common stockholders** \$682 million
- **Operating earnings<sup>2</sup>** \$878.1 million
- **Operating return on average equity available to common stockholders, excluding other comprehensive income<sup>2</sup>** 9.9 percent

### People

- 13,500 employees worldwide
- 10,200 employees in the United States

### Clientele

- 18 million customers

### Financial Strength Ratings<sup>3</sup> for Principal Life Insurance Company and Principal National Life Insurance Company

- **A+ (Superior)** – A.M. Best Company  
Second highest of 16 rating levels. December 2011
- **AA- (Very strong)** – Fitch  
Fourth highest of 21 rating levels. January 2012
- **Aa3 (Excellent)** – Moody's Investors Service  
Fourth highest of 21 rating levels. August 2011
- **A (Strong)** – Standard & Poor's  
Sixth highest of 21 rating levels. December 2011

# Awards and Recognition

## Industry Leadership

- Ranked 268th on *FORTUNE* magazine's list of the **Largest 500 Corporations** based on 2010 GAAP revenues. May 2011
- A member of the **Standard & Poor's (S&P) 500®** since July 2002.
- Ranked 481st 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 2011
- Recognized as the **No. 2 recordkeeper in the number of SEP and SIMPLE plans** in *PLANSPONSOR* magazine's Recordkeeping Survey. June 2011
- Named the **No. 1 recordkeeper of defined benefit plans** by *PLANSPONSOR* magazine. February 2011
- Earned **Best in Class awards** in 129 unique categories measured in Chatham Partners survey of defined benefit, defined contribution and combo clients with more than \$5 million in assets. December 2011
- Received the **DALBAR Communication Seal of Excellence** in customer communications for defined contribution statement. January 2012
- Principal Funds ranked **No. 3 on Barron's annual ranking** of top mutual fund companies. February 2011
- Principal Funds ranked as the **fourth largest manager of target-date lifecycle funds** in the United States by Financial Research Corporation Lifecycle Fund Analytic Report. September 2011
- **Principal Funds holds the No. 21 spot on the list of top advisor-sold mutual fund companies** in the United States, according to Strategic Insight. November 2011
- Principal Global Investors **manages assets for 10 of the 25 largest world pension plans**. The list is derived from "P&I/Towers Watson World 300: The Largest Retirement Funds" report on the largest pension plans compared to our internal records. September 2011
- Principal Global Investors **manages assets for 14 of the 25 largest U.S. pension plans**. The list is derived from the *Pensions & Investments* "P&I 1,000" report on the largest pension plans compared to our internal records. February 2011
- Principal Global Investors is the **9th largest manager of real estate assets managed on behalf of pension funds** within the Towers Watson "Global Alternatives Survey 2011" Top 50 Real Estate, data as of Dec. 31, 2010. June 2011
- Principal Global Investors is the **17th largest manager of U.S. institutional tax-exempt assets, out of 711 managers profiled**. Managers ranked by U.S. institutional, tax-exempt assets as of Dec. 31, 2010. "Largest Money Managers," *Pensions & Investments*. May 2011
- Principal Global Investors is the **9th largest subadvisor out of 25 managers profiled**. Managers ranked by total worldwide assets under management as of Dec. 31, 2010. Qualified firms include managers of U.S. institutional tax-exempt assets. "Largest Money Managers-Worldwide," *Pensions & Investments*. June 2011
- Principal Global Investors is the **33rd largest money manager out of 716 managers profiled**. Managers ranked by total worldwide institutional assets under management as of Dec. 31, 2010. Qualified firms include managers of U.S. institutional tax-exempt assets. "Largest Money Managers-Worldwide," *Pensions & Investments*. June 2011
- BrasilPrev (joint venture with Banco do Brasil) **ranked No. 1 out of 208 pension funds** by Standard and Poor's based on three-year performance, *ValorInveste*. November 2011

- CIMB-Principal was named winner of **Asset Management Company of the Year**, Southeast Asia, in the Asset Triple A Investment Awards. September 2011
- Principal Mexico earned a **Global Investment Performance certificate**, verifying ethical standards for investment performance presentation to ensure fair representation and full disclosure of investment performance. The Principal is also compliant in Chile, India and Malaysia. January 2011
- Principal Chile received **five awards among the best mutual funds in the Chilean industry**, *Diario Financiero*. April 2011
- Principal Hong Kong won a **Lipper Fund Award** in the Hong Kong Pension Funds category. March 2011
- Principal PNB India won the **ICRA 5 Star Award 2011** for its Principal Ultra Short-Term Fund. February 2011
- **Eleventh largest life insurer** (Principal Life Insurance Company) based on HIGHLINEDATA 2011.
- **No. 2 deferred compensation provider** based on number of plans, according to *PLANSPONSOR* magazine. December 2011
- **No. 3 provider of non-cancelable individual disability income insurance** based on 2010 LIMRA data of annualized new sale premium. February 2011
- **No. 4 provider of group benefits (dental, life and disability insurance)** based on 2010 LIMRA data on fully insured employer contracts in force. April 2011

### Workplace Excellence

- Awarded the **2011 Secretary of Defense Employer Support Freedom Award** for exceptional support of employees serving in the Guard and Reserve. June 2011
- Recipient of the **Iowa Employer Support of the Guard and Reserve 2011 Governor's Award**. September 2011

- Named among *Working Mother* magazine's **100 Best Companies for Working Mothers** for the 10th year. September 2011
- Noted as one of the **Top 50 Companies for Executive Women** for the 10th consecutive year by the National Association of Female Executives. February 2012
- Included on *Computerworld* magazine's **100 Best Places to Work in IT** for 10 consecutive years. Rank 31st in 2011. June 2011
- Currently recognized as a **Platinum Well Workplace** by the Wellness Councils of America.

### Community/Ethics Leadership

- Recipient of the **Greater Des Moines Partnership's Diversity Award** for an unprecedented third time. January 2011
- Recipient of the **Greater Des Moines Partnership's Environmental Award**. May 2011
- Principal Real Estate named **one of the greenest real estate companies in the United States**. March 2011
- The first company to sponsor a **carbon-neutral Champions Tour golf tournament**, The Principal Charity Classic. May 2011
- The 19th company to receive United Way of America's **Spirit of America Award** for corporate community involvement.

### Technology Innovation

- Named to *InformationWeek* magazine's list of **Top 500 IT Innovators** for the 14th consecutive year. September 2011
- Ranked **No.10 by DALBAR** for financial professional website for Life Insurance/Annuity. February 2012
- Ranked **No. 3 by DALBAR** for plan sponsor and No. 6 for plan participant websites for defined contribution plans. February/March 2012
- Received **top 20 ranking from DALBAR** for consumer and financial professional mutual fund websites. February 2012

# 2011 Highlights

## Retirement and Investor Services

- Full Service Accumulation (FSA) sales of \$8.4 billion, up 27 percent from 2010.
- FSA serves more than 32,000 retirement plans and 3.4 million plan participants.
- Record mutual fund sales of \$11.2 billion, up 20 percent from 2010, drove record net cash flow of \$2.2 billion in 2011.
- Individual Annuities had record ending account value of \$18.8 billion.
- Bank and Trust Services had record operating earnings of \$36 million and record net income of \$23 million.

## Principal Global Investors

- Assets under management for the segment totaled \$242.2 billion.
- Operating earnings of \$74 million in 2011, up 27 percent from 2010.
- More than 470 investment professionals in offices around the world, with clients in nearly 60 countries.

## Principal International

- Assets under management for the segment of \$60 billion (including China), an increase of 13 percent over 2010.
- Record net cash flows of \$5.5 billion and record operating earnings of \$154 million in 2011.
- Joint venture partners include Banco do Brasil (Brazil), China Construction Bank (China), CIMB Group (Malaysia) and Punjab National Bank (India).
- Principal International serves more than 9.6 million customers globally (including China).

## U.S. Insurance Solutions

- Individual Life had record operating earnings of \$119 million in 2011.
- Individual Life sales of \$186 million in 2011.
- Specialty Benefits sales of \$285 million in 2011.



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<sup>1</sup> Data as of or for the 12 months ended Dec. 31, 2011, unless otherwise noted. For the latest and additional information, visit [www.principal.com](http://www.principal.com).

<sup>2</sup> 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 \$878.1 million equal net income available to common stockholders of \$682.0 million adjusted for net realized gains (losses) of \$(148.3) million and other after-tax adjustments of \$(47.8) million.
- ROE of 9.9 percent equals net income return on equity including other comprehensive income of 7.5 percent, adjusted for net realized gains (losses) of (1.7) percent, other after-tax adjustments of (0.5) percent, net unrealized capital gains (losses) of (0.4) percent, foreign currency translation of 0.0 percent and net unrecognized post-retirement benefit obligations of 0.2 percent.

<sup>3</sup> Ratings as of Jan. 30, 2012.

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.