

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report: **April 25, 2019**
(Date of earliest event reported)

PRINCIPAL FINANCIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	1-16725 (Commission file number)	42-1520346 (I.R.S. Employer Identification Number)
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711 High Street, Des Moines, Iowa 50392
(Address of principal executive offices)

(515) 247-5111
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§203.405 of this chapter) or rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

- If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.
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Item 2.02. Results of Operations and Financial Condition

On April 25, 2019, Principal Financial Group, Inc. publicly announced information regarding its results of operations and financial condition for the quarter ended March 31, 2019. The text of the announcement is included herewith as Exhibit 99.

Item 9.01 Financial Statements and Exhibits

[99](#) [First Quarter 2019 Earnings Release](#)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PRINCIPAL FINANCIAL GROUP, INC.

By: /s/ Deanna D. Strable-Soethout

Name: Deanna D. Strable-Soethout

Title: Executive Vice President and Chief Financial Officer

Date: April 25, 2019

Release: On receipt, Apr. 25, 2019
Media Contact: Erica Jensen, 515-362-0049, jensen.eric@principal.com
Investor Contact: John Egan, 515-235-9500, egan.john@principal.com

Principal Announces First Quarter 2019 Results Company Also Announces Common Stock Dividend

Company Highlights

- **First quarter 2019 net income attributable to Principal Financial Group, Inc. (PFG) of \$429.9 million, or \$1.53 per diluted share**
- **First quarter 2019 non-GAAP operating earnings¹ of \$400.3 million, or \$1.43 per diluted share**
- **Record Assets under management (AUM) of \$675.4 billion**
- **Company declares second quarter 2019 common stock dividend of \$0.54 per share; a 4% increase over second quarter 2018**

(Des Moines, Iowa) - Principal Financial Group[®] (Nasdaq: PFG) today announced results for first quarter 2019.

- **Net income attributable to PFG for first quarter 2019 of \$429.9 million**, compared to \$397.1 million for first quarter 2018. Net income per diluted share of \$1.53 for first quarter 2019 compared to \$1.36 in prior year quarter.
- **Non-GAAP operating earnings for first quarter 2019 of \$400.3 million**, compared to \$408.8 million for first quarter 2018. Non-GAAP operating earnings per diluted share of \$1.43 for first quarter 2019 compared to \$1.40 for first quarter 2018.
- **Quarterly common stock dividend** of \$0.54 per share for second quarter 2019 was authorized by the company's Board of Directors, bringing the trailing twelve-month dividend to \$2.15 per share, an 8 percent increase compared to the prior year trailing twelve-month period. The dividend will be payable on June 28, 2019, to shareholders of record as of June 3, 2019.

"First quarter was a good start to the year for Principal[®], as significant improvement in macroeconomic conditions helped drive strong growth in assets under management and non-GAAP operating earnings compared to fourth quarter 2018," said Dan Houston, chairman, president, and CEO of Principal. "Our \$5.5 billion of positive net cash flow for the first quarter is the result of strong investment performance, and ongoing investments in our businesses to enhance our solution set, expand our distribution reach, improve the customer experience and deliver better outcomes for customers and clients."

"We continue to balance investments in growth with disciplined expense management," added Houston. "We committed \$1.2 billion to the planned acquisition of Wells Fargo's Institutional Retirement and Trust business during the quarter. We also returned \$280 million to shareholders through common stock dividends and share buybacks, reflecting our balanced approach to capital deployment and our ongoing commitment to creating long-term value for our shareholders."

¹ Use of non-GAAP financial measures is discussed in this release after segment results. Non-GAAP operating earnings for total company is after tax.

Other first quarter highlights

- Morningstar investment performance² improved from fourth quarter 2018, with 53% of Principal's investment options above median on a one-year basis, 66% on a three-year basis and 83% on a five-year basis.
- We continue to execute on our accelerated investment in digital business strategies as we intensify our focus on the customer experience, direct to consumer offerings and our use of data science in investment research.
- Compared to fourth quarter 2018, the S&P 500 index increased 13%, while the daily average increased only 1% with a minimal benefit to first quarter 2019 fees and other revenue and non-GAAP operating earnings from market performance.
- Retirement and Income Solutions (RIS) - Fee sales were a record \$5.4 billion and net cash flow of \$3.6 billion included a 9 percent increase in recurring deposits, both contributing to higher end of period account values of \$239.1 billion, a 7% increase over the prior year period.
- RIS-Spread account values of \$46.7 billion, a 13% increase over the prior year quarter. First quarter sales of \$2.1 billion includes \$0.6 billion of pension risk transfer sales.
- Principal Global Investors (PGI) had positive net cash flows of \$0.5 billion, a strong improvement over prior period result.
- Principal International (PI) generated net cash flow of \$0.8 billion, marking its 42nd consecutive quarter of positive net cash flow. In addition, China had \$1.7 billion of positive net cash flow, which is not included in reported net cash flow.
- Specialty Benefits sales were a record \$147.9 million, an increase of 13% over the year ago quarter.
- Individual Life sales increased 3% over the year ago quarter with more than 60% of sales from the business market.
- Continued strong capital position as we deployed \$279.9 million of capital in first quarter 2019, including:
 - \$150.2 million of common stock dividends with the \$0.54 per share common dividend paid in the first quarter; and
 - \$129.7 million to repurchase 2.7 million shares of common stock.
- In April, we announced the \$1.2 billion planned acquisition of the Wells Fargo Institutional Retirement and Trust business, scheduled to close in third quarter 2019.

Segment Results

Effective January 1, 2019, the company made changes to the allocation of certain compensation and other expenses and net investment income among the business units. These allocation changes were made as a result of a global financial process improvement project. The expense allocation changes simplify the allocation processes, increase transparency and allow for more effective expense management across the enterprise. The net investment income allocation changes better align internal capital allocation with enterprise capital targets. Results for prior periods were recast so they are reported on a comparable basis, with no impact to total company financial results.

² Represents the percentage of Principal actively managed mutual funds, exchange traded funds (ETFs), insurance separate accounts, and collective investment trusts (CITs) in the top two Morningstar quartiles. Excludes Money Market, Stable Value, Liability Driven Investment, Hedge Fund Separate Account and US Property Separate Account.

Retirement and Income Solutions - Fee

<i>(in millions except percentages or otherwise noted)</i>	Quarter			Trailing Twelve Months		
	1Q19	1Q18	% Change	1Q19	1Q18	% Change
Pre-tax operating earnings ³	\$128.6	\$127.6	1%	\$493.7	\$499.5	(1)%
Net revenue ⁴	\$379.7	\$401.1	(5)%	\$1,552.4	\$1,561.7	(1)%
Pre-tax return on net revenue ⁵	33.9%	31.8%		31.8%	32.0%	

- **Pre-tax operating earnings** increased \$1.0 million as the benefit of lower operating expenses, primarily due to lower deferred acquisition costs (DAC) amortization expense, was substantially offset by lower net revenue.
- **Net revenue** decreased \$21.4 million primarily due to lower fees primarily due to muted growth in average account values.

Retirement and Income Solutions - Spread

<i>(in millions except percentages or otherwise noted)</i>	Quarter			Trailing Twelve Months		
	1Q19	1Q18	% Change	1Q19	1Q18	% Change
Pre-tax operating earnings	\$112.0	\$116.3	(4)%	\$425.2	\$431.5	(1)%
Net revenue	\$169.2	\$152.2	11%	\$604.7	\$576.1	5%
Pre-tax return on net revenue	66.2%	76.4%		70.3	74.9	

- **Pre-tax operating earnings** decreased \$4.3 million as growth in the business was more than offset by higher operating expenses and less favorable mortality and experience gains.
- **Net revenue** increased \$17.0 million primarily due to growth in the business.

³ Pre-tax operating earnings = operating earnings before income taxes and after noncontrolling interest.

⁴ Net revenue = operating revenues less benefits, claims and settlement expenses less dividends to policyholders.

⁵ Pre-tax return on net revenue = pre-tax operating earnings divided by net revenue.

Principal Global Investors

<i>(in millions except percentages or otherwise noted)</i>	Quarter			Trailing Twelve Months		
	1Q19	1Q18	% Change	1Q19	1Q18	% Change
Pre-tax operating earnings	\$100.7	\$113.7	(11)%	\$549.1	\$491.7	12%
Operating revenues less pass-through commissions ⁶	\$303.6	\$325.3	(7)%	\$1,549.4	\$1,303.8	19%
Pre-tax return on operating revenues less pass-through commissions ⁷	33.6%	35.5%		35.8%	38.2%	
Total PGI assets under management <i>(billions)</i>	\$423.1	\$423.8	0%			
PGI sourced assets under management <i>(billions)</i>	\$205.6	\$213.7	(4)%			

- **Pre-tax operating earnings** decreased \$13.0 million primarily due to lower operating revenues less pass-through commissions.
- **Operating revenues less pass-through commissions** decreased \$21.7 million as a result of lower management fees due to a decline in average AUM.

Principal International

<i>(in millions except percentages or otherwise noted)</i>	Quarter			Trailing Twelve Months		
	1Q19	1Q18	% Change	1Q19	1Q18	% Change
Pre-tax operating earnings	\$111.1	\$91.5	21%	\$292.2	\$332.8	(12)%
Combined ⁸ net revenue (at PFG share)	\$252.1	\$239.9	5%	\$951.9	\$934.2	2%
Pre-tax return on combined net revenue (at PFG share)	44.1%	38.1%		30.7%	35.6%	
Assets under management <i>(billions)</i>	\$161.4	\$171.1	(6)%			

- **Pre-tax operating earnings** increased \$19.6 million due to growth in the business, favorable encaje performance and Latin American inflation.
- **Combined net revenue (at PFG share)** increased \$12.2 million due to growth in the business, favorable encaje performance and Latin American inflation.

⁶ The company has provided reconciliations of the non-GAAP measures to the most directly comparable U.S. GAAP measures at the end of the release. The company has determined this measure is more representative of underlying operating revenues growth for PGI as it removes commissions that are collected through fee revenue and passed through expenses with no impact to pre-tax operating earnings.

⁷ Pre-tax return on operating revenues less pass-through commissions = pre-tax operating earnings, adjusted for noncontrolling interest divided by operating revenues less pass-through commissions.

⁸ Combined net revenue: net revenue for all PI companies at 100% less pass-through commissions. The company has determined combined net revenue (at PFG share) is more representative of underlying net revenue growth for PI as it reflects our proportionate share of consolidated and equity method subsidiaries. In addition, using this net revenue metric provides a more meaningful representation of our profit margins.

Specialty Benefits Insurance

<i>(in millions except percentages or otherwise noted)</i>	Quarter			Trailing Twelve Months		
	1Q19	1Q18	% Change	1Q19	1Q18	% Change
Pre-tax operating earnings	\$59.5	\$66.0	(10)%	\$280.2	\$275.2	2%
Premium and fees ⁹	\$564.5	\$525.9	7%	\$2,208.1	\$2,059.4	7%
Pre-tax return on premium and fees ¹⁰	10.5%	12.5%		12.7%	13.4%	
Incurred loss ratio	64.2%	62.2%		62.1%	62.1%	

- **Pre-tax operating earnings** decreased \$6.5 million primarily due to very favorable claims experience in the year ago quarter.
- **Premium and fees** increased \$38.6 million reflecting strong retention, sales, and in-group growth.
- **Incurred loss ratio** reflects typical claims seasonality in the first quarter 2019; an increase from the prior year quarter which experienced a very favorable loss ratio.

Individual Life Insurance

<i>(in millions except percentages or otherwise noted)</i>	Quarter			Trailing Twelve Months		
	1Q19	1Q18	% Change	1Q19	1Q18	% Change
Pre-tax operating earnings	\$51.2	\$49.0	4%	\$182.5	\$158.0	16%
Premium and fees	\$297.1	\$285.6	4%	\$1,103.3	\$1,097.9	0%
Pre-tax return on premium and fees	17.2%	17.2%		16.5%	14.4%	

- **Pre-tax operating earnings** increased \$2.2 million primarily due to growth in the business.
- **Premium and fees** increased \$11.5 million due to growth in the business.

Corporate

<i>(in millions except percentages or otherwise noted)</i>	Quarter			Trailing Twelve Months		
	1Q19	1Q18	% Change	1Q19	1Q18	% Change
Pre-tax operating losses	\$(84.4)	\$(67.6)	(25)%	\$(286.2)	\$(291.3)	2%

- **Pre-tax operating losses** increased \$16.8 million primarily due to higher operating expenses.

⁹ Premium and fees = premiums and other considerations plus fees and other revenues.

¹⁰ Pre-tax return on premium and fees = pre-tax operating earnings divided by premium and fees.

Forward looking and cautionary statements

Certain statements made by the company which are not historical facts may be considered forward-looking statements, including, without limitation, statements as to non-GAAP operating earnings, net income available to PFG, net cash flow, realized and unrealized gains and losses, capital and liquidity positions, sales and earnings trends, and management's beliefs, expectations, goals and opinions. The company does not undertake to update these statements, which are based on a number of assumptions concerning future conditions that may ultimately prove to be inaccurate. Future events and their effects on the company may not be those anticipated, and actual results may differ materially from the results anticipated in these forward-looking statements. The risks, uncertainties and factors that could cause or contribute to such material differences are discussed in the company's annual report on Form 10-K for the year ended Dec. 31, 2018, filed by the company with the U.S. Securities and Exchange Commission, as updated or supplemented from time to time in subsequent filings. These risks and uncertainties include, without limitation: adverse capital and credit market conditions may significantly affect the company's ability to meet liquidity needs, access to capital and cost of capital; conditions in the global capital markets and the economy generally; volatility or declines in the equity, bond or real estate markets; changes in interest rates or credit spreads or a sustained low interest rate environment; the company's investment portfolio is subject to several risks that may diminish the value of its invested assets and the investment returns credited to customers; the company's valuation of investments and the determination of the amount of allowances and impairments taken on such investments may include methodologies, estimations and assumptions that are subject to differing interpretations; any impairments of or valuation allowances against the company's deferred tax assets; the company's actual experience for insurance and annuity products could differ significantly from its pricing and reserving assumptions; the pattern of amortizing the company's DAC and other actuarial balances on its universal life-type insurance contracts, participating life insurance policies and certain investment contracts may change; changes in laws, regulations or accounting standards; the company may not be able to protect its intellectual property and may be subject to infringement claims; the company's ability to pay stockholder dividends and meet its obligations may be constrained by the limitations on dividends Iowa insurance laws impose on Principal Life; litigation and regulatory investigations; from time to time the company may become subject to tax audits, tax litigation or similar proceedings, and as a result it may owe additional taxes, interest and penalties in amounts that may be material; applicable laws and the company's certificate of incorporation and by-laws may discourage takeovers and business combinations that some stockholders might consider in their best interests; competition, including from companies that may have greater financial resources, broader arrays of products, higher ratings and stronger financial performance; technological and societal changes may disrupt the company's business model and impair its ability to retain existing customers, attract new customers and maintain its profitability; a downgrade in the company's financial strength or credit ratings; client terminations, withdrawals or changes in investor preferences; inability to attract and retain qualified employees and sales representatives and develop new distribution sources; an interruption in telecommunication, information technology or other systems, or a failure to maintain the confidentiality, integrity or availability of data residing on such systems; international business risks; fluctuations in foreign currency exchange rates; risks arising from participation in joint ventures; the company may need to fund deficiencies in its "Closed Block" assets; the company's reinsurers could default on their obligations or increase their rates; risks arising from acquisitions of businesses; and loss of key vendor relationships or failure of a vendor to protect information of our customers or employees.

Use of Non-GAAP financial measures

The company uses a number of non-GAAP financial measures that management believes are useful to investors because they illustrate the performance of normal, ongoing operations, which is important in understanding and evaluating the company's financial condition and results of operations. They are not,

however, a substitute for U.S. GAAP financial measures. Therefore, the company has provided reconciliations of the non-GAAP measures to the most directly comparable U.S. GAAP measure at the end of the release. The company adjusts U.S. GAAP measures for items not directly related to ongoing operations. However, it is possible these adjusting items have occurred in the past and could recur in future reporting periods. Management also uses non-GAAP measures for goal setting, as a basis for determining employee and senior management awards and compensation and evaluating performance on a basis comparable to that used by investors and securities analysts.

Earnings conference call

On Friday, Apr. 26, 2019, at 10:00 a.m. (ET), Chairman, President and Chief Executive Officer Dan Houston and Executive Vice President and Chief Financial Officer Deanna Strable will lead a discussion of results and the impacts on future prospects, asset quality and capital adequacy during a live conference call, which can be accessed as follows:

- Via live Internet webcast. Please go to principal.com/investor at least 10-15 minutes prior to the start of the call to register, and to download and install any necessary audio software.
- Via telephone by dialing 866-427-0175 (U.S. and Canadian callers) or 706-643-7701 (international callers) approximately 10 minutes prior to the start of the call. The access code is 6619999.
- Replay of the earnings call via telephone is available by dialing 855-859-2056 (U.S. and Canadian callers) or 404-537-3406 (international callers). The access code is 6619999. This replay will be available approximately two hours after the completion of the live earnings call through the end of day May 3, 2019.
- Replay of the earnings call via webcast as well as a transcript of the call will be available after the call at principal.com/investor.

The company's financial supplement and slide presentation is currently available at principal.com/investor, and may be referred to during the call.

About Principal^{®11}

Principal helps people and companies around the world build, protect and advance their financial well-being through retirement, insurance and asset management solutions that fit their lives. Our employees are passionate about helping clients of all income and portfolio sizes achieve their goals - offering innovative ideas, investment expertise and real-life solutions to make financial progress possible. To find out more, visit us at principal.com.

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¹¹ Principal, Principal and symbol design and Principal Financial Group are trademarks and service marks of Principal Financial Services, Inc., a member of the Principal Financial Group.

Summary of Principal Financial Group, Inc. and Segment Results

	<i>(in millions)</i>			
	<i>Three Months Ended,</i>		<i>Trailing Twelve Months,</i>	
	<i>3/31/19</i>	<i>3/31/18</i>	<i>3/31/19</i>	<i>3/31/18</i>
Principal Financial Group, Inc. Results:				
Net income attributable to PFG	\$ 429.9	\$ 397.1	\$ 1,579.3	\$ 2,358.6
<i>Net realized capital (gains) losses, as adjusted</i>	(29.6)	11.7	9.7	(317.2)
<i>Other after-tax adjustments</i>	0.0	0.0	0.0	(524.5)
Non-GAAP Operating Earnings*	\$ 400.3	\$ 408.8	\$ 1,589.0	\$ 1,516.9
<i>Income taxes</i>	78.4	87.7	347.7	380.5
Non-GAAP Pre-Tax Operating Earnings	\$ 478.7	\$ 496.5	\$ 1,936.7	\$ 1,897.4
Segment Pre-Tax Operating Earnings (Losses):				
<i>Retirement and Income Solutions</i>	\$ 240.6	\$ 243.9	\$ 918.9	\$ 931.0
<i>Principal Global Investors</i>	100.7	113.7	549.1	491.7
<i>Principal International</i>	111.1	91.5	292.2	332.8
<i>U.S. Insurance Solutions</i>	110.7	115.0	462.7	433.2
<i>Corporate</i>	(84.4)	(67.6)	(286.2)	(291.3)
Total Segment Pre-Tax Operating Earnings	\$ 478.7	\$ 496.5	\$ 1,936.7	\$ 1,897.4

	Per Diluted Share	
	<i>Three Months Ended,</i>	
	<i>3/31/19</i>	<i>3/31/18</i>
Net income	\$ 1.53	\$ 1.36
<i>Net realized capital (gains) losses, as adjusted</i>	(0.10)	0.04
Non-GAAP Operating Earnings	\$ 1.43	\$ 1.40
Weighted-average diluted common shares outstanding (in millions)	280.9	292.9

***U.S. GAAP (GAAP) net income attributable to PFG versus non-GAAP operating earnings**

Management uses non-GAAP operating earnings, which is a financial measure that excludes the effect of net realized capital gains and losses, as adjusted, and other after-tax adjustments the company believes are not indicative of overall operating trends, for goal setting, as a basis for determining employee and senior management awards and compensation, and evaluating performance on a basis comparable to that used by investors and securities analysts. Note: it is possible these adjusting items have occurred in the past and could recur in future reporting periods. While these items may be significant components in understanding and assessing our consolidated financial performance, management believes the presentation of non-GAAP operating earnings enhances the understanding of results of operations by highlighting earnings attributable to the normal, ongoing operations of the company's businesses.

Selected Balance Sheet Statistics

	Period Ended,	
	3/31/19	12/31/18
Total assets (in billions)	\$ 259.4	\$ 243.0
Stockholders' equity (in millions)	\$ 12,762.2	\$ 11,456.0
Total common equity (in millions)	\$ 12,694.4	\$ 11,390.0
Total common equity excluding accumulated other comprehensive income (AOCI) other than foreign currency translation adjustment (in millions)	\$ 11,891.2	\$ 11,695.6
End of period common shares outstanding (in millions)	278.2	279.5
Book value per common share	\$ 45.63	\$ 40.75
Book value per common share excluding AOCI other than foreign currency translation adjustment	\$ 42.74	\$ 41.84

**Principal Financial Group, Inc.
Reconciliation of U.S. GAAP to Non-GAAP Financial Measures
(in millions, except as indicated)**

	Period Ended,	
	3/31/19	12/31/18
Stockholders' Equity, Excluding AOCI Other Than Foreign Currency Translation Adjustment, Available to Common Stockholders:		
Stockholders' equity	\$ 12,762.2	\$ 11,456.0
Noncontrolling interest	(67.8)	(66.0)
Stockholders' equity available to common stockholders	12,694.4	11,390.0
Net unrealized capital (gains) losses	(1,304.6)	(207.3)
Net unrecognized postretirement benefit obligation	501.4	512.9
Stockholders' equity, excluding AOCI other than foreign currency translation adjustment, available to common stockholders	\$ 11,891.2	\$ 11,695.6

Book Value Per Common Share, Excluding AOCI Other Than Foreign Currency Translation Adjustment:

Book value per common share	\$ 45.63	\$ 40.75
Net unrealized capital (gains) losses	(4.69)	(0.74)
Net unrecognized postretirement benefit obligation	1.80	1.83
Book value per common share, excluding AOCI other than foreign currency translation adjustment	\$ 42.74	\$ 41.84

Principal Financial Group, Inc.
Reconciliation of U.S. GAAP to Non-GAAP Financial Measures
(in millions)

	Three Months Ended,		Trailing Twelve Months,	
	3/31/19	3/31/18	3/31/19	3/31/18
Income Taxes:				
Total GAAP income taxes (benefits)	\$ 73.9	\$ 54.5	\$ 250.1	\$ (78.2)
Net realized capital gains (losses) tax adjustments	(15.9)	12.1	43.4	(216.4)
Tax benefit related to other after-tax adjustments	—	—	—	594.5
Income taxes related to equity method investments and noncontrolling interest	20.4	21.1	54.2	80.6
Income taxes	<u>\$ 78.4</u>	<u>\$ 87.7</u>	<u>\$ 347.7</u>	<u>\$ 380.5</u>
Net Realized Capital Gains (Losses):				
GAAP net realized capital gains (losses)	\$ 84.5	\$ (25.1)	\$ 34.2	\$ 515.7
Recognition of front-end fee revenues	3.1	\$ (1.6)	5.1	(1.6)
Market value adjustments to fee revenues	—	—	0.1	(0.1)
Net realized capital gains (losses) related to equity method investments	(0.4)	0.2	(6.0)	1.0
Derivative and hedging-related adjustments	(11.5)	(17.8)	(58.6)	(59.6)
Sponsored investment fund adjustments	8.0	2.1	18.8	7.2
Amortization of deferred acquisition costs	(7.2)	(1.5)	(31.3)	38.9
Capital gains distributed – operating expenses	5.4	10.7	10.4	(22.1)
Amortization of other actuarial balances	(9.2)	7.1	(17.7)	12.6
Market value adjustments of embedded derivatives	7.0	2.4	23.1	48.7
Capital gains distributed – cost of interest credited	(14.1)	(0.1)	(15.3)	(5.2)
Net realized capital gains (losses) tax adjustments	(15.9)	12.1	43.4	(216.4)
Net realized capital gains (losses) attributable to noncontrolling interest, after-tax	(20.1)	(0.2)	(15.9)	(1.9)
Total net realized capital gains (losses) after-tax adjustments	(54.9)	13.4	(43.9)	(198.5)
Net realized capital gains (losses), as adjusted	<u>29.6</u>	<u>(11.7)</u>	<u>(9.7)</u>	<u>317.2</u>
Other After-Tax Adjustments:				
Contribution to PFG Foundation				
Pre-tax	\$ —	\$ —	—	(70.0)
Tax	—	—	—	26.2
Tax Cuts and Jobs Act:				
Pre-tax	—	—	—	—
Tax	—	—	—	568.3
Total other after-tax adjustments	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 524.5</u>

Principal Financial Group, Inc.
Reconciliation of U.S. GAAP to Non-GAAP Financial Measures
(in millions)

	Three Months Ended,		Trailing Twelve Months,	
	3/31/19	3/31/18	3/31/19	3/31/18
Principal Global Investors Operating Revenues Less Pass-Through Commissions:				
Operating revenues	\$ 339.0	\$ 368.5	\$ 1,706.8	\$ 1,467.0
Commission expense	(35.4)	(43.2)	(157.4)	(163.2)
Operating revenues less pass-through commissions	<u>\$ 303.6</u>	<u>\$ 325.3</u>	<u>\$ 1,549.4</u>	<u>\$ 1,303.8</u>

Principal International Combined Net Revenue (at PFG Share)

Pre-tax operating earnings	\$ 111.1	\$ 91.5	\$ 292.2	\$ 332.8
Combined operating expenses other than pass-through commissions (at PFG share)	141.0	148.4	659.7	601.4
Combined net revenue (at PFG share)	<u>\$ 252.1</u>	<u>\$ 239.9</u>	<u>\$ 951.9</u>	<u>\$ 934.2</u>