



## The Principal Financial Group®

# 2014 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 \$483.2 billion in assets under management and serves some 19.4 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 \$483.2 billion
- Total GAAP revenues \$9.3 billion
- Net income available to common stockholders \$879.7 million
- Operating earnings<sup>2</sup> \$1.1 billion
- Operating return on average equity available to common stockholders, excluding other comprehensive income<sup>2</sup> 12.1 percent

### People

- 14,800 employees worldwide
- 9,700 employees in the United States

### Clientele

- 19.4 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 2013
- AA- (Very strong) – Fitch  
Fourth highest of 21 rating levels. October 2013
- A1 (Good) – Moody's Investors Service  
Fifth highest of 21 rating levels. November 2013
- A+ (Strong) – Standard & Poor's  
Fifth highest of 21 rating levels. March 2014

# Awards and Recognition<sup>3</sup>

## Industry Leadership

### Corporate

- Ranked 290th on *FORTUNE* magazine's list of the Largest 500 Corporations based on revenues. May 2013
- Ranked 528th 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 2013
- A member of the Standard & Poor's (S&P) 500® since July 2002.

### Retirement and Investor Services

- In the 2013 Chatham Partners Client Satisfaction Survey of defined benefit and defined contribution plans with more than \$5 million in assets, The Principal outperformed the benchmark in client loyalty. The Principal continues to receive a "Best in Class" ranking for customer service and 95 percent overall satisfaction score. December 2013
- Received the **DALBAR 2013 Communication Seal of Excellence** in customer communication for our defined contribution statement. January 2014
- Ranked **fourth by DALBAR for our participant and plan sponsor websites**. September 2013
- The Principal was ranked **No. 1 for our participant website** and **No. 3 for our plan sponsor website** by kasina. February 2014
- The Principal was **one of the top three rated firms in the Boston Research Group study** for the following attributes: Recordkeeping services, ERISA services provided by the recordkeeper, Telephone reps, Offers innovative solutions, Has respected brand name among plan sponsors, Is effective in helping participants reach their financial goals for retirement and Is financially strong. November 2013
- Received the **World Class Service seal** from cWenger Group for the 10th consecutive year for our retirement participant call center. July 2013

- The Principal Financial Group received strong industry ratings in the 2013 Retirement Plan Adviser Survey conducted by *PLANADVISER*. We were ranked **No. 1 for value-added adviser services and plan sponsor support**. We were also ranked **No. 2 for adviser sales/marketing support and best wholesalers**. October 2013
- Principal Funds received a **top Lipper award** for the Principal Global Real Estate Fund – named the best global real estate fund. April 2014
- Principal Funds named **Best Mixed-Asset Large Fund Group 2013** based on asset class and individual fund performance from Lipper. March 2013
- Principal Funds is **No. 17 on the list of top advisor-sold mutual fund companies in the United States**, based on assets under management, according to Strategic Insight. December 2013

### Principal Global Investors

- Principal Global Investors is the **29th largest U.S. money manager out of 300 managers profiled**. Managers ranked by total assets under management as of Dec. 31, 2012. "II 300 America's Top 300 Money Managers," *Institutional Investor*. July 2013
- Principal Global Investors named the **winner of the IAIR Asset Management Awards** 4th Annual edition – Excellence in Investment Management – Multi Boutique Strategy-Independent/Regional, *IAIR Asset Management Awards*. October 2013
- Principal Global Investors Europe was named the **highest rated manager for environmental, social and governance matters** by *Investments & Pensions* Europe, Pension Fund Perception Programme Awards<sup>4</sup>. April 2013
- Principal Real Estate Investors ranked **No. 2** on *Commercial Property Executive's* list of the **greenest real estate companies** in the United States. March 2013
- Principal Real Estate Investors closed-end value added commingled fund ranked **No. 1 on the environmental and social performance of the fund's property portfolio** in its respective peer group. October 2013
- Principal Real Estate Investors is a **Top 10 manager of Real Estate**. Managers ranked by total worldwide real estate assets (net of leverage), as of June 30, 2013. "Largest Real Estate Investment Managers," *Pensions & Investments*. October 2013

## Principal International

- Brasilprev ranked **No. 1 in net deposits** by Quantum Axis. November 2013
- Principal Chile was named **Best Mutual Funds Manager APV and Best Mutual Fund in the equity category** “Mutual Fund Principal USA” by FundPro. October 2013
- Cuprum, in Chile, was **ranked first in the Pension Superintendence Customer Service Index** for 20 of the past 24 trimesters. December 2013
- Cuprum ranked **first in customer loyalty among all AFP providers** for the second year in a row by Alco Consulting. November 2013
- CCB-Principal Asset Management received the **Annual Best Asset Management Company Award** from China.com.cn, one of the most important online news portals in China. April 2013
- Principal Hong Kong was named the **Best Online MFP Platform** by e-Zone E-brand Awards. August 2013
- Principal Hong Kong’s funds received awards in five different categories from the Asia Asset Management MFP Awards, including **Best Performance in three categories**. April 2013
- Principal Mutual Funds in India was recognized as a **Top Asset Management Company** by *Businessworld* magazine (ranked third overall, with funds ranking in the top five within six different fund classes). February 2013
- CIMB-Principal Asset Management was named the **Best Asset Manager in Southeast Asia** for the fourth year in a row by Alpha Southeast Asia for its 7th Annual Best Financial Institutions Awards (Marquee Awards). September 2013

## U.S. Insurance Solutions

- Recognized by *PLANSPONSOR* magazine as the **No. 2 non-qualified deferred compensation provider** based on number of plans. December 2013
- Recognized as the **No. 4 provider of nonmedical (dental, life and disability) insurance** based on 2013 LIMRA data on fully insured employer contracts in force. April 2014
- Ranked as the **No. 2 provider of non-cancelable individual disability income insurance** based on 2013 LIMRA data of annualized new sale premium. February 2014
- Ranked as the **No. 17 provider of life insurance** based on 2013 LIMRA data on total life new sales premium. April 2014

## Workplace Excellence

- The Principal Financial Group earned the top spot in its category for the second year in a row in *Pensions & Investments*’ annual survey of **Best Places to Work in Money Management**. December 2013
- Named among *Working Mother* magazine’s **100 Best Companies for Working Mothers** for the 12th year. September 2013
- Noted as one of the **Top 50 Companies for Executive Women** for the 12th consecutive year by the National Association of Female Executives. February 2014
- Recognized by IDG’s *Computerworld* as one of its **100 Best Places to Work in IT** for 12 consecutive years, ranking 27th for 2013. June 2013
- Named a **Healthy Iowa award winner** in the large business category by the Healthiest State Initiative for leading Iowa’s change in advancing well-being. April 2014
- Recognized as a **Platinum Well Workplace** by the Wellness Councils of America

## Community Leadership

- The 19th company to receive United Way of America’s **Spirit of America Award** for corporate community involvement.
- Winner of the **Spirit of Central Iowa Award** from United Way of Central Iowa – its highest honor for excellence in the three categories of Give, Advocate and Volunteer. April 2014
- Named a **2020 Women on Boards Winning Company** for the third straight year, recognizing companies with 20 percent or more female directors. March 2014
- Received the **Above and Beyond award** from the Iowa Employer Support of the Guard and Reserve, honoring employers that provide extraordinary patriotic support and cooperation to employees serving in the military. May 2013
- Named a **CDP Climate Performance Leader** for our commitment to improving our impact on the environment. September 2013

## Technology Innovation

- Named to the **Information Week Elite 100** (formerly the Information Week 500) recognizing the top business technology innovators for the 17th consecutive year. April 2013

# 2013 Highlights

## Retirement and Investor Services

- Full-year 2013 operating earnings were \$694 million.
- Full Service Accumulation full-year sales of \$10.3 billion were the second highest on record, and net cash flows were \$2 billion. Full-year recurring deposits were up 12 percent over 2012.
- Principal Funds had record sales of \$19.8 billion for the year, up 26 percent, resulting in net cash flows of \$6 billion for the year.

## Principal Global Investors

- 2013 operating earnings of \$103 million.
- Record assets under management of \$292 billion.
- Full-year net cash flows of \$4.2 billion.
- Record unaffiliated assets under management of \$109 billion and strong full-year unaffiliated net cash flows of \$2.6 billion.

## Principal International

- 2013 operating earnings of \$215 million.
- Reported assets under management of \$104.5 billion (excluding \$15.0 billion of assets under management in our asset management joint venture in China, which is not included in reported assets under management).
- Strong net cash flows of \$8.5 billion in 2013 or 12 percent of beginning of year assets under management.

## U.S. Insurance Solutions

- 2013 operating earnings of \$197 million.
- Premiums and fees were a record \$2.4 billion.
- Specialty Benefits full-year sales grew 5 percent over full-year 2012, including record individual disability insurance sales of \$50 million.
- Record 11,300 Business Owner Executive Solution plans under administration as of year-end 2013.



WE'LL GIVE YOU AN EDGE®

Des Moines, Iowa 50392

1-800-986-EDGE (3343) | [www.principal.com](http://www.principal.com)

<sup>1</sup> Data for the 12 months ended Dec. 31, 2013, 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 \$1.1 billion equal net income available to common stockholders of \$879.7 million adjusted for net realized gains (losses) of (\$179.1) million and other after-tax adjustments of (\$1.1) million.
- ROE of 12.1 percent equals net income return on equity including other comprehensive income of 9.6 percent, adjusted for net realized gains (losses) of (1.5) percent, other after-tax adjustments of (0.0) percent, net unrealized capital gains (losses) of (1.0) percent, foreign currency translation of 0.2 percent and net unrecognized post-retirement benefit obligations of 0.3 percent.

<sup>3</sup> Information as of April 2014.

<sup>4</sup> Results for Principal Global Investors Europe are based on input from participating pension funds with over £1 trillion in assets under management, and reporting on over 300 managers, who were asked to rank the criteria they considered most important in selecting asset managers they appoint to manage their portfolios. The Manager Recommended to Other Pension Funds by 100 Percent of Clients category was awarded to 25 managers selected from a field of 180 managers. Principal Global Investors was the sole winner in Highest-rated Managers for Environmental, Social and Governance (ESG).

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.

© 2014 Principal Financial Services, Inc. "The Principal," "Principal Financial Group," "We'll Give You an Edge," the Edge Design and the illustrated character are registered service marks.