

First Quarter 2012 Earnings Highlights

The Principal ended first quarter 2012 with record assets under management, contributing to a solid start to 2012. We had strong sales and net cash flows in Full Service Accumulation, Principal Funds, Principal Global Investors and Principal International. We're continuing to grow in the right markets that position us for the long term as a global investment management leader.

Building on the \$1.1 billion of capital deployed in 2011, we continued to actively deploy excess capital in the first quarter, demonstrating the strength of our business model to continuously create free cash flow. In the quarter we announced the acquisition of a majority stake in Claritas, a leading retail mutual fund and asset management company based in Brazil, we authorized a \$100 million share repurchase and paid a quarterly dividend of \$0.18 per common share.

The Principal's evolution to a global investment management leader with a strong competitive position in the key emerging markets has firmly taken hold. We will maintain our focus on helping growing businesses, individuals and institutional investors around the world save for the long term, invest for growth and protect their financial well-being.

- Larry D. Zimpleman, Chairman, President and CEO

Key Performance Metrics			
	1Q2012	1Q2011	Change
Operating earnings (\$ millions)	\$213.0	\$219.8	(3%)
Operating earnings per diluted Share	\$0.70	\$0.68	3%
Net Income available to common stockholders (\$ millions)	\$201.5	\$182.0	11%
Assets under management (\$ billions)	\$364.1	\$327.4	11%
Book value per share (excluding OCI)	\$27.70	\$26.43	5%
Return on Equity (ROE) available to common stockholders	9.9%	9.9%	--
Weighted average diluted common shares outstanding (millions)	304.7	324.7	(6%)

Key Takeaways for First Quarter 2012

- Record total company assets under management of \$364 billion.
- Strong sales with \$3.2 for Full Service Accumulation and a record \$3.7 billion for Principal Funds.
- Strong net cash flows with \$2.0 billion in Full Service Accumulation, a record \$1.5 billion for Principal Funds, \$3.3 billion of unaffiliated net cash flows in Principal Global Investors and a record \$2.3 billion for Principal International.
- Continued momentum in Individual Life with the business market representing 57 percent of total sales.
- Solid premium and fees growth in Specialty Benefits and continued stable loss ratio.
- Net income rose 11 percent compared to first quarter 2011 primarily due to continued reduction in after-tax credit losses, which continue to be in line or better than our loss projections and better than market expectations.
- Allocated \$220 million of capital in the first quarter for the Claritas acquisition, share repurchase authorization and a quarterly dividend.
- Risk based capital (RBC) ratio estimated at 440 percent; total excess capital of \$1.6 billion, relative to 350 percent RBC ratio.

See Non-GAAP reconciliation and full earning press release at www.principal.com/investor

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