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 (Date of earliest event reported): **April 9, 2019**

PRINCIPAL FINANCIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**1-16725**	**42-1520346**
(State or other jurisdiction of incorporation)	(Commission file number)	(I.R.S. Employer Identification Number)

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 (§230.405 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. ☐

Item 1.01 Entry Into a Material Definitive Agreement.

On April 9, 2019, Principal Financial Services, Inc., a Delaware corporation ("Principal") and a wholly owned subsidiary of Principal Financial Group, Inc. (the "Company"), entered into a Purchase Agreement (the "Agreement") with Wells Fargo Bank, N.A. ("Seller") and (for certain limited purposes) Wells Fargo & Company. Pursuant to the Agreement, and subject to the conditions set forth therein, Principal has agreed to acquire certain assets and assume certain liabilities that comprise Seller's Institutional Retirement & Trust business unit (the "Business"). The Business provides retirement solutions through fully-integrated services for defined contribution 401(k), defined benefit, employee stock ownership, and non-qualified plans, including recordkeeping, trust and custody, investment management, and participant communications. The Business also provides trust and custody services for non-retirement plan assets of corporations, foundations, municipalities and other institutions.

The purchase price consists of (i) $1.2 billion to be paid in cash at the closing of the transaction and (ii) an additional earn-out payment of up to $150 million based upon the retention of fee revenue of the Business through December 31, 2020. The purchase price will be increased or decreased to the extent the difference between certain current assets and current liabilities of the Business as of the closing is higher or lower than a specified target amount. The Company expects to fund the transaction with cash on hand and debt financing.

Each of Principal and Seller has made customary representations and warranties and has agreed to customary covenants in the Agreement. The closing of the transaction is subject to certain conditions, including (i) the expiration or termination of any required waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, (ii) the absence of any order or injunction prohibiting the closing of the transaction (or a pending proceeding brought by a governmental entity seeking to enjoin the closing of the transaction), and (iii) subject to certain exceptions, the accuracy of the representations and warranties of, and compliance with covenants by, each of Principal and Seller. The Agreement provides that the closing shall not occur prior to July 1, 2019.

Subject to certain limitations, Principal and Seller have agreed to indemnify each other for losses arising from breaches of their respective representations, warranties and covenants, certain tax liabilities and certain other liabilities.

Item 7.01 Regulation FD Disclosure.

A copy of the Company's press release issued on April 9, 2019 announcing the entry into the Agreement is furnished as Exhibit 99.1 hereto. A copy of the Company's slides to be presented at the Company's investor call relating to the Agreement is furnished as Exhibit 99.2 hereto. The press release and the slide presentation are furnished and not filed pursuant to Instruction B.2 of Form 8-K.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this report may be considered forward-looking statements. These statements reflect Company management's current views and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these statements. 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. Factors which could cause actual results to differ include but are not limited to: purchase price adjustments; the successful fulfillment or waiver of all closing conditions without unexpected delays or conditions; the successful closing of the transaction within the estimated timeframe; the failure to realize the expected synergies and benefits of the transaction or delay in realization thereof; the successful financing of the transaction; and other factors, risks and uncertainties discussed in the Company's annual report on Form 10-K for the year ended December 31, 2018 filed 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 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 Insurance Company; 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 maintain 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.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	**Description**
99.1	Press Release, dated April 9, 2019
99.2	Investor Presentation, dated April 9, 2019

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 & Chief Financial Officer

Date: April 9, 2019

Release: On receipt, April 9, 2019 **Exhibit 99.1**
Media Contact: Jane Slusark, 515-362-0482, slusark.jane@principal.com
Investor Contact: John Egan, 515-235-9500, egan.john@principal.com

Principal to acquire Wells Fargo Institutional Retirement & Trust business

- *Definitive agreement includes Wells Fargo's defined contribution, defined benefit, executive deferred compensation, employee stock ownership plans, institutional trust and custody and institutional asset advisory businesses.*
- *Doubles Principal U.S. retirement business[i]; achieving greater scale and balance to compete, invest and grow.*
- *A powerful combination for customers, employees and shareholders; will make Principal a Top 3 defined contribution recordkeeper.*

(Des Moines, Iowa) - Today, Principal Financial Group® (Nasdaq: PFG) announced a definitive agreement with Wells Fargo & Company (NYSE: WFC) to acquire its Institutional Retirement & Trust business. At closing, Principal® will assume ownership of Wells Fargo's defined contribution, defined benefit, executive deferred compensation, employee stock ownership plans, institutional trust and custody and institutional asset advisory businesses and serve a combined 7.5 million U.S. retirement customers[i].

"Retirement is at the heart of our business and core to our future," said Dan Houston, chairman, president and CEO of Principal. "This will be a powerful combination for customers, employees and shareholders as we solidify our place as a top-three leader in the U.S. retirement market. The acquisition will bring expanded capabilities, reach and scale; fueling our ability to compete, invest and grow to help more people to achieve their retirement outcomes."

Through this acquisition, Principal will double the size of its U.S. retirement business by the number of total recordkeeping assets[i], while bringing on attractive institutional trust and custody offerings for the non-retirement market. In addition to increased scale, Principal will gain a strong foothold with mid-sized employers as more than two-thirds of Wells Fargo's institutional retirement assets are in plans ranging from $10 million to $1 billion[ii]. Principal expects to be well-positioned to deliver a broader set of solutions and capabilities to its customers, strengthen investments in digital technologies and automation, and recognize materially significant synergies and efficiencies.

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[i] Pro-Forma calculations based upon data as of December 31, 2017 provided by PLANSPONSOR 2018 Recordkeeping Survey and inclusive of shock lapse and new sales assumptions.
[ii] Source: Wells Fargo; Data as of 6/30/2018

"We are deeply committed to helping people have enough, save enough and protect enough in retirement," said Renee Schaaf, president of Retirement and Income Solutions at Principal. "Together with the Wells Fargo Institutional Retirement & Trust business, our customers can expect a continued focus on delivering differentiated investment, income and financial wellness solutions that empower them to reach their retirement goals."

As of December 31, 2018, the respective Wells Fargo retirement businesses had $827 billion in assets under administration[iii] served by approximately 2,500 employees in locations across the U.S., Philippines and India. There are four major employee centers in: Charlotte, N.C.; Minneapolis/Roseville, Minn.; Waco, Texas; and Manila, Philippines.

Visit www.principal.com/BetterRetirement for more information about the Principal acquisition of Wells Fargo's Institutional Retirement & Trust business.

Transaction details

Under the agreement, the purchase price is $1.2 billion. The agreement also includes an earnout of up to $150 million tied to better than expected revenue retention, payable two years post-closing.

The acquisition is expected to be accretive to net income and non-GAAP operating earnings per diluted share in 2020[iv] and will be financed with cash and senior debt financing.

The transaction between Principal and Wells Fargo will be reviewed by U.S. regulatory authorities prior to closing, which is anticipated in third quarter of 2019.

Lazard acted as the financial advisor on the transaction to Principal. Debevoise & Plimpton LLP acted as legal counsel to Principal on the acquisition.

Conference call

On Tuesday, April 9, 2019, at 9 a.m. ET, Dan Houston, chairman, president and chief executive officer, will discuss the company's planned acquisition during a live conference call. Other members of senior management will be available for a question and answer session. A slide presentation to accompany the call is available on our website at www.principal.com/investor.

You can access the conference call several ways:

[iii] Source: Wells Fargo; Data as of 12/31/18

[iv] Excludes cost of the transaction and integration of the Wells Fargo Institutional & Retirement Trust business and earnout liability accounting

- Connect to principal.com/investor to listen to a live Internet webcast.
    - Please go to the website at least 10-15 minutes prior to the start of the call to register and to download/install any necessary audio software.

- Via telephone by dialing in approximately 10 minutes prior to the start of the call.
    - 866-427-0175 (U.S. and Canadian callers)
    - 706-643-7701 (International callers)
    - Access code: 2085676

- An audio replay will be available approximately two hours after the live earnings call via:
    - Online at principal.com/investor
    - Telephone:
        - 855-859-2056 (U.S. and Canadian callers)
        - 404-537-3406 (International callers)
        - Access code: 2085676
        - The replay will be available until April 15, 2019

About Principal®

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.

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 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 maintain 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. With respect to the acquisition of the Wells Fargo Institutional Retirement & Trust business in particular, additional risks and uncertainties that could cause actual results to differ materially from results anticipated in forward-looking statements include, but are not limited to: purchase price adjustments; the successful fulfillment or waiver of all closing conditions without unexpected delays or conditions; the successful closing of the transaction within the estimated timeframe; the failure to realize the expected synergies and benefits of the transaction or delay in realization thereof; and the successful financing of the transaction.

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. 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.

Principal to acquire Wells Fargo Institutional Retirement & Trust business

April 9, 2019

Forward looking 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 attributable 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 updat these statements, which are based on a number of assumptions concerning future conditions that may ultimately prove to be inaccurate. Future even 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 an 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 asse 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 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 ma owe additional taxes, interest and penalties in amounts that may be material; applicable laws and the company's certificate of incorporation and by-la 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 an societal changes may disrupt the company's business model and impair its ability to maintain 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 s 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' 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. Concerning the acquisition of Wells Fargo's Institutional Retirement and Tr businesses in particular, the risks and uncertainties which could cause actual results to differ materially from results anticipated in forward-looking statements include, but are not limited to: purchase price adjustment; the successful fulfillment or waiver of all closing conditions without unexpecte delays or conditions; the successful closing of the transaction within the estimated timeframe; the failure to realize the expected synergies and benef of the transaction or delay in realization thereof; the successful financing of the transaction.

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Overview of the acquisition

- Principal will acquire Wells Fargo's defined contribution, defined benefit, executive deferred compensation (non-qualified plans), institutional trust and custody, and institutional asset advisory businesses; expected to close third quarter 2019
- Brings together two very successful businesses with deep expertise in helping customers achieve their retirement savings and investment goals

Strategic benefits

- Doubles the size of our retirement business[1]
- Expands scale and capabilities in core U.S. retirement businesses
- Solidifies our footprint in the SMB market

Transaction details

$1.2B upfront consideration[2], funded through:

- $400-500M in new debt
- Remainder in cash

Earnout of up to $150M[3]

Suspending share buybacks; expect to resume no later than 1Q 2020

Financial impact[4]

When fully integrated in 2022:

- Annual net revenue of approximately $425M
- Pre-tax return on net revenue of 28-32%

Expected to be accretive to ne income and non-GAAP operating diluted EPS in 2020

[1] Pro-Forma calculations based upon AUA and participant data as of December 31, 2017 provided by PLANSPONSOR 2018 Recordkeeping Survey and inclusive of shock lapse and new sales assumptions; [2] Net purchase price of $1.05B, reflecting approximately $150M cash tax benefit from asset acquisition; [3] Earnout payable 2 years post-closing if existing client fee revenue retention exceeds expectations; [4] Reflects assumed revenue and expense net synergies, excludes transaction and integration costs and earnout liability accounting.

Prir

Strengthening our position in the U.S. retirement market

Becoming the #3 Defined Contribution recordkeeper by participants

Source: PLANSPONSOR 2018 Recordkeeping survey. AUA and plan data as of December 31, 2017. Note: Bubble size represents plan assets ($mm).
Principal going forward shown on a pro forma basis – reflects assumed shock lapse and new sales assumptions

Wells Fargo Institutional Retirement and Trust business

		Description
Retirement	Defined Contribution (DC)	• DC recordkeeping solution for plan sponsors and participants focused predominately on mid-case market
Retirement	Defined Benefit (DB)	• Bundled retirement solutions, including plan administration, discretionary asset advisory, and trust & custody services
Retirement	Executive Deferred Compensation (non-qualified plans)	• Plan administration, participant services, and integrated administrative and trust support for non-qualified plans including Rabbi trust administration
Retirement	Institutional Asset Advisory	• Discretionary asset management primarily for pensions
Retirement	Trust & Custody	• Specialized reporting, trust and custody services, and related products for retirement clients
Non-Retirement	Trust & Custody	• Primarily custody of assets for endowments and other financial institutions • Leverages same platform as Retirement Trust and Custody segment

By the numbers[1]

- 5,000 plans
- 3.9 million participants
- $827 billion of assets under administration (AUA)
  - Includes $200 billion of legacy non-retirement Trust & Custody AUA with de minimis revenue
- $425 million of run-rate revenue[2]
  - 80% in retirement businesses
  - 20% in non-retirement trust & custody business
- Focus on the mid-size market ($10M-$1B of assets)
- Average client tenure of 15 years
- 2,500 employees

[1] Data as of December 31, 2018; [2] Annual expected run-rate revenue by 2022; reflects assumed revenue and expense net synergies

Strategic benefits to Principal

Doubles the size of our retirement AUA and participants[1]

- Solidifies our footprint in the SMB market
- Pro-forma rankings[1]:
  - #3 Defined Contribution recordkeeper (by number of participants)
  - #4 Defined Contribution recordkeeper (by number of plans)
  - #1 Defined Benefit recordkeeper (by number of plans)
  - #1 ESOP provider (by number of plans)
  - #1 provider of non-qualified deferred compensation plans

Added scale and capabilities drive revenue and expense synergi

- $60M of expected pre-tax run-rate net expense synergies by 2022
- Additional revenue generating opportunities consistent with our curre retirement businesses
- Reduces per participant plan costs – benefits not only the acquired blo but also our existing block
- Additional scale enhances our ability to maintain existing margins des ongoing revenue pressures in the industry
- Deepens consultant relationships and adds offshore servicing capabili

[1] Pro-Forma calculations based upon AUA and participant data as of December 31, 2017 provided by PLANSPONSOR 2018 Recordkeeping Survey and inclusive of shock lapse and new sales assumptions

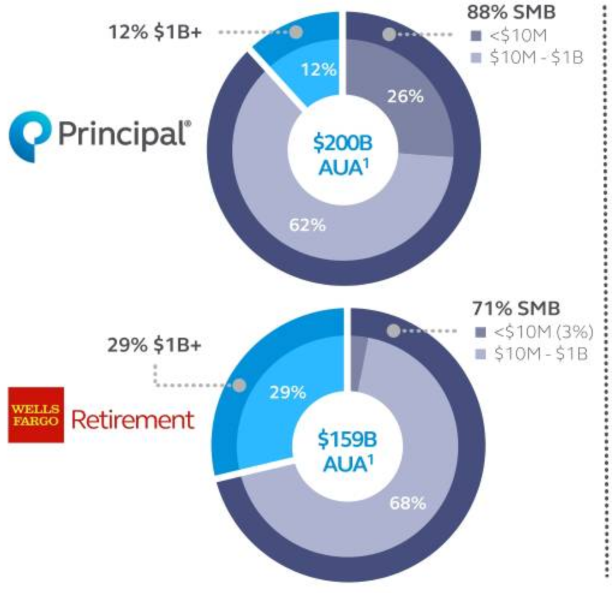
Enhances Principal Total Retirement Suite℠

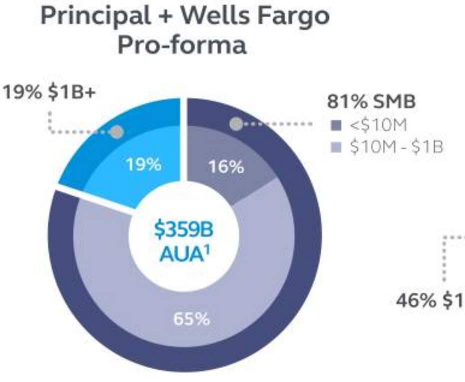
		Principal®	Wells Fargo Retirement	Combined pro-forma
Scale and diversification in Defined Contribution	Participant count[1]	#5	#9	#3
	AUA[1]	#8	#10	#7
	By plan size			
	Small (<$10M)	✓	-	✓
	Mid-size ($10M - $1B)	✓	✓	✓
	Large ($1B+)	✓	✓	✓
Breadth of other retirement services	DB plan services	✓	✓	✓
	Deferred comp	✓	✓	✓
	ESOP	✓	✓	✓
	Pension risk transfer	✓	-	✓

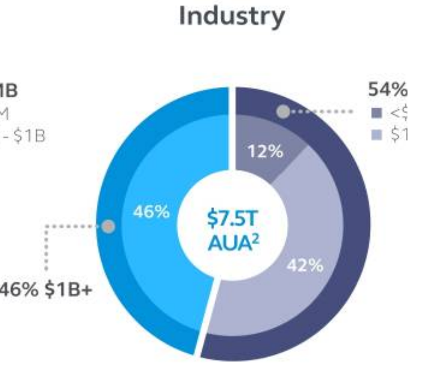
[1] Source: PLANSPONSOR 2018 Recordkeeping survey. AUA, participant, and plan data as of December 31, 2017. Pro-Forma calculations based upon AUA and participant data as of December 31, 2017 provided by PLANSPONSOR 2018 Recordkeeping Survey and inclusive of shock lapse and new sales assumptions.

Defined Contribution: SMB market remains core

Over 80% of our AUA remains in the SMB market compared to 54% in the industry
(Split of DC AUA by plan size)







[1] Defined Contribution and Non-Qualified AUA as of 6/30/2018; excludes AUA from other retirement products
[2] Source: PLANSPONSOR 2018 DC Recordkeeping survey, data as of 12/31/2017

Key financial metrics

Excludes $95M pre-tax of expected transaction and integration costs over 3 years and estimated impacts of earnout liability accounting over 2 years

Consideration	• $1.2B purchase price • Earnout of up to $150M if existing client fee revenue retention exceeds expectations, payable 2 years post-closing
Cash tax benefit	• Approximately $150M net present value of cash tax benefit from the asset acquisition, realized over 15 years
Net expense synergies	• $60M of expected pre-tax run-rate net expense synergies when fully integrated by 2022
Accretion	• Expected to be accretive to net income and non-GAAP operating earnings per diluted share in 2020[1]
IRR	• Mid-to-high teens expected internal rate of return (IRR)[1]
Leverage	• 22% estimated pro-forma leverage ratio • Remains within our 20-25% long-term targeted range
Free cash flow	• 100% free cash flow conversion
P/E multiple	• ~10x after-tax price to run-rate earnings[1] multiple, reflecting the cash tax benefit

[1] Reflects assumed revenue and expense net synergies