Principal Financial Group®

Second Quarter 2012 Earnings Highlights

The Principal® saw the strong business fundamentals of the past few quarters continue to build in second quarter 2012, while persistent macroeconomic headwinds, such as volatile equity markets, low interest rates, strengthening of the U.S. dollar and stagnant job growth, negatively impacted operating earnings. Despite these events, we continue to see sales pipelines grow and we ended the quarter with record assets under management.

The diversification of our *investment management plus* strategy allows us to generate deployable capital, even in challenging times. In the first half of 2012, we have committed \$475 million of excess capital deployment on quarterly dividends, a strategic acquisition, and share repurchases. We remain on track to deploy \$800 to \$900 million of total excess capital in 2012.

The trends that have shaped our investment management strategy are firmly in place around the world. While we expect ongoing market volatility and macroeconomic headwinds from time to time, we remain optimistic about the long-term growth potential of our strategy

- Larry D. Zimpleman, Chairman, President and CEO

Key Performance Metrics			
	2Q2012	2Q2011	Change
Operating earnings (\$ millions)	\$216.3	\$229.0	(6%)
Operating earnings per diluted Share	\$0.72	\$0.71	1%
Net Income available to common stockholders (\$ millions)	\$173.1	\$217.3	(20%)
Assets under management (\$ billions)	\$367.1	\$335.8	9%
Book value per share (excluding OCI)	\$28.18	\$27.08	4%
Return on Equity (ROE) available to common stockholders	9.8%	10.2%	(40 bps)
Weighted average diluted common shares outstanding (millions)	301.9	323.2	(7%)

Key Takeaways for Second Quarter 2012

- · Continued strong business fundamentals, resulting in record assets under management.
- Strong sales with \$2.3 for Full Service Accumulation and \$3.4 billion for Principal Funds.
- Strong net cash flows with \$1.9 billion in Full Service Accumulation, \$1.1 billion for Principal Funds, \$2.1 billion of unaffiliated net cash flows in Principal Global Investors and \$2.3 billion for Principal International.
- Continued momentum in Individual Life with the business market representing 54 percent of total sales.
- Stable loss ratio and solid premium and fees growth in Specialty Benefits.
- Allocated \$255 million of capital in the second quarter for a quarterly dividend and a share repurchase authorization.
- Risk based capital (RBC) ratio estimated at 440 percent; total excess capital of \$1.5 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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