

The Principal Financial Group® Company Profile

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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 and life and health insurance through its diverse family of financial services companies.

As the nation's 401(k) leader and a member of the *FORTUNE* 500, the Principal Financial Group has \$187.8 billion in assets under management and serves some 15.2 million customers worldwide from offices in 11 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 DATA¹

(As of or for the six months ended June 30, 2005)

Total assets under management \$187.8 billion

Total GAAP revenues \$4.3 billion

Net income \$444.4 million

Operating earnings¹ \$430.2 million

Operating return on average equity, excluding other comprehensive income (ROE) 13.7 percent¹

FINANCIAL STRENGTH RATINGS FOR PRINCIPAL LIFE INSURANCE COMPANY

A+ (Superior) – A.M. Best Company

Second highest of 16 rating levels. November 2004

Aa2 (Excellent) – Moody's Investors Service

Third highest of 21 rating levels. September 2004

AA (Very strong) – Standard & Poor's

Third highest of 21 rating levels. November 2004

AA (Very strong) – Fitch

Third highest of 24 rating levels. July 2005

PEOPLE

14,500 employees worldwide

12,900 employees in the United States

CLIENTELE

15.2 million customers

HIGHLIGHTS

U.S. Asset Management and Accumulation

- 401(k) leader
- 47,000 employers with 3.1 million pension plan participants
- \$143.8 billion in assets under management
- Ranked among the 100 largest mutual fund managers, serving nearly 890,000 shareholder accounts
- Principal Bank assets of \$1.2 billion
- Principal Global Investors ranked No. 5 investment manager by assets gained in 2004 (*Money Management Letter*)

International Asset Management and Accumulation

- Third largest pension company in Brazil by deposits
- Second in new annuity sales in Chile
- Fourth largest AFORE in Mexico based on plan participants
- A top 10 provider in Hong Kong's Mandatory Provident Fund market based on assets
- More than 5 million customers

Life and Health Insurance

- Seventh largest life insurer (Principal Life Insurance Company) based on statutory assets
- 75,000 employers with 5.2 million covered members
- More than \$176 billion of individual and group life insurance in force
- No. 3 provider of non-medical insurance, with nearly 105,000 coverages in force, including No. 2 group life provider based on contracts

¹The 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 \$430.2 million equals net income of \$444.4 million adjusted for net realized/unrealized gains (losses) of \$(0.5) million and for other after-tax adjustments of \$14.7 million.
- ROE of 13.7 percent equals net income return on equity including other comprehensive income of 13.2 percent, adjusted for net realized/unrealized gains (losses) of 0.1 percent, other after-tax adjustments of 1.8 percent, net unrealized capital gains (losses) of (2.6) percent and foreign currency translation of 0.2 percent.

Recent awards and recognition for the Principal Financial Group®

INDUSTRY LEADERSHIP

- Made *FORTUNE* magazine's list of **America's most admired companies**. March 2005
- Ranked 253rd on *FORTUNE* magazine's "**Largest 500 Corporations**" (based on 2004 GAAP revenues). April 2005
- The *BusinessWeek* Global 1000 ranked The Principal 483rd out of the top 1,000 **most valuable companies** in 2004. July 2004
- Ranked 297th on *The Forbes 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 2005
- Named a **top three record keeper** in the number of Defined Contribution plans in 2004 by *PLANSPONSOR* magazine's Recordkeeping Survey. June 2005
- Earned "**Best in Class**" ratings in Chatham Partners survey of retirement plan clients with more than \$25 million in assets for flexibility, meeting client needs, responsiveness, accessibility, plan knowledge and being easy for clients to do business with. February 2005
- Received top honors for our Defined Benefit and Defined Contribution plan statements in DALBAR's 2004 Trends & Best Practices in Investor Statements, and the **DALBAR Communication Seal of Excellence** in customer communications for our Defined Benefit, Defined Contribution, Total Retirement, variable annuity and mutual fund statements, and our participant Web site. January 2005
- Earned **19 "Best in Class" awards** in the 2004 *PLANSPONSOR* Defined Contribution survey, including participant category awards for: call center, clarity of statements, communication, education, Internet services, loan/withdrawal turnaround, timeliness and accuracy of reporting and retiree services. November 2004
- Have the **longest client retention**, with average tenure 35 percent above the industry norm, in Boston Research Group's 2004 plan sponsor Defined Contribution study. Fall 2004
- Ranked among the **leading retirement service providers**, according to Boston Research Group survey. January 2005
- **Ranked No. 11 out of 73** mutual fund families for one-year performance in *Barron's*/Lipper 2004 Fund Families Survey. March 2005
- **Awarded Best Overall Fund Group and Best Mixed Equity Fund Group** for smaller fund firms by Lipper. March 2005
- Ranked **fifth out of 19 Life and Health (stock) companies** on the *FORTUNE* 500 (based on 2004 GAAP revenues). April 2005
- Recognized as the nation's **second largest employee benefit third-party administrator (TPA)** and the **seventh largest claims administrator** by *Business Insurance* magazine. January 2005

BEST PLACES TO WORK

- Named by *FORTUNE* magazine as one of the "**100 Best Companies to Work For**" for the third year in a row. January 2005
- Voted one of *LATINA Style* magazine's "**50 Best Places for Latinas to Work**" for the eighth year in a row. August 2005
- Noted as one of the "**Top 30 Companies for Executive Women**" for the third year in a row by the National Association of Female Executives. January 2005
- Named one of *Working Mother* magazine's **100 Best Companies for Working Mothers**. September 2005
- Ranked 37th on *Computerworld* magazine's "**100 Best Places to Work in IT.**" June 2005
- Recognized as a "**Platinum Well Workplace**" by the Wellness Councils of America. October 2002 (Awarded every three years.)
- Named one of AARP's "**Best Employers for Workers Over 50**" for the fourth year in a row. September 2005
- Principal Vida Chile named one of the **Top 25 Best Places to Work in Chile** by *Capital* magazine for third year in a row. August 2004
- BrasilPrev named one of the **Top 150 Best Companies to Work in Brazil** by *Exame* magazine. September 2004
- Recognized by *Essence* magazine as **one of 30 great places to work**. May 2005
- Recipient of the AdmirAsian® award from the Iowa Asian Alliance for **outstanding leadership and commitment** to improving the lives of Asian Americans and other Iowans. September 2004

TECHNOLOGY INNOVATION

- Named to the **Financial Services 40** by *Insurance & Technology* magazine for being a leading institution in insurance, banking and financial services with a track record of innovative IT practices. October 2004
- Earned the **Outstanding Web Site Award and Standard of Excellence Web Award** from the Web Marketing Association in the 2004 WebAward competition. October 2004
- **Ranked third among the largest 1,000 insurance companies** for our treatment of online customers by The Customer Respect Group. August 2004
- Ranked 89th in *Information Week* magazine's "**Top 500 Most Innovative Users of Information Technology.**" September 2004

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