

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

OMB APPROVAL	
OMB Number:	3235-0104
Estimated average burden hours per response:	0.5

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Lillis Terrance J.</u> (Last) (First) (Middle) <u>711 HIGH STREET</u> (Street) <u>DES MOINES IA 50392</u> (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) <u>08/07/2008</u>	3. Issuer Name and Ticker or Trading Symbol <u>PRINCIPAL FINANCIAL GROUP INC [PFG]</u>	
		4. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Senior Vice President & CFO</u>	5. If Amendment, Date of Original Filed (Month/Day/Year) 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	5,848 ⁽¹⁾	D	
Common Stock	35	I	By 401(k) Plan
Common Stock	303	I	By Spouse

Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Phantom Stock Units	(2)	(2)	Common Stock	130	(3)	D	
Employee Stock Option (Right to Buy)	02/25/2006	02/25/2013	Common Stock	7,205	27.57	D	
Employee Stock Option (Right to Buy)	02/24/2007	02/24/2014	Common Stock	6,605	36.3	D	
Employee Stock Option (Right to Buy)	02/28/2008	02/28/2015	Common Stock	7,520	39.02	D	
Employee Stock Option (Right to Buy)	(4)	02/27/2016	Common Stock	3,235	49.25	D	
Employee Stock Option (Right to Buy)	(5)	02/26/2017	Common Stock	5,525	62.63	D	
Employee Stock Option (Right to Buy)	(6)	02/26/2018	Common Stock	7,380	60.2	D	
Employee Stock Option (Right to Buy)	(7)	05/19/2018	Common Stock	13,505	46.42	D	
Performance Units	(8)	(8)	Common Stock	2,555	(3)	D	

Explanation of Responses:

- Includes 3,666 shares acquired pursuant to the Principal Financial Group, Inc. Employee Stock Purchase Plan and 719 restricted stock units granted pursuant to the Principal Financial Group, Inc. Stock Incentive Plan.
- The reported phantom stock units were acquired pursuant to the Principal Select Savings Excess Plan and may be transferred at any time into another investment alternative under the Plan. Interests under the Plan will be settled upon the reporting person's retirement or other termination of service.
- Security converts to common stock on a one-for-one basis.
- The option vests in three equal annual installments beginning February 27, 2007.
- The option vests in three equal annual installments beginning February 26, 2008.
- The option vests in three equal annual installments beginning February 26, 2009.
- The option vests in three equal annual installments beginning May 19, 2009.
- The performance units were acquired pursuant to the Principal Financial Group, Inc. Long-Term Performance Plan. Units under the Plan will be settled in cash or stock within a five-year period from the date of vesting.

Remarks:

Joyce N. Hoffman, by Power of Attorney 08/18/2008

** Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 5 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

