

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: **December 6, 2007**
(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)

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))

Item 2.02 Results of Operations and Financial Condition.

The slide presentations attached hereto as Exhibits 99.1 and 99.2, and incorporated herein by reference, will be presented at Principal Financial Group, Inc.'s Investor Day Conference on December 6, 2007 and may be used by the Company in various other presentations to investors. The slide presentations are furnished and not filed pursuant to instruction B.2 of Form 8-K.

Item 7.01 Regulation FD Disclosure

The slide presentations attached hereto as Exhibits 99.1 and 99.2, and incorporated herein by reference, will be presented at Principal Financial Group, Inc.'s Investor Day Conference on December 6, 2007 and may be used by the Company in various other presentations to investors. The slide presentations are furnished and not filed pursuant to Instruction B.2 of Form 8-K.

Item 9.01 Financial Statements and Exhibits

Exhibit 99.1 Slide presentations presented at Principal Financial Group, Inc.'s Investor Day Conference on December 6, 2007. The slide presentations are furnished and not filed pursuant to Instruction B.2 of Form 8-K.

Exhibit 99.2 Additional slide concerning 2008 guidance presented at Principal Financial Group, Inc.'s Investor Day Conference on December 6, 2007. The slide is furnished and not filed pursuant to Instruction B.2 of Form 8-K.

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/ Tom Graf
Name: Tom Graf
Title: Senior Vice President – Investor Relations

Date: December 6, 2007

EXHIBIT INDEX

EXHIBIT
NUMBER

EXHIBIT

- | | |
|------|--|
| 99.1 | Slide presentations presented at Principal Financial Group, Inc.'s Investor Day Conference on December 6, 2007 |
| 99.2 | Additional slide concerning 2008 guidance presented at Principal Financial Group, Inc.'s Investor Day Conference on December 6, 2007 |

Principal Financial Group, Inc.

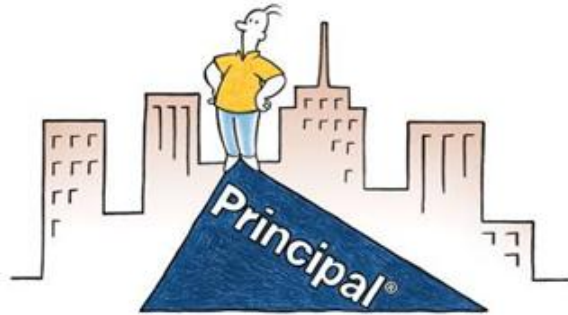
Investor Day

December 6, 2007



Tom Graf

Senior Vice President & Investor Relations Officer



Use of Non-GAAP Financial Measures

A non-GAAP financial measure is a numerical measure of performance, financial position, or cash flows that includes adjustments from a comparable financial measure presented in accordance with U.S. GAAP.

The company uses a number of non-GAAP financial measures that management believes are useful to investors because they illustrate the performance of the company's normal, ongoing operations which is important in understanding and evaluating the company's financial condition and results of operations. While such measures are also consistent with measures utilized by investors to evaluate performance, they are not a substitute for U.S. GAAP financial measures. Therefore, in the back of the handouts, the company has provided reconciliations of the non-GAAP financial measures to the most directly comparable U.S. GAAP financial measure. The company adjusts U.S. GAAP financial measures for items not directly related to ongoing operations. However, it is possible that these adjusting items have occurred in the past and could recur in the future. Management also uses non-GAAP financial measures for goal setting, to determine employee and senior management awards and compensation, and to evaluate performance on a basis comparable to that used by investors and securities analysts.

The company also uses a variety of other measures not considered to be non-GAAP financial measures. These are operational measures and do not have U.S. GAAP counterparts. Assets under management is an example of an operational measure.



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 sales targets, 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 December 31, 2006 and in the company's quarterly report on Form 10-Q for the quarter ended September 30, 2007, filed by the company with the Securities and Exchange Commission. These risks and uncertainties include, without limitation: competitive factors; volatility of financial markets; decrease in ratings; interest rate changes; inability to attract and retain sales representatives; international business risks; foreign currency exchange rate fluctuations; a pandemic, terrorist attack or other catastrophic event; default of the company's re-insurers; and investment portfolio risks.



Agenda

Time	Topic	Presenter
8:00 am	Strategy Overview	J. Barry Griswell
8:20 am	Trends, Strengths & Execution	Larry Zimpleman
8:45 am	Q&A	PANEL
9:15 am	BREAK	
9:30 am	U.S. Asset Accumulation	Dan Houston
10:00 am	Global Asset Management	Jim McCaughan
10:15 am	Principal International	Norman Sorensen
10:30 am	Q&A	PANEL
11:00 am	BREAK	
11:10 am	Capital Management; ERM	Mike Gersie
11:25 am	Investments	Julia Lawler
11:40 am	Q&A	PANEL
11:55 am	Closing Remarks	J. Barry Griswell
Noon	Lunch Presentation – Building a World Class Brand	Mary O’Keefe



J. Barry Griswell

Chairman and Chief Executive Officer



Strategy Overview

Why Invest in The Principal?

Continued outstanding
EPS growth

Substantial and increasing
free cash flow

Further P/E
multiple expansion

Additional ROE improvement

Promises made, promises kept.



Overarching Themes

- **Marketplace trends create meaningful growth opportunities**
- **Strengths at work to capitalize on trends:**
 - Industry leadership;
 - Expertise developing needs-based solutions; and
 - Ability to build long-term customer and advisor relationships
- **Highly effective execution drives exceptional financial performance**



Execution Drives Strong Results

	'01	'06	CAGR ('01-'06)	9 months '06	9 months '07	Change
Operating Earnings* (\$M)	\$577	\$972	11%	\$720	\$833	16%
Wtd. Avg. Shares (M)**	362	276	-5%	277	270	-2.6%
EPS**	\$1.59	\$3.53	17%	\$2.60	\$3.09	19%
AUM (\$B)*	\$98	\$257	21%	\$215	\$306	42%
ROE***	8.9%	15.3%	+640 bps	15.1%	16.3%	+120 bps
Ending Share Price	\$24.00	\$58.70	20%	\$54.28	\$63.09	16%

Note: data in tables throughout presentation have generally been rounded. Calculations based on un-rounded financial supplement data.

*Excludes discontinued operations

**Diluted

***Operating return on average equity excluding other comprehensive income, based on trailing 12 month period



Execution drives results:

Asset Management/Accumulation Growth Engine

	'03 OE (\$M)	'06 OE (\$M)	CAGR ('03-'06)
Total company	\$668	\$972	13%
U.S. accumulation businesses*	\$225	\$394	20%
Principal Global Investors	\$36	\$103	42%
Principal International	\$35	\$72	27%
6 business total	\$296	\$569	24%

*Full service accumulation, Principal Funds, Individual Annuities and Bank combined



Execution drives results:

Asset Management/Accumulation Growth Engine

Assets under management (AUM) or Account values (AV)	'03 AUM or AV (\$B)	'06 AUM or AV (\$B)	CAGR ('03-'06)
Total company (AUM)*	\$144	\$257	21%
U.S. accumulation businesses* (AV)	\$69	\$137	25%
Principal Global Investors* (3 rd party AUM)	\$24	\$59	35%
Principal International (AUM)	\$8	\$19	37%

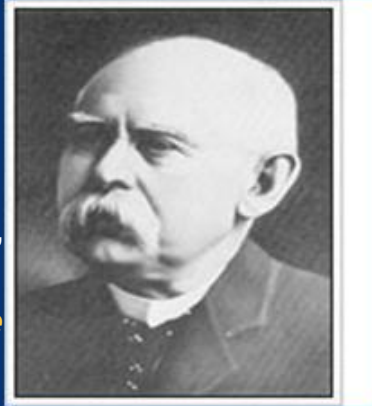
*Total includes \$28 billion of assets under management acquired with the WM Advisors transaction, which closed effective December 31, 2006. Approximately \$23 billion are included in the 2006 U.S. accumulation businesses account values, approximately \$5 billion in Principal Global Investors' 3rd party AUM.



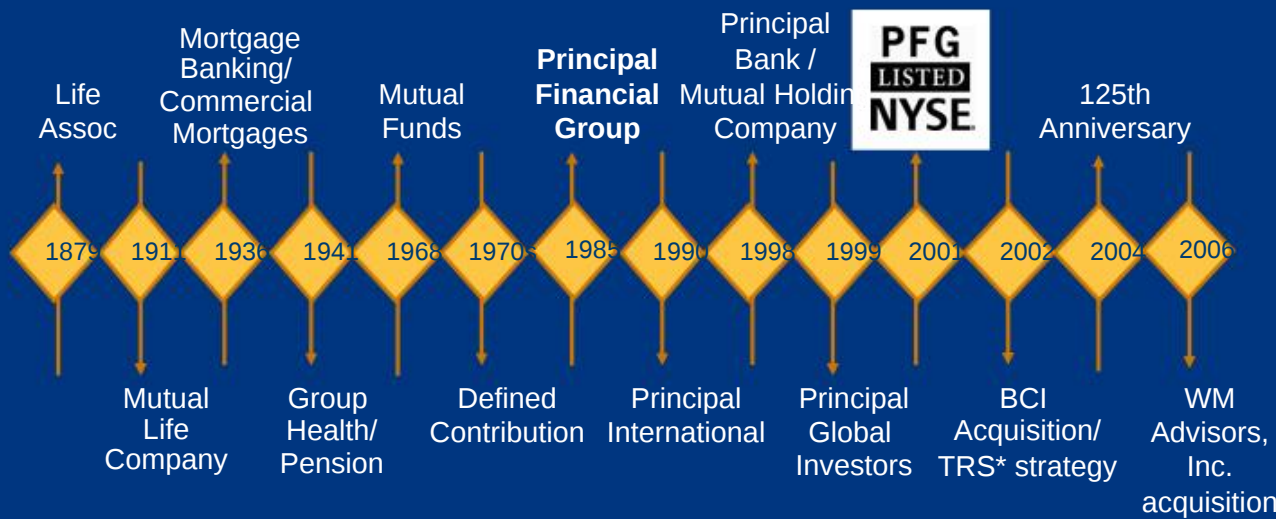
1879: A Solid, but Simple Beginning

“...There must be a better,
less expensive way for
honest employees who
want assured protection
for their families...”

– *Edward A. Temple*



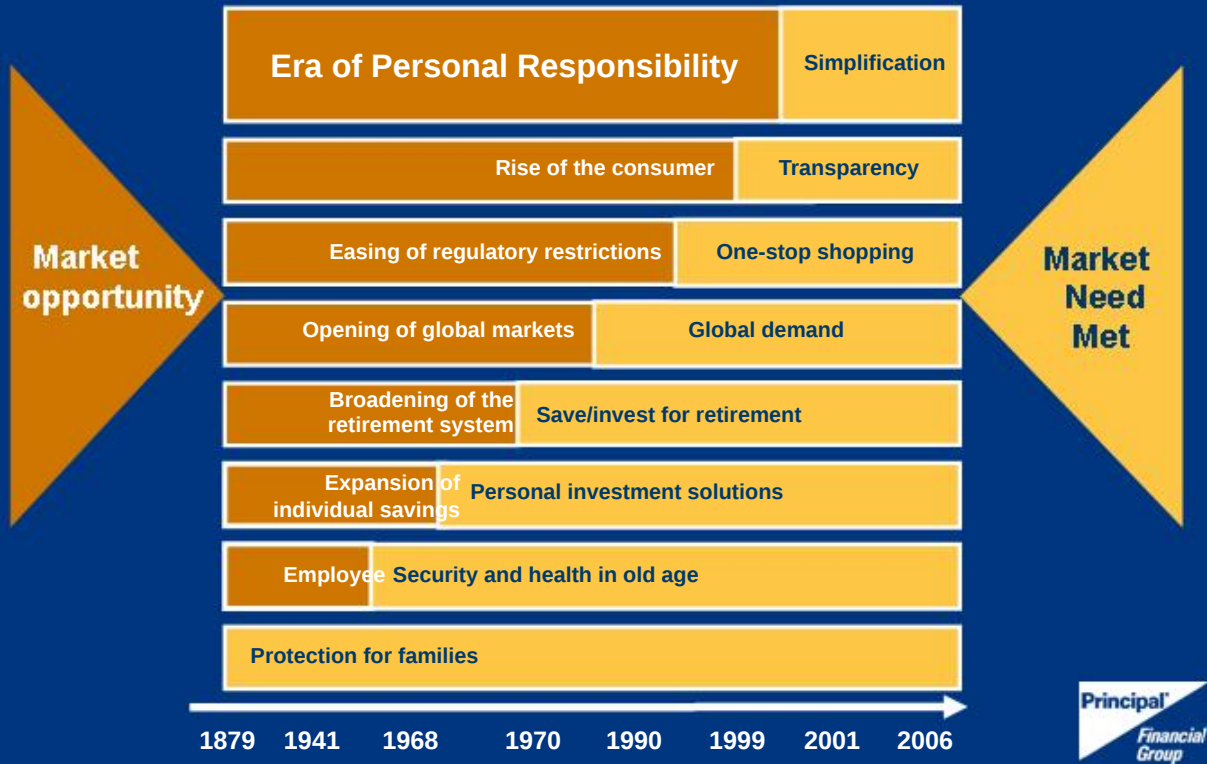
Growth by Evolution/128 Years of Success



*Total Retirement SuiteSM



Evolving to Meet Market Needs



Keys to Success Today

SMBs, business owners

Help understanding complex employee benefit rules and building cost-effective benefit programs to attract and retain employees

Employees and other individuals

Help developing and executing a tailored financial plan and getting the most out of employee benefits offerings

Financial advisors

New product education, needs analysis tools and point of sale expertise

Institutions

Assets appropriate for retirement and other long-term investing strategies, and consistently strong investment performance

Changing Landscape Creates Opportunity

Trend	Impact	Opportunity
Aging population and increased life expectancies	<ul style="list-style-type: none">➔ U.S. government benefit programs under pressure/Pension Protection Act➔ International government benefit programs under pressure/privatization of retirement systems/pension reform	<ul style="list-style-type: none">➔ To meet demands of continued shift to defined contribution➔ To meet increasing demand for retirement income management solutions➔ To leverage U.S. expertise in high-potential markets in Asia and Latin America
Rising benefit costs and global competition; Resource-constrained HR departments	<ul style="list-style-type: none">➔ Squeezed benefits budgets➔ Shift of cost and decision-making responsibility for financial security to employees	<ul style="list-style-type: none">➔ Bundled solutions➔ Voluntary benefits➔ High deductible health plans➔ Workplace financial guidance➔ LifeCycle funds➔ Health savings accounts

Our Strategy

- Deepen **SMB market penetration**
- Deliver **complete retirement solutions** within comprehensive employee benefits package
- Expand **multi-channel distribution** footprint
- Capitalize on **global asset management expertise**
- Leverage **retirement leadership/expertise** in select international markets
- Extend retirement leadership to **capture retail rollover opportunities**
- Maximize **capital structure and usage**



What Will Define The Principal Long-Term?

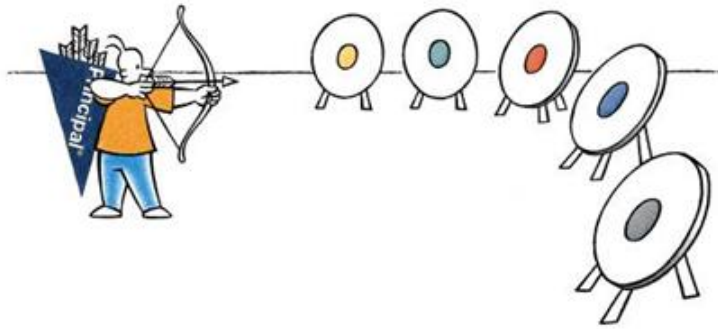
- Delivering on our promises – to shareholders, employees and customers
- Retirement market leader in the U.S. and select international markets
- Top tier global asset manager
- Leading provider of retirement and other employee benefit solutions
 - Best in class “do it for me” solutions for individuals
 - Expert in worksite financial planning
 - Products and supporting services to independent channels/advisors
 - Technological and operational savvy to meet customers needs
- World-class brand
- Premier employer

“Power of Purpose and Focus”



Larry Zimpleman

President and Chief Operating Officer



Trends, Strengths & Execution

Targeting Strong Long-Term Growth

11% - 13%
average annual
growth



EPS (1)

50 bps average
annual improvement



ROE (2)

(1) Actual quarterly and annual results may fall outside the average annual range. Longer-term growth expectations should be applied to normalized results.
(2) Operating return on average equity excluding accumulated other comprehensive income, calculated over the trailing twelve month period.



Key Drivers of Long-Term Growth

1

**Trends
create
opportunity**

2

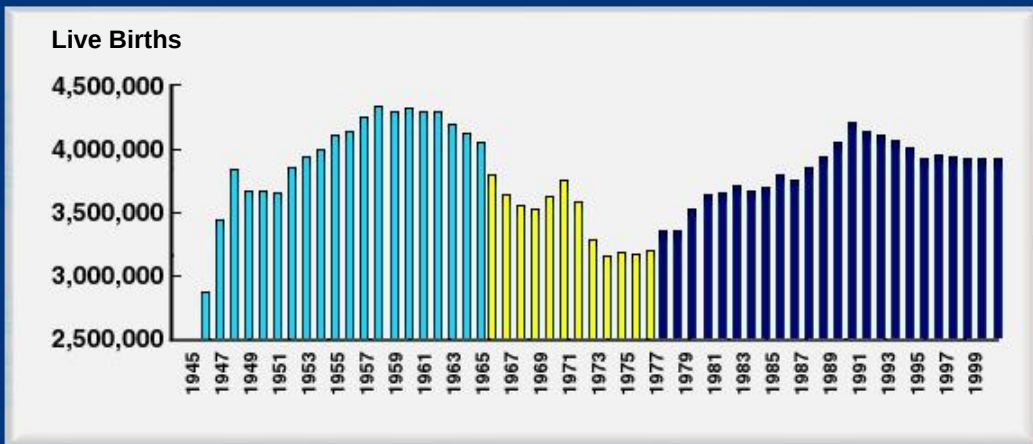
**Strengths to
capitalize on
trends**

3

**Execution
drives
results**

Trends create opportunity:

Baby Boomer Demand



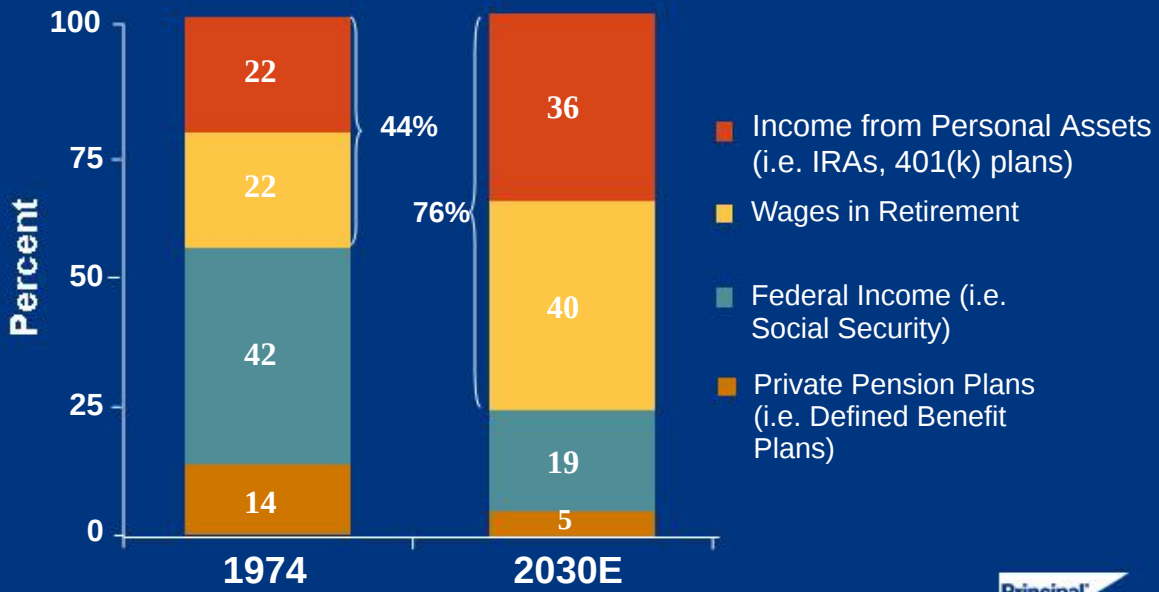
Source: "Growing Up Digital: The Rise of the Net Generation"
Don Tapscott, McGraw-Hill, 1997



Trends create opportunity:

“Era of Personal Responsibility”

Sources of Retirement Income



Source: EBRI and Cerulli Associates



Trends create opportunity:

Trusted Advisor in Increasingly Complex World

- Pension Protection Act of 2006
- Global Pension Reform
- Technology/Privacy
- Corporate Owned Life Insurance
- American Jobs Creation Act
- Estate tax planning
- Healthcare Reform



Existing strengths:

Capabilities Align with Market Needs

Baby Boomer
Needs

- Retirement leadership
- Top tier asset manager
- Global presence
- Retail capabilities

Personal
Responsibility

- “Do-it-For-Me” solutions
- Worksite benefits counseling
- Advisor-based distribution

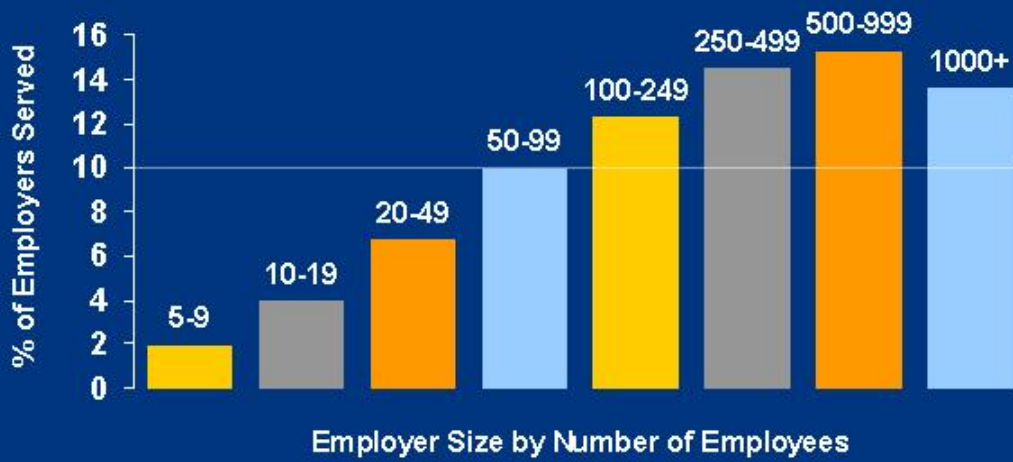
Increasing
Complexity & Risk

- SMB leadership
- Bundled offerings
- Comprehensive business solutions

Existing strengths:

Deep SMB Market Penetration

U.S. Market Penetration for The Principal



125,000 SMB customers worldwide



Existing strengths:

Broad, Needs-Based Solutions

Asset Accumulation	Retirement Income Management	Risk Protection
<ul style="list-style-type: none">◆ 401(k), 403(b) and Employee Stock Ownership plans◆ Principal Funds◆ Variable and fixed deferred annuities◆ U.S. and International Equities, Real Estate and Fixed Income	<ul style="list-style-type: none">◆ Personal Retirement Accounts◆ Defined Benefit plans◆ Traditional, Roth and Rollover IRAs◆ LifeCycle Funds◆ Income annuities◆ Stable value	<ul style="list-style-type: none">◆ Group and individual life◆ Group medical, wellness and disease management◆ Group dental and vision◆ Group and individual disability income insurance

Existing strengths:

Bundled Approach Employers Value

- Integrated services on a single platform:

- Plan design
- Compliance
- Investments
- Employee education



- Cost savings
- Efficiency and time savings
- Improved plan sponsor services
- Improved participant services
- Greater accountability

Existing strengths:
A Multichannel Approach

Independent

RAYMOND JAMES

citigroup
SMITH Barney



Northwestern Mutual
FINANCIAL NETWORK



Proprietary

Career
Agency

Principal
Connection

Worksite

■ Via employers

Alliance-related sales up \$1.3 billion,*

or **84%**

*9 months '07 compared to 9 months '06



Emerging strengths:

Excellence in Worksite Benefits Counseling

- The place to build long-term relationships
- Financial solutions for the rest of us
- Retirement and voluntary solution focused
- Proactive, face-to-face guidance

Plans using our Worksite offerings* boast strong increases :

+13%

average deferral rate

+13%

average participation rate

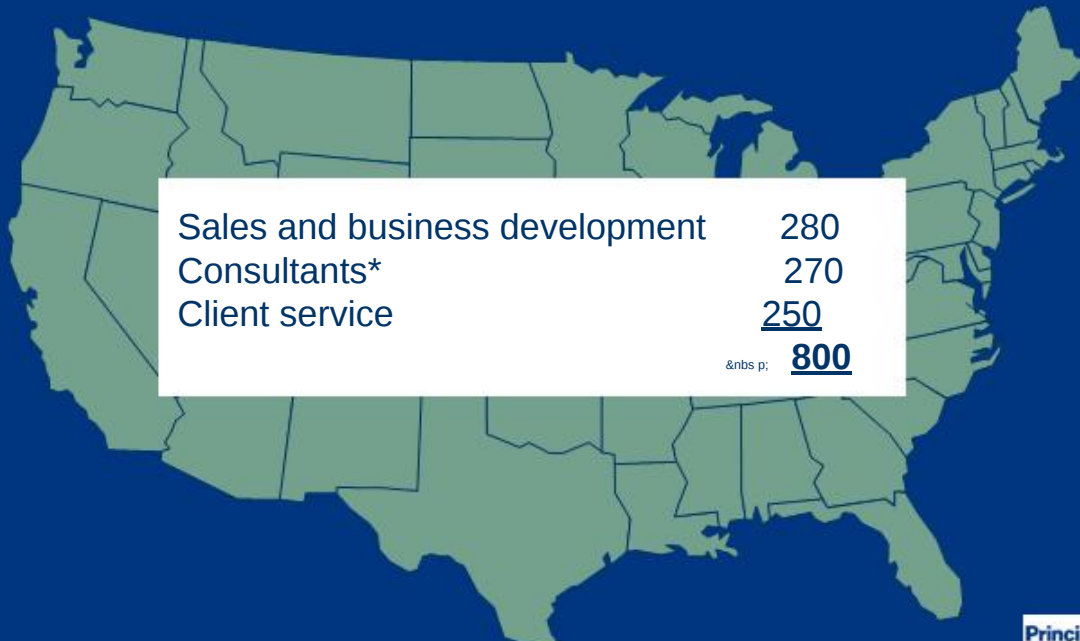


*RetireSecure results as of 9/30/07.

Emerging strengths:

Build-out of Local Consulting Capability

National Network of Sales, Service and Consulting Resources 800 Strong



*Worksite benefits counselors; education specialists; Total Retirement Suite, ESOP and actuarial consultants; and retention and income management specialists.



Execution:

Retirement Leader Delivers Complete Solutions

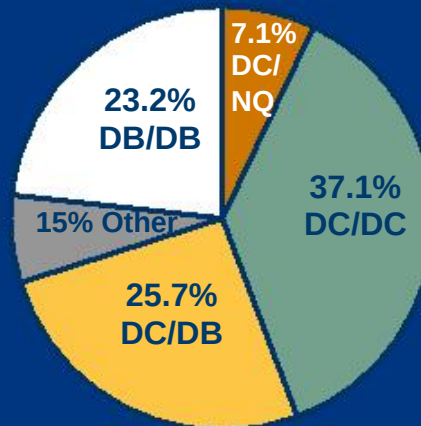
- #1 Bundled 401(k) plans ⁽¹⁾
- #1 ESOP ⁽²⁾
- #1 NQ-401(k) mirror plans ⁽³⁾
- #1 Defined Benefit ⁽⁴⁾
- #2 Fully bundled TRO plans ⁽⁵⁾
- #3 Plan termination annuities ⁽⁶⁾

In 2006,

58%

of our sales, based on assets, involved more than one type of plan:

- Defined Contribution
- Defined Benefit
- ESOP
- Non-qualified



Sources: ⁽¹⁾Spectrem Group 2006, ⁽²⁾PlanSponsor 06/07, ⁽³⁾PlanSponsor 12/06, ⁽⁴⁾Investment Advisor Magazine 03/07; ⁽⁵⁾PlanSponsor 07/07 ⁽⁶⁾LIMRA 09/06

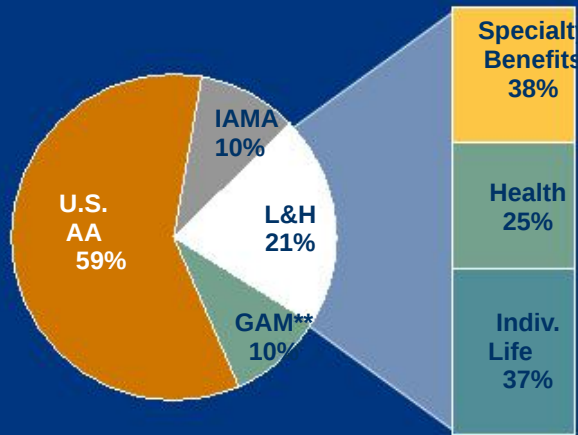


Execution:

Insurance & Employee Benefits Know-How

Leading Provider*:

- #7 Life Insurance
- #11 Health Insurance
- #3 Non-medical coverage
 - #5 Dental
 - #3 Group Term Life
 - #4 Short-Term Disability
 - #6 Long-Term Disability



Operating Earnings After Tax
9 months ended 9/30/07

*Sources: National Underwriter 08/07 and LIMRA International, 03/06; Life ranking based on statutory assets, Health ranking based on premiums earned and Non-medical ranking based on in-force
**Global Asset Management (Principal Global Investors)



Execution:

Asset Management Expertise

◆ Principal Global Investors **AUM of \$233 billion** as of 9/30/07 ◆

Top Manager Rankings (by assets)	2006	2005	2004
World ranking	42	71	92
U.S. institutional	24	23	27

Asset Category	2006 Rank*
Stable Value	#3 ^{**}
U.S. Real Estate	#4 ^{***}
Fixed Income	#30 ^{****}
Large Cap Growth	#28 ^{*****}
Emerging Markets	#25 ^{*****}
International/global	#50 ^{*****}

*Based on U.S. institutional tax-exempt assets, as of 12/31/06, unless otherwise stated

Sources: ** Pensions & Investments Pionline.com; ***Pensions & Investments as of June 30, 2007; ****Institutional Investor (Fixed Income Under Management); *****Pensions & Investments 2006 Databook posted Dec. 2006, data as of 12/31/05; *****Pensions & Investments 2007 Money Managers Directory; ***** Pensions & Investments 2006 Databook posted Dec. 2006, data as of 3/31/06



Execution:

Well-positioned for Global Growth

Principal International
AUM up 259% since year-end 2003

Top 5 market positions in Brazil, Chile, Malaysia and Mexico



Execution:

Disciplined Capital Management



Execution drives results...

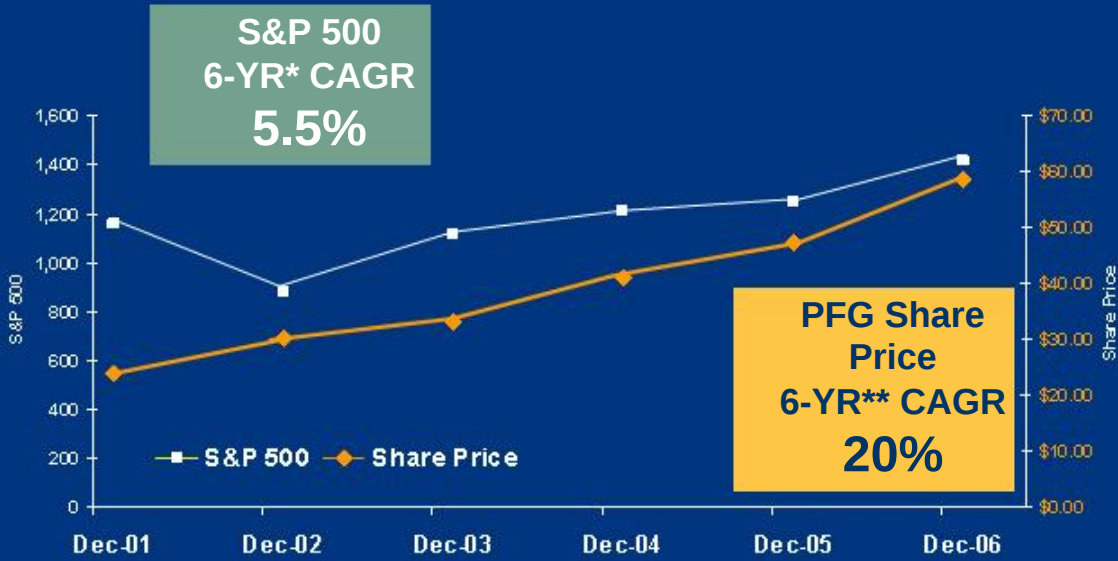
Measure	Growth: '01 to '06	Comparison to peers
AUM	21% CAGR	2X the pace of the Asset Managers, nearly 3X the pace of the Insurance Industry*
ROE	up 640 bps	34% higher than Life & Annuities companies, 218% higher than the Asset Managers**

Sources: *Investment Company Institute 2007 Factbook; Best's Aggregates & Averages, A.M. Best Editions 2006 & 2007; **UBS analysis, 6/30/07



Execution drives results:

...and Significant Share Price Appreciation



*From 1,089.90 at opening on 10/23/01 to 1,506.33 at close on 10/22/07.

**From \$20.50 at opening of trading following the company's IPO on 10/23/01 to \$62.50 at close on 10/22/07.



Trends Support our Approach

Era of personal responsibility

Benefit

Increases demand for “do-it-for-me” solutions for individuals

Greater access to employees through workplace

Enables relationship building, expansion of retail investor strategy

Global demographics

Drives asset management and accumulation opportunities in select international markets

PFG 2017

One Scenario Key growth drivers	OE CAGR* '06A to '17E
U.S. accumulation businesses*	11 to 14%
Principal Global Investors	14 to 17%
Principal International	14 to 17%
Life and Health Segment	5 to 8%

*Operating earnings compounded annual growth rate

**Full Service Accumulation, Principal Funds, Individual Annuities and Bank



PFG 2017

Total company	CAGR ('06-'17E)
Operating Earnings	10%
Avg. Shares	- 2.5%
EPS	13%

2017E

- Asset management and accumulation approx. 85% of total company earnings
- PGI and PI 2nd and 3rd largest businesses, respectively, with combined earnings of approx. \$800 million
- ROE of approx. 21%
- Free cash flow up > 250%

Assumptions for one scenario:

- Roughly 2% per quarter market appreciation
- No major acquisitions or dispositions
- No significant changes in regulatory environment



• Q&A

• Break

Dan Houston
Executive Vice President



U.S. Asset Accumulation

Execution drives results:

Asset Accumulation Growth Engine

FSA*, Principal Funds, Individual Annuities & Bank combined	'03	'06	CAGR ('03-'06)	9 mths '06	9 mths '07	change
Operating earnings (\$M)	\$225.4	\$394.2	20%	\$287.0	\$375.2	31%
Account values (\$B)**	\$69.4	\$137.1	25%**	\$106.5	154.4	45%
Sales (\$B)***	\$9.6	\$13.5	12%	\$10.1	16.1	59%
Net cash flows (\$B)	\$5.8****	\$6.8	6%	\$4.8	\$5.3	10%

*Full Service Accumulation

**2006 account values include \$22.5 billion acquired with the WM Advisors transaction, which closed effective December 31, 2006. CAGR of 18% excluding transaction.





























***Sales data for FSA, Principal Funds & Individual Annuities only

****Excludes \$0.8 billion of account values related to KeyCorp sponsored endorsement.



Asset accumulation growth engine:

Tailwinds Significantly Outweigh Headwinds

	Full Service Accumulation	Mutual Funds	Individual Annuities	Principal Bank
Boomer retirements				
Pension Protection Act (PPA)				
Traction with alliance sales strategy	 			No impact
Broader rollover market, including roll-ins				
Job changer phenomenon				
New accumulation and payout solutions, including "in plan income options"				
Broader, deeper distribution relationships				

Combined long-term earnings growth of 11 to 14%



Growth by Evolution

Market Needs Met



Driving Continued Growth in U.S. Asset Accumulation

1 Customer Segmentation

Yesterday & Today

- SMB segmentation drives service model
- Specialized needs of business owners, key execs and broad employee base
- Local enrollment and guidance resources
- Life stage segmentation

Tomorrow

- Personalized planning and long-term relationship building: with business owners, employees and other individuals
- Nearing retirement and in retirement life stages

Driving Continued Growth in U.S. Asset Accumulation

**New Product
&
Service Solutions**



Yesterday & Today

- Principal Advantage
- Total Retirement Suite
- LifeCycle Funds
- Retail rollover solutions
- GMWB

Tomorrow

- PPA levers – auto enroll, auto escalate
- Benefits data management
- Retirement income management, in plan solutions
- DC Investment Only

Driving Continued Growth in U.S. Asset Accumulation

New Distribution Channels

Yesterday & Today

- Greater sales and service specialization
- Principal Connection retention specialists
- Wirehouse & Regional B/D Alliances
- Bank Channel
- Channel developers & emerging market reps

Tomorrow

- Deepen/strengthen existing alliances
- Collaborative, flexible retention solutions with alliances/product placement opportunities
- Additional asset capture
- Workplace benefits counseling

Driving Continued Growth in U.S. Asset Accumulation

Expansion through Acquisition

Yesterday & Today

- BCI Group
- Benevation
- Executive Benefit Services
- Professional Pensions, Inc.
- ABN AMRO
- WM Advisors

Tomorrow

- Additional DC consolidation
- Moving the mutual fund business from top 50 to top 25
- Opportunities to expand offerings within Total Retirement Suite

Meeting New Demands from “Era of Personal Responsibility”

- Targeted educational materials
- Automatic enrollment and step-up features
- One-on-one meetings with retirement specialists
- Balanced funds/LifeCycle funds
- Age-appropriate investment default options
- Annuity and payout options

Personalized
benefits/
“do-it-for-me”
solutions

Drives Strong Customer Satisfaction

- **#1 in DC client retention**

(Boston Research Group, Aug. 2007)

41% > industry avg. tenure

- **27 “Best in Class” ratings**, including recognition for flexibility, accessibility and responsiveness of client service teams *(Chatham Partners, Dec. 2006)*

- **Dalbar 2007 Communication Seal of Excellence**

- Total Retirement Statement
- Mutual Fund Quarterly Statement
- Variable Annuity Statement
- Defined Contribution Plan Participant Statement
- Defined Benefit Plan Participant Statement

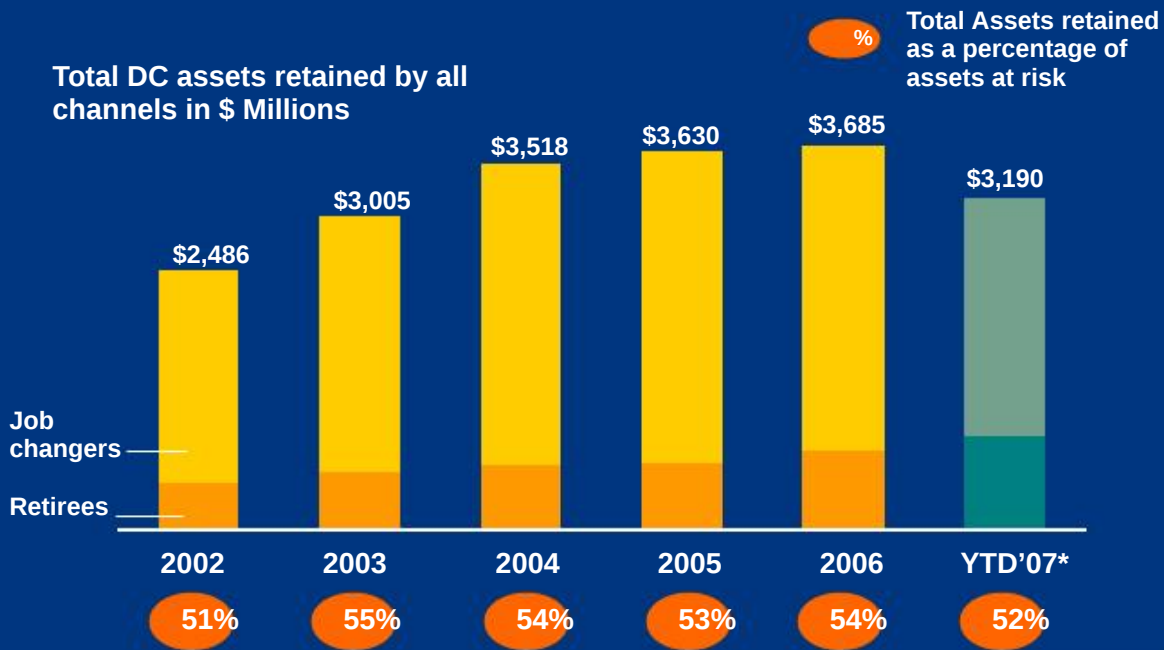
Client loyalty ratings* continue to exceed benchmarks:

94%
vs. industry standard
92%

*Chatham Partners, Dec. 2006.



Customer segmentation: ...and Outstanding Retention

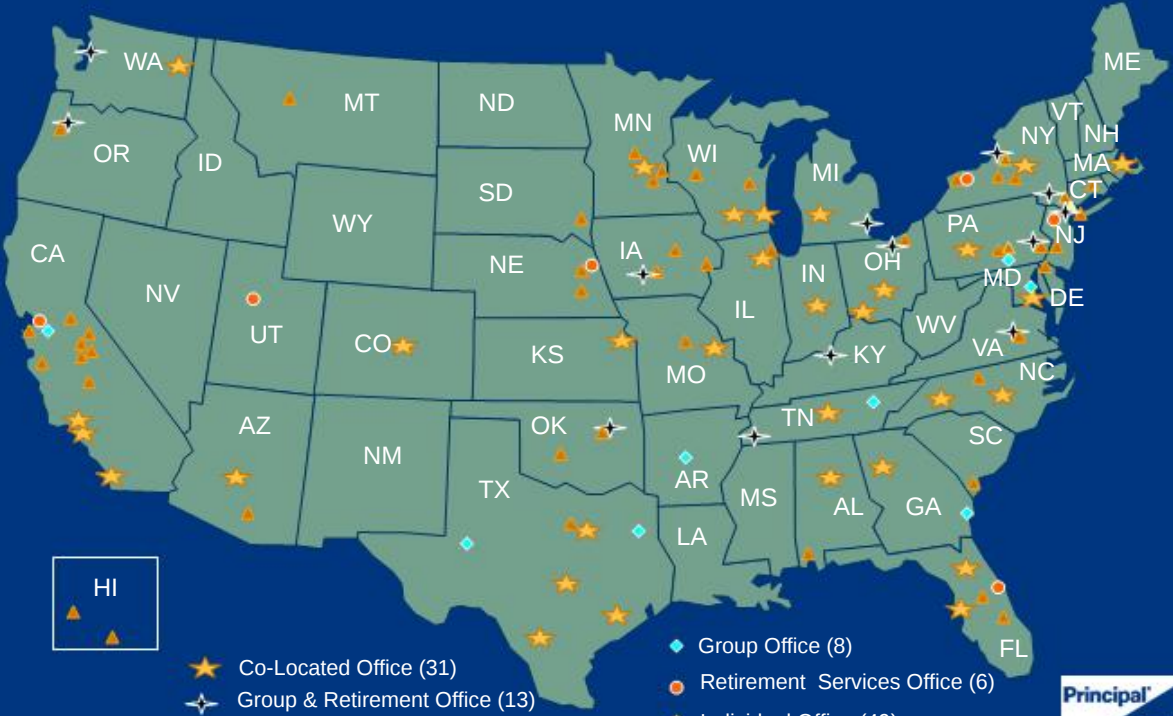


*9 months ended September 30, 2007



Distribution:

Local Sales and Service to Meet Needs of SMBs...



March 2007

NOTE: Approximate view. Check www.principal.com for actual locations.



Distribution:

...and the Advisors who Serve them

Long-Term Player

#1 = *The Principal*

#2 = ING

#3 = Fidelity

#4 = American Funds

#5 = MassMutual

Shelf Space

#1 = American Funds

#2 = Hancock

#3 = *The Principal*

#4 = Nationwide

#5 = ING

Best Overall Package

#1 = Mass Mutual

#2 = Hancock

#3 = *The Principal*

#4 = American Funds

#5 = ING

Source: Brightwork Partners 2005 Advisor Study.



Distribution:

Increasing Alliance Strategy Momentum

Alliance sales	2001	2006	CAGR	YTD'07**
Assets	\$0.4 B	\$2.1 B	39%	\$2.8 B
As % of Total Sales*	12%	28%	n/a	40%

				
Wirehouses	Regional Broker Dealers (B/Ds)	Planners/ Independent B/Ds	Insurance Producers	Bank, B/Ds and Marketers

* Based on assets

**9 months ended 9/30/07

Distribution:

Our Unique Approach to the Workplace

Principal RetireSecureSM & Principal WorkSecureSM

What it IS:

- Financial solutions for the “rest of us”
 - Needs analysis
 - Personalized guidance
 - Simplified enrollment
- Planning resources
- Local service

What it IS NOT:

- Product pushing by commissioned sales people
- High net worth only



Personalized solutions

Retirement Saving and Investing Analysis

Are you on Track? Is There a Better Way?

401(k) Contribution Levels

Percent Per Pay Period:	4%	6%	8%
Current Account Balance:	\$30,000	\$30,000	\$30,000
<i>Your Contributions*</i> :	\$159	\$212	\$266
Employer Match Contribution*:	\$80	\$80	\$80
Total Contribution*:	\$239	\$292	\$346
Taxes Saved*:	\$40	\$53	\$66
<i>Paycheck Lowered By*</i> :	\$119	\$159	\$200
Value At Retirement:	\$418,994	\$497,694	\$576,394
Value At Retirement with Step Ahead:	\$677,500	\$756,200	\$834,900

*Per Pay Period

Distribution:

Workplace Guidance Improves Plan Economics

	With RetireSecure* (as of 09/30/07)	With WorkSecure* (as of 09/30/07)
Close Ratio (by contract)	+46%	+100%
Participation	+13%	+48%
Avg Deferral rate	+13%	n/a
Average annual premium per participant	n/a	+76%

*One-on-one benefit counseling services for retirement and protection benefits



Solutions:

Leading Total Retirement Solutions Provider

- **Comprehensive retirement plan consulting** and administration for all plan designs, including DB, DC, ESOP, and NQ
- **Benefits to Employers**
 - Best-in-class products
 - Principal Connection to assist employees
 - Simplifies participant data management
 - Expanded resources to help plan sponsors meet their fiduciary obligations
- **Speeds service** to employer and employee
- **Efficiency and time savings**



Solutions:

Total Retirement SuiteSM Gets Results...

TRS	2004	2005	2006	9 months '07
Assets (\$B)	\$1.3	\$2.1	\$3.9	\$4.0
% of Total Sales*	24%	34%	58%	60%
Plans	77	183	449	343

*Based on assets



Solutions:

...Driving Full Service Accumulation Sales Leadership

LIMRA 401(k) Scorecard Highlights*	PFG Ranking
Total 401(k) assets	#1
Total 401 (k) participants	#1
Total 401 (k) plans	#3

Plan Category Rankings (10 categories by employer size)

- **#1 in 5 categories**
—100-249, 250-499, 500-999,
1000-2499, and 2500-4999
employees
- **#2 in 3 categories**
—26-49, 50-99, and 5000-9999
employees
- **#3 in 10,000+ employees
category**

*Report as of 12/31/06. A number of significant competitors did not participate, including Diversified, Fidelity, Paychex, T. Rowe Price and Vanguard.



Solutions:

Pension Protection Act Opportunities

Defined Benefit Reform

- Plan analysis & asset review
- Plan design & redesign
- Plan freeze & termination

Enhanced Defined Contribution

- DC consulting for transitions from DB to DC
- Auto options
- Financial advice

Longer-Term

- DB(k)

Solutions:

Comprehensive Services to Capitalize on PPA

**Plan Consulting Cements Employer Relationships
DC Features Encourage Savings, Accelerate Deposit Growth**

Our comprehensive suite :

- Auto enrollment and increase options since 2000
- Expanded education & guidance capabilities
- DC consulting for transitions from DB to DC
- DB plan analysis, design, freeze & termination
- DB(k) and other innovations

+61%

Use of auto enrollment*

+80%

Use of auto increase*

Principal
Financial
Group

*Increase in usage from 12/31/06 to 09/30/07

Solutions:

Evolution of Income Management

Accumulation:

- IRAs
- 401(k)
- Mutual Funds
- Annuities
- Life Insurance



Income:

- Income annuities
- Periodic withdrawals

Our Approach:

Auto features, Needs-based, Easy-to-use
Education & guidance, Flexibility

The Principal is well-positioned to turn savings into income:

- Planning assistance
- Full array of investments
- Innovative solutions

Principal
Financial
Group

WM Advisors Acquisition

- Substantial added scale
- Intermediary distribution
- The SAM Portfolios – Lifestyle segment leadership
- Improved combined product suite
- Investment professionals

5th largest
manager of
LifeCycle
funds*

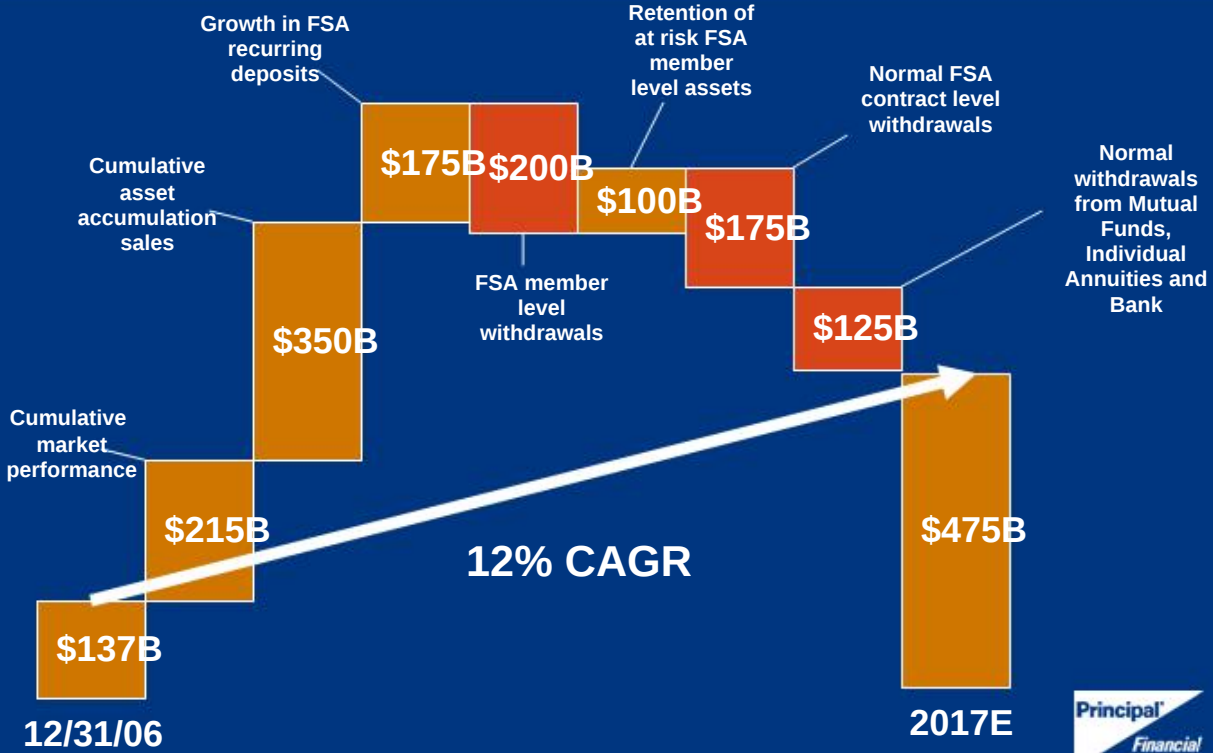


Defined Contribution Investment Only (DCIO) Strategy

- Principal Funds on third party accumulation platforms, available through TPAs, RIAs, record-keepers and others
- Principal LifeTime Funds and Strategic Asset Management portfolios serve as foundation, complemented by full range of asset classes, investment styles and portfolio structures
- DCIO sales through 9 months of approx. \$300 million
- On 35 platforms, including: Fidelity, Merrill Lynch Retirement, Nationwide Investment Services, Schwab, SunGard, and Wachovia Retirement Services

One Scenario:

Continued Strong Account Value Growth



One Scenario

FSA, Principal Funds, Individual Annuities and Bank combined	'06A	'17E	CAGR ('06-'17)
Operating earnings (\$M)	\$394	\$1,370	12%
Account values (\$B)	\$137	\$475	12%
Net cash flows (\$B)	\$6.8	\$19	10%

Jim McCaughan

Chief Executive Officer, Principal Global Investors



Global Asset Management

Asset Management Growth Engine

Principal Global Investors	'03	'06	CAGR ('03-'06)	9 mths '06	9 mths '07	change
Operating earnings (\$M)	\$36	\$103	42%	\$70	\$81	15%
Fee revenues (\$M)	\$283	\$435	15%	\$302	\$399	32%
AUM (\$B)	\$113	\$191*	19%	\$160	\$233**	46%
Net cash flows (\$B)	\$7.2	\$12.8	21%	\$9.5	\$11.3	19%

*Includes \$22.6 billion of assets under management acquired with the WM Advisors transaction, which closed effective December 31, 2006.

**Includes AUM acquired with WM Advisors transaction, and \$13.7 billion of AUM acquired with the Morley Financial Services transaction, effective August 31, 2007.



Fee Strength Eclipses Adverse 3Q07 Credit Conditions

Principal Global Investors	9 months '06	9 months '07	change
Operating earnings (\$M)	\$70*	\$81	15%
Fee business earnings (\$M)	\$42	\$66	57%
Spread business earnings (\$M)	\$29	\$15	(48)%
Fee revenues (\$M)	\$302	\$399	32%
AUM (\$B)	\$160	\$233	46%

In \$Millions

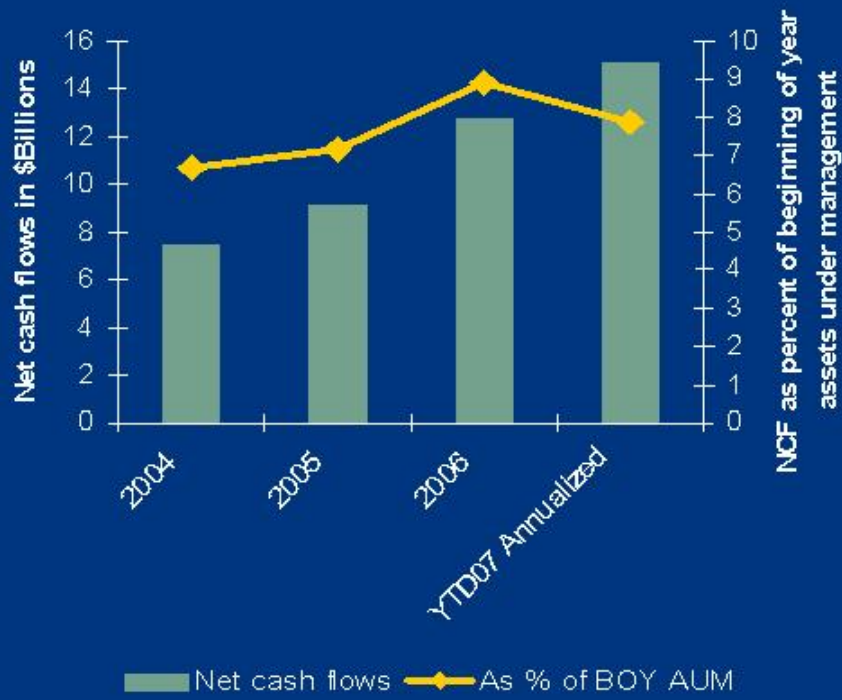
1H07	3Q07	YTD07
\$16	\$(1)	\$15
\$20	\$9	\$29
1H06	3Q06	YTD06

Spread earnings reflect transition to CMBS JV, coupled with adverse credit conditions in 3Q07



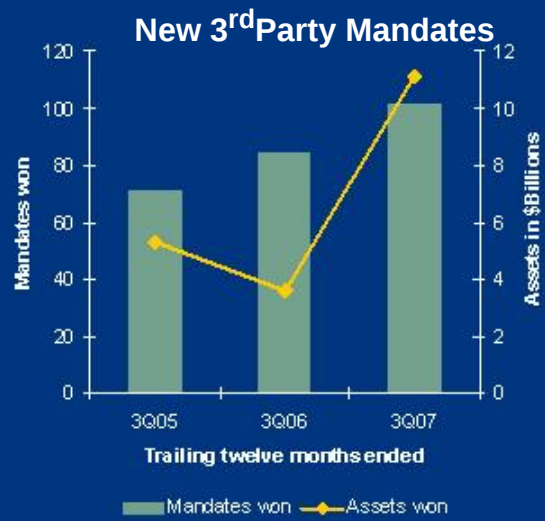
*Rounding

Strong Net Cash Flows (NCF)...



...Reflect Strong Institutional Traction

Sales Force Build-up	1Q2006	3Q2007
Domestic		
- Sales	18	24
- Consultant Relations	1	5
- Relationship Management/ Client Service	18	27
International		
- Sales/Consultant Relations	6	11
- Relationship Management/ Client Service	4	11
TOTAL	47	78

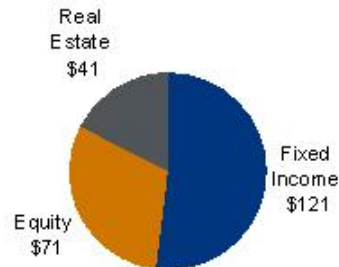


Principal Global Investors at a Glance

- Diversified global asset management organization
- \$233 billion in assets under management*
- 1,300 employees including approx. 500 investment professionals
- Serving institutional clients in 26 countries, including 14 of the 30 largest U.S. pension plans

Assets Under Management*

By Asset Class, in \$ Billions



As of September 30, 2007

A Manager of Assets Appropriate for Retirement...

...and Other Long-Term Investment Strategies

- Fundamental approach, appropriate risk levels
- Comprehensive range of income assets
- Building capabilities organically and through M&A

Global Reach

Asset Management Locations

Principal Global Investors & Principal International Affiliates



Diverse and High Value Added Capabilities

<h3>Equities</h3>  <p>Global & World ex-U.S. Diversified International International Core International Growth International Value International Small-Cap</p> <p>United States Diversified Large-Cap Diversified Growth Diversified Value U.S. Select U.S. Value</p> <p>Global Emerging European Asia/Pacific Japanese</p> <p>U.S. Mid-Cap Mid-Cap Value U.S. Small-Cap Small-Cap Growth Small-Cap Value</p> <p>CCI Large-Cap Growth CCI Mid-Cap Growth CCI Small-Cap Growth Edge Equity Income Edge Mid-Cap</p>	<h3>Fixed Income</h3>  <p>Specialty Credit High Yield Distressed Leveraged Bank Loans Preferred Securities Private Placements Global Strategic Income</p> <p>Core/Core Plus Multi-Sector Multi-Sector Plus Global Multi-Sector Non-U.S. Multi-Sector</p> <p>Structured Money Market Ultra Short Stable Value Liability Managed Inflation Protection</p>	
<h3>Real Estate</h3>  <p>Equity Core Prop. Value Added /Enhanced Prop. Development/Opportunistic Prop. REIT Securities Global Property Securities Global ex-U.S. REIT</p> <p>Debt Commercial Mortgages Bridge/Mezzanine Debt Investment Grade CMBS Specialty CMBS</p>		
<h3>Alternative Strategies</h3>  <p>Long/Short Extensions Market Neutral Credit Arbitrage Currency Management Portable Alpha</p>	<h3>Asset Allocation</h3>  <p>Institutional Balanced Target Date Lifecycle Target Risk Lifecycle</p>	<h3>Structured Strategies</h3>  <p>Passive/Index Socially Screened Tax Managed</p>

Strengthened Through Strategic Acquisitions



MORLEY FINANCIAL
SERVICES, INC.



ASSET
MANAGEMENT



Columbus Circle Investors

SPECTRUM
Asset Management

Large enough to have scale...

...small enough to have flexibility



Keys to Continued Growth in Global Asset Management

- Top-tier investment performance/assets suitable for retirement and other long-term strategies
- Talent retention
- Multi-boutique strategy/managing & maximizing acquisitions
- Expanding U.S. and International distribution channels
- Refining products to meet client demand
 - Absolute returns
 - Separation of alpha and beta
 - Alternatives – real estate, hedge funds, private equity
 - Growing demand for income producing investments



Search Competitive Investment Performance...

Retirement Assets in Top Two Morningstar Performance Quartiles (as of 9/30/07)	
1yr	51%
3yr	85%
5yr	84%

Fund manager of the year awards

include recognition for:

- **Japanese Equity Fund**
- **Asia ex-Japan Equity strategy**
- **The Principal Property Securities Fund**

Sources of awards: South China Morning Post, based on 3-year performance, March 2007; *AsianInvestor* magazine, based on 5-year risk-adjusted performance, April 2007; and IMCA/Money Management, May 2007, respectively.



...and a Track Record of Maximizing Acquisitions

M&A	Year of transaction	AUM acquired	AUM at 09/30/07	% increase
Spectrum	2001	\$1.0B	\$13.6B	1260%
Post Advisory	2003	\$3.9B	\$11.1B	185%
Columbus Circle	2005	\$3.9B	\$16.5B	323%
Total	n/a	\$8.8B	\$41.2B	368%

...Drives Significant Growth in 3rd Party AUM

Principal Global Investors Third Party AUM



Principal Global Investors*
has 15 relationships of
\$1 billion or more including:

- California State Teachers Retirement System
- Iowa Public Employees' Retirement System
- Thrivent Financial for Lutherans



*Including affiliates, as of November 2007.

Expanding U.S. and International Footprint

- Continue targeting:
 - Institutional clients (entities with investable assets > \$250 million)
 - Third party insurance (both life and P&C, general account assets between \$1-\$20 billion)
 - Third party Separately Managed Accounts (SMA/UMA) for major wirehouses – Merrill, UBS, Morgan Stanley
 - Sub-advisory market (focus on 75 largest U.S. sub-advisory purchasers)
- Dublin Series enables broad offshore distribution
- Distribution to institutional and sub-advisory clients in Europe, Asia and Latin America



Product Development Leverages Expertise

Recent launches/developments

- International and Global Property Securities
- Capabilities to invest in Green Real Estate
- International and Global 130/30
- New credit derivatives product company

Potential product opportunities

- Volatility capabilities
- Global Credit opportunity
- Socially Responsible Equity
- High yield commercial mortgage
- Asset allocation strategies

One Scenario

Principal Global Investors	'06A	'17E	CAGR ('06-'17)
Operating earnings (\$M)	\$103	\$475	15%
Fee revenues (\$M)	\$435	\$1,800	14%
Third Party AUM (\$B)	\$59*	\$ 400	19%
Net cash flows (\$B)	\$12.8	\$ 45	12%

*Totals include \$5 billion of assets under management acquired with the WM Advisors transaction, which closed effective December 31, 2006.



Norman Sorensen

Senior Vice President, CEO, Principal International



International Asset Management & Accumulation

Int'l Asset Management & Accumulation Growth Engine

Principal International	'03	'06	CAGR ('03-'06)	9 mths '06	9 mths '07	change
Operating earnings (\$M)	\$34	\$72	28%	\$57	\$85	50%*
AUM (\$B)	\$8	\$19	37%	\$18	\$27	51%**
Net cash flows (\$B)	\$1.0	\$2.0	26%	\$1.6	\$2.3	42%
ROE	4.6%	7.8%	+320 bps	8.8%	9.9%	+110*** bps

*YTD operating earnings growth of 38% on normalized basis

**AUM as of 9/30/07 up 38% from a year ago on an organic basis

***Segment ROE of 7.7% on normalized basis for the trailing twelve months ended 9/30/07 compares to 6.8% on a normalized basis for the trailing twelve months ended 9/30/06.



Principal International

Capitalizing on Emerging Global Growth in Asset Management and Accumulation



Business strategy

- **Retirement-centric** – top defined contribution pension and retirement countries over the next generation
- **Long-term mutual funds**
- **Institutional asset management** – as employers begin to replace government retirement programs
- **Large emerging markets** – global shifts in population and wealth



Principal
Financial
Group

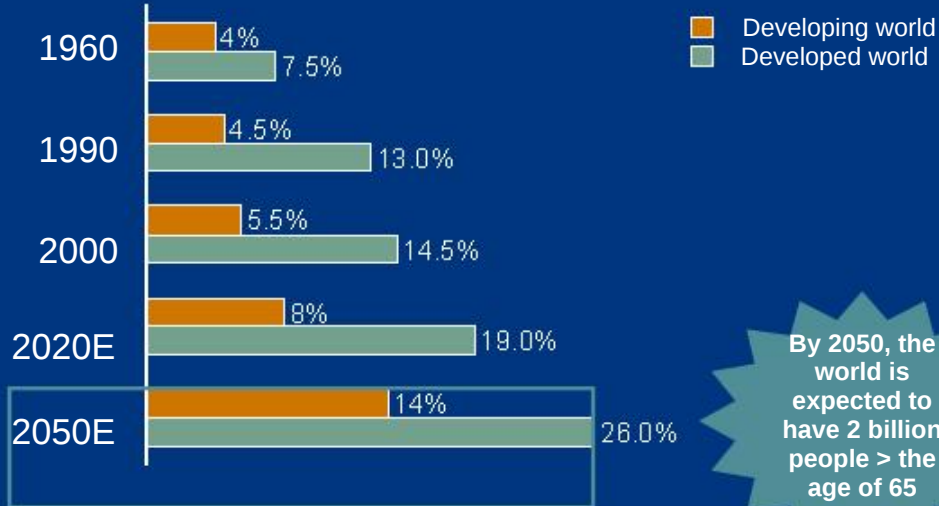
Driving Continued Growth for Principal International

- Significant growth in demand for employer and personal retirement savings
- Ability to leverage strong local partner distribution
- Increasing scale and brand awareness in key markets
- Continued transition to fee-based businesses



Increasing Demand for Privately Provided Retirement Savings

Population aged 65+
Percent



By 2050, the world is expected to have 2 billion people > the age of 65

Principal
Financial
Group

Source: The Future of Retirement, HSBC

Leveraging Strong Local Partner Distribution

Country	Partner (or Primary Partner)	Partner's Industry Ranking	Distribution Reach*
Brazil	Banco do Brasil	Largest bank in Latin America	3,900 branches, 1.5 million business accounts, 24 million individual customers
China	China Construction Bank	Third largest commercial bank in China	13,600 branches, 2.6 million business accounts, 157 million individual customers
India	Punjab National Bank	2 nd largest public sector commercial bank in India	4,500 branches, 300,000 business accounts, 35 million individual customers
Malaysia	CIMB Group	2 nd largest financial services provider in Malaysia	380 branches, 250,000 business customers, 4.5 million individual customers

*Data rounded



Increasing Scale and Brand Awareness

In a relatively short period of time, Principal International has built:

- ◆ Top-5 positions in most markets
- ◆ A customer base 6.3 million strong

Country	Primary business	AUM* (\$B)
Brazil	Pension	8.1
Chile	Payout Annuities/ Mutual Funds	3.4
China	Mutual Funds/IAM**	5.6***
Hong Kong	Pension/IAM	2.1
India	Mutual Funds/IAM	3.8
Malaysia	Mutual Funds/IAM	4.8
Mexico	Pension	4.7

International funds awards include:

- **INDIA** -- Principal Income Fund CNBC TV18 - CRISIL Platinum Mutual Fund of the Year Awards 2006
- **MALAYSIA** -- Fund House of the Year, Asian Investors Award, 2006
- **HONG KONG** -- MPF and mutual funds awards for Best Equity Fund Group (3 years) from Lipper
- **MEXICO** -- Fund Pro Platinum Performance Award for outstanding achievement International Fixed Income Funds segment during 2006

*As of 9/30/07

**IAM – Institutional asset management

***China AUM not included in reported totals due to level of ownership in joint venture



Brazil and China

BrasilPrev Seguros e Previdência S.A.

- Own 46% of a joint venture with Banco do Brasil
- AUM up \$5.7 billion to \$8.1 billion as of September 30, 2007, for a 3-year CAGR of 49%
- At 52%, strongest asset growth of top 4 pension providers*
- Ranked 3rd largest pension company in Brazil based on assets (11% market share)
- BrasilPrev one of Brazil's most admired companies; one of the Best Companies to Work for; and one of the Best Companies For Women

CCB Principal Asset Management Co.

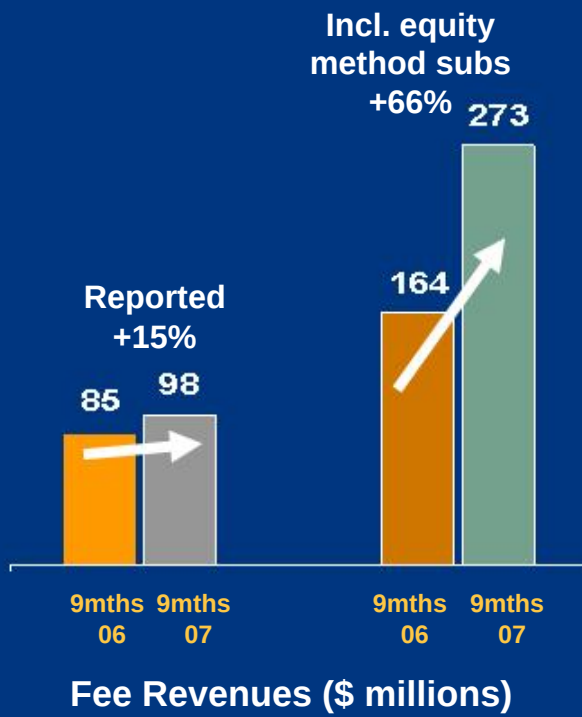
- Own 25% of a joint venture with China Construction Bank
- AUM up \$5 billion over the trailing twelve months to \$5.6 billion as of September 30, 2007
- 3 Mutual Fund launches over the trailing twelve months, each in excess of \$600 million
- Working toward licenses to participate in the Enterprise Annuity market, China's new employer sponsored defined contribution pension program

*For the trailing twelve months ended 3Q07, based on the current defined contribution offerings approved for distribution in Brazil.



Strengths at work:

Transitioning to Fee-Based Businesses



Fee revenues were 52% of combined premiums and fees through 9 mths '07 as compared to 38% for 9 mths '06

One Scenario

Principal International	'06A	'17E	CAGR ('06-'17)
Operating earnings (\$M)	\$72	\$325	15%
AUM (\$B)	\$19	\$100	16%
Net cash flows (\$B)	\$2	\$7	12%
ROE	7.8%	15%	+720 bps

• Q&A

• Break

Mike Gersie

Executive Vice President & Chief Financial Officer



**Capital Management &
Enterprise Risk Management**

Strengths at work:

Financial Strategy Overview

Influence drivers that influence results.

- **Grow earnings**
- **Manage capital**
- **Control risk**
- **Increase shareholder value**

Strengths at work:

Effective Capital Management

- **Managing capital to build shareholder value**
- **Capital management metrics**
 - Maintaining AA Rating
 - Lowering weighted average cost of capital (WACC)
- **Meeting capital needs going forward**

Capital Management Focus:
Capital Management Metrics

	2005 Actual	2006 Actual	2007 Estimate
Capital Ratio (S&P) AA level	126%	111%	108%
Debt/Capital (Moody's) <25%	20%	23%	21%
GAAP Earnings Interest Coverage (Moody's 5 yr avg) 10X	9.9X	10.4X	11.6X
Liquidity (S&P) >260%	360%	375%	381%

2005	WACC 2006	2007E
9.04%	8.69%	8.48%



Capital Usage Today and Longer-Term

Capital usage options	Option, as % of OE, 2002	Option, as % of OE, 2007E	Option, as % of OE, 2017E	Applied to one scenario OE of \$2.7 billion for 2017E
Organic growth	Approx. 60%	Approx. 45%	Approx. 35%	Approx. \$1 billion
Shareholder dividend	Approx. 15%	Approx. 20%	Approx. 20%	Approx. \$500 million
Acquisitions	0%-25%	0%-35%	0%-45%	\$0-\$1.2 billion
Repurchase	0%-25%	0%-35%	0%-45%	\$0-\$1.2 billion
Total	100%	100%	100%	\$2.7 billion

Capital Management Summary

- Strong earnings growth generating substantial and increasing “free capital”
- Flexibility & capacity supports EPS growth and ROE expansion
- Effective capital management creates exceptional value

Enterprise Risk Management (ERM)

Risk Astute, Not Risk Averse

- Diligent and disciplined ERM program tied to company strategy
 - Built on strong, well-established, traditional risk management fundamentals and controls
 - Established risk appetite and tolerances
 - Tools & processes to assess, monitor, and manage risk
 - Scenario planning/what-if testing to prepare for unexpected
 - Regular quarterly reporting to Audit Committee and full Board on risk management topics

Enterprise Risk Management

- Robust risk models/metrics
 - Earnings at Risk (EaR)
 - Embedded Value at Risk (EVaR)
 - Economic Total Asset Requirement (Economic Reserves plus Economic Capital)
 - Economic Value Added
 - ALM Models
 - 5-Quarter Rolling and 10-Year Forecasts
 - Liquidity Analysis

Economic Risk Metrics

	Earnings at Risk (EaR)	Embedded Value At Risk (EVaR)	Economic Total Asset Requirement
Confidence Limit	90% (1-in 10 yr event)	90%	99.5%
Time Horizon	1 year	Life of Business	Life of Business
Metric	GAAP Operating Earnings	Embedded Value (EV) = Present Value of Distributable Earnings	Total Economic Asset Requirement = Economic Reserves plus Economic Capital
Measures	Potential shortfall in operating earnings relative to baseline under relatively adverse business & economic conditions	Potential shortfall in embedded value relative to baseline under relatively adverse business & economic conditions	Total assets required to ensure we can meet all obligations with 99.5% confidence
Results	22%	26%	108%

Julia Lawler

Senior Vice President & Chief Investment Officer



Investments

Investment Philosophy and Strategy

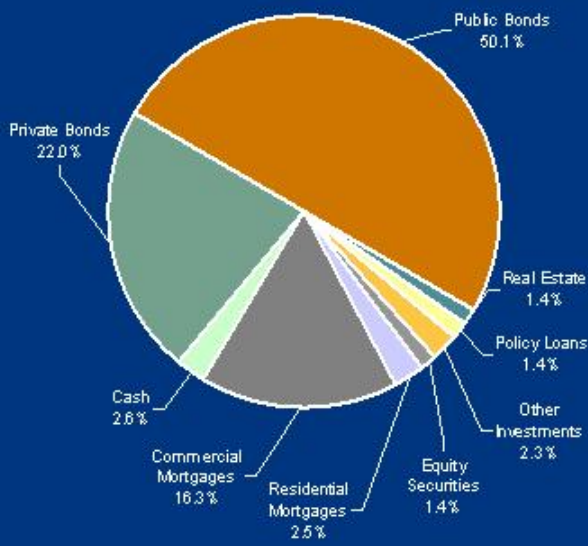
**Maximize
after-tax returns
consistent with
acceptable risk
parameters**

1. Maintain Quality, Well Diversified Portfolio
2. Active Asset/Liability Management and Strategy
3. Optimize Risk Adjusted Yields and Returns

Principal Financial Group Investments

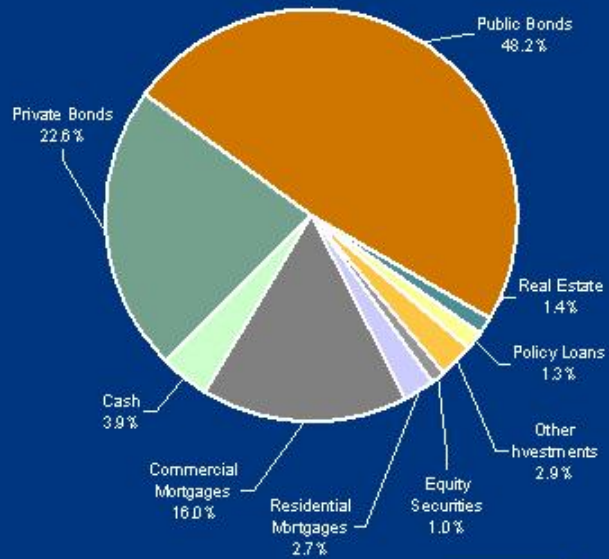
Cash and Invested Assets

12-31-2006



\$62.0 Billion

09-30-2007



\$65.5 Billion

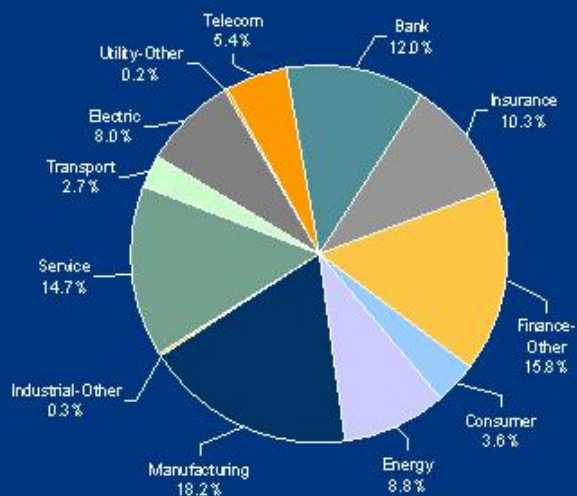


U.S. Invested Assets Corporate Fixed Maturities Portfolio

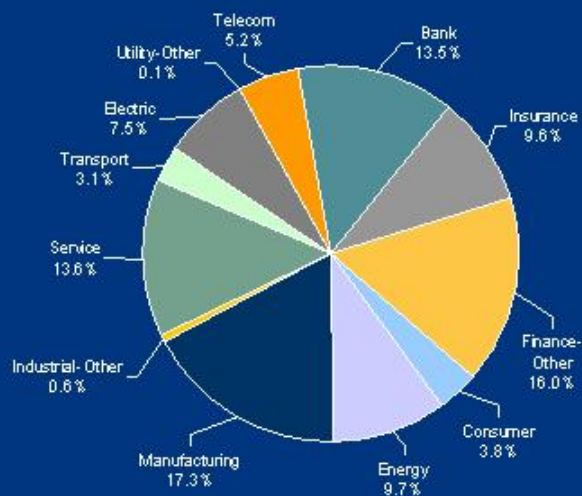
by Salomon Industry

12-31-2006

09-30-2007



\$30.4 Billion



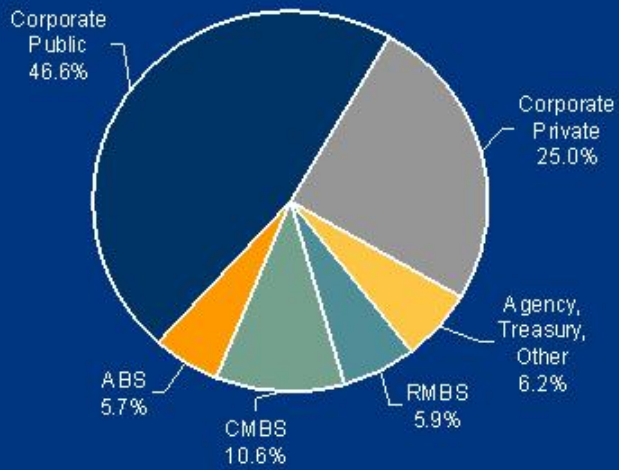
\$30.8 Billion



U.S. Fixed Maturities Composition

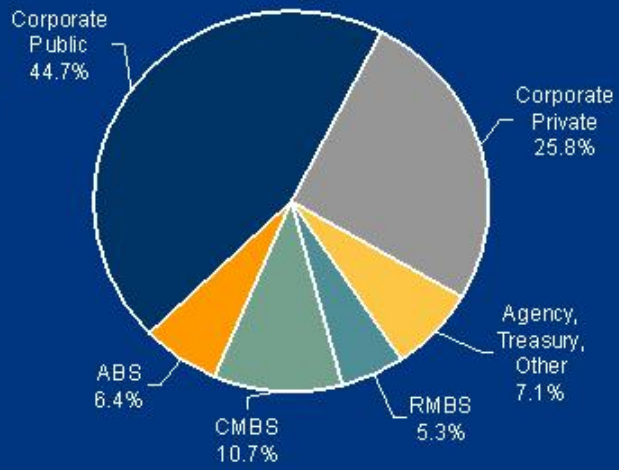
by Asset Type

12-31-2006



\$42.4 billion

09-30-2007



\$43.8 billion



U.S. Invested Assets

Fixed Income Securities Portfolio

GAAP Carrying Value

% of Fixed Income Securities Portfolio

NAIC Class	2004	2005	2006	09-30-2007
1	53.5%	55.7%	57.1%	57.5%
2	40.8	38.9	38.2	38.2
3	4.3	4.5	3.9	3.7
4	0.9	0.7	0.7	0.5
5	0.1	0.0	0.1	0.1
6	0.4	0.2	0.0	0.0
Total (in millions)	\$39,227	\$40,116	\$42,424	\$43,754
BIG as % of Total Fixed Income Securities Portfolio	5.7%	5.4%	4.7%	4.3%
BIG as % of Total U.S. Invested Assets	4.1%	4.0%	3.5%	3.1%



Principal Financial Group Investments

Managing the Portfolio/Areas of Focus

- Commercial Mortgages: an important asset for Asset/Liability Management (ALM) strategy
- Sub-prime: exposure small, investments high quality
- Managing exposure to troubled markets
 - Financials
 - Homebuilders
 - CMBS
 - CDOs



Commercial Mortgage Loan Portfolio

- Important asset for ALM strategy
- Solid, high quality portfolio
 - Low loan to value, 60%
 - High debt service coverage, 1.9X
- Well diversified by borrower, property type and geographic region
- Historically, losses over all economic cycles of 12 to 13 basis points, reflecting strong expertise
 - Equivalent to A/A- bond rating, which compares to bond loss experience and portfolio quality of A-/BBB+

Subprime Exposure Small, Investments High Quality

- \$699 million of subprime residential mortgages at September 30, 2007, or 1.1% of invested assets.
- Almost all exposure in highly rated tranches of asset backed securities, 79% of total issued 2005 or earlier.
 - \$591 million of subprime first lien mortgages, 99% rated AA or better, 87% issued 2005 or before
 - \$108 million of CDO backed by subprime mortgages (61% rated AA, and 36% rated A or A-; 33% issued 2005 or before

Managing Exposure to Troubled Markets

- Exposure to Financials
 - Banks \$4.16 Billion
 - Broker Dealers \$1.36 Billion
 - Mono-line Insurance \$947.9 Million

- Exposure to U.S. Homebuilders \$242.8 Million

All exposures are GAAP carry value as of 9/30/2007.



Managing Exposure to Troubled Markets

- Exposure to CMBS \$4.7 Billion
- Exposure to CDOs
 - CMBS \$273.3 Million
 - Credit \$753.7 Million

All exposures are GAAP carry value as of 9/30/2007.



Investment Risk Management

Market Risk Exposures:

- Interest rate risk
- Foreign currency risk
- Equity risk
- Credit risk
- Counterparty risk
- Liquidity Risk

Managing overall exposure:

- Within established risk tolerance ranges
 - Mismatch allowances:
 - 0.25 year duration
 - 0.10 year key rate duration
- Rebalancing existing asset or liability portfolios
- Controlling risk structure of newly acquired assets and liabilities
- Using derivative instruments

Net Realized/Unrealized Gains/(Losses)

in \$millions, after-tax

	09/30/07*	2006	2005	2004
Fixed maturities securities impairments	(16.4)	(6.8)	29.5	(29.1)
Fixed maturities securities credit impaired losses	(18.0)	(14.0)	(18.6)	(3.6)
Other fixed maturity sales	10.0	6.3	6.9	15.1
Total fixed maturities, afs	(24.4)	(14.5)	17.8	(17.6)
Total fixed maturities, trading	(2.0)	0.6	(1.6)	(0.7)
Mark-to-market of hedged item	36.5	(12.0)	(37.0)	3.1
Derivatives gains/losses	(59.2)	(3.9)	11.2	(65.8)
Total hedge activities	(22.7)	(15.9)	(25.8)	(62.7)
Other	30.9	47.8	(11.0)	18.7
Net Realized/Unrealized Capital G/(L)	(18.2)	18.0	(20.6)	(62.3)



* As of the nine months ended 2007

• Q&A

J. Barry Griswell

Chairman and Chief Executive Officer



Closing Remarks

The Principal® Edge for Shareholders:

Why Invest in The Principal?

- Trends in marketplace creating meaningful growth opportunities
- Strengths at work to capitalize on trends
- Highly effective execution drives exceptional financial performance
- Outstanding share price appreciation



Strengths at work:

Living our Core Values...



Strengths at work:

...Deeply Committed to our Most Important Asset



- FORTUNE 100 Best Companies to Work For
- LATINA Style – 50 Best
- National Assoc of Female Execs – Top 30
- Working Mother – 100 Best (Top 10 in 2006)
- Computerworld – 100 Best
- Essence magazine – Top 30
- AARP – Best Employers for Workers Over 50
- WELCOA – Platinum Well Workplace

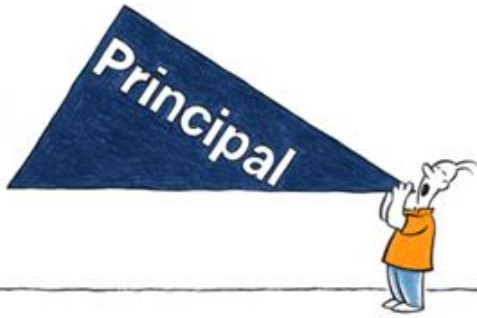
Strengths at work:

...with a Constant Underlying Motivation

Give People An Edge Everyday



Thank you!



Principal

Non-GAAP Financial Measures

	Nine Months Ended,		Twelve Months Ended,					
	30-Sep-07	30-Sep-06	31-Dec-06	31-Dec-05	31-Dec-04	31-Dec-03	31-Dec-02	31-Dec-01
Net income available to common stockholders per diluted share								
Operating earnings per diluted share	\$ 3.09	\$ 2.60	\$ 3.53	\$ 2.97	\$ 2.43	\$ 2.04	\$ 1.65	\$ 1.59
Net realized/unrealized capital gains/(losses)	(0.07)	0.03	0.07	(0.06)	(0.20)	(0.15)	(0.70)	(0.85)
Other after-tax adjustments	(0.08)	0.07	0.14	0.20	0.39	0.39	(0.54)	0.25
<i>Net income available to common stockholders per diluted share</i>	\$ 2.94	\$ 2.70	\$ 3.74	\$ 3.11	\$ 2.62	\$ 2.28	\$ 0.41	\$ 0.99
Net income available to common stockholders								
Operating earnings	\$ 832.6	\$ 720.1	\$ 972.1	\$ 862.4	\$ 764.8	\$ 667.7	\$ 579.3	\$ 576.8
Net realized/unrealized capital gains (losses)	(18.2)	8.3	18.0	(20.6)	(62.3)	(49.3)	(247.3)	(306.6)
Other after-tax adjustments	(21.2)	18.8	41.2	59.5	123.1	127.9	(189.7)	88.6
<i>Net income available to common stockholders</i>	\$ 793.2	\$ 747.2	\$ 1,031.3	\$ 901.3	\$ 825.6	\$ 746.3	\$ 142.3	\$ 358.8
Net income ROE available to common stockholders (including OCI)								
Operating earnings ROE (x-OCI)	16.3%	15.1%	15.3%	13.8%	12.3%	10.9%	9.1%	8.9%
Net realized/unrealized capital gains (losses)	-0.1%	-0.1%	0.3%	-0.3%	-1.0%	-0.8%	-3.9%	-4.7%
Other after-tax adjustments	0.0%	1.0%	0.6%	0.9%	2.0%	2.1%	-3.0%	1.3%
<i>Net income ROE available to common stockholders (x-OCI)</i>	16.2%	16.0%	16.2%	14.4%	13.3%	12.2%	2.2%	5.5%
Net unrealized capital gains (losses)	-1.3%	-2.3%	-2.2%	-2.3%	-2.4%	-1.8%	-0.2%	-0.2%
Foreign currency translation	0.0%	0.1%	0.1%	0.1%	0.1%	0.2%	0.1%	0.2%
<i>Net income ROE available to common stockholders (including OCI)</i>	14.9%	13.8%	14.1%	12.2%	11.0%	10.6%	2.1%	5.5%

Non-GAAP Financial Measures

	Nine Months Ended,	Twelve Months Ended,		
	30-Sep-07	31-Dec-06	31-Dec-05	31-Dec-04
Net Realized/Unrealized Capital Gains (Losses):				
Total net realized/unrealized capital gains (losses)	\$ (18.2)	\$ 18.0	\$ (20.6)	\$ (62.3)
Add:				
Periodic settlements and accruals on non-hedge derivatives	14.9	-	-	-
Amortization of deferred policy acquisition and sale inducement costs	4.9	(5.4)	0.7	(6.2)
Capital gains distributed	7.7	11.8	5.8	4.4
Minority interest capital gains	6.7	7.7	2.5	0.3
Tax impacts	(7.1)	12.1	(10.6)	(51.1)
Less:				
Unearned front-end fee income	8.7	0.8	1.1	(2.1)
Certain market value adjustments to fee revenues	(3.5)	(1.3)	(12.1)	(8.0)
GAAP net realized/unrealized capital gains (losses)	\$ 3.7	\$ 44.7	\$ (11.2)	\$ (104.8)

Outlook for 2008

	2008 EPS outlook announced 11/28/07	Growth over adjusted 2007	Estimated growth x-impact of markets at time outlook finalized***
$ \begin{array}{r} \$4.10^* \\ \$0.15^{**} \\ \hline \$3.95 \end{array} $	\$4.20	6.3%	11%
	\$4.45	12.7%	17%

* \$4.10 was the First Call mean estimate as of 11/26/2007 for 2007 EPS. The company is not affirming the reasonableness of this estimate. It is being used for illustration only.

** The company has disclosed unsustainable items through nine months of 2007, which on the net have benefited operating earnings per share by 15 cents.

*** The S&P 500 closed at 1,407 on November 26, the day the company finalized guidance, approximately 9 % below the company's normal growth assumption. Under normal market conditions, applying the company's equity market sensitivity of roughly 5%, both ends of the range would have been approximately 4.5% higher.

