

The Principal Financial Group® Company Profile

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The Principal Financial Group® (The Principal®) is a leader in offering businesses, individuals and institutional clients a wide range of financial products and services, including retirement and investment services, life and health insurance and mortgage banking through its diverse family of financial services companies. More employers choose the Principal Financial Group for their 401(k) plans than any other bank, mutual fund or insurance company in the United States.¹

A member of the *FORTUNE 500*, the Principal Financial Group has \$144.9 billion in assets under management and serves some 15 million customers worldwide from offices in 12 countries throughout Asia, Australia, Europe, Latin America and the United States. The Principal Financial Group, Inc. is traded on the New York Stock Exchange under the ticker symbol PFG.

FINANCIAL DATA

Total assets under management \$144.9 billion

Total GAAP revenues \$9.4 billion

Net income \$746.3 million

Operating earnings² \$750.6 million

Operating return on average equity, excluding other comprehensive income (ROE) 12.3 percent²

FINANCIAL STRENGTH RATINGS FOR PRINCIPAL LIFE INSURANCE COMPANY

A+ (Superior) – A.M. Best Company

Second highest of 16 rating levels. February 2003

Aa3 (Excellent) – Moody's Investors Service

Fourth highest of 21 rating levels. May 2003

AA (Very strong) – Standard & Poor's

Third highest of 21 rating levels. September 2003

AA (Very strong) – Fitch

Third highest of 24 rating levels. February 2002

PEOPLE

15,000 employees worldwide

14,000 employees in the United States

CLIENTELE

15 million customers

HIGHLIGHTS

U.S. Asset Management and Accumulation

- 401(k) leader
- 49,000 employers with 2.8 million pension plan participants
- More than \$120 billion in assets under management
- Ranked among the 100 largest mutual fund managers, serving nearly 800,000 U.S. shareholder accounts
- Principal Bank assets of \$2 billion
- Principal Global Investors ranked No. 7 investment manager by assets gained in 2003³

International Asset Management and Accumulation

- Second largest pension company in Brazil
- Second in new annuity sales in Chile
- 4th largest AFORE in Mexico, based on plan participants
- A leading seller in Hong Kong's Mandatory Provident Fund market
- More than 5 million customers, an increase of 35 percent from 2002

Life and Health Insurance

- 8th largest life insurer (Principal Life Insurance Company) based on statutory assets (2002)
- 74,000 employers with 4.7 million covered members
- More than \$163 billion of individual and group life insurance in force
- Number one group life provider based on in-force contracts (2002)

Mortgage Banking

- Record loan production in 2003
- 958,000 customers served (principal balance of \$118.7 billion)
- 11th largest mortgage servicer
- 12th largest mortgage originator
- 8th largest correspondent lender

Data as of Dec. 31, 2003 unless otherwise noted. For the latest and additional information, visit www.principal.com.

¹ CFO Magazine, April/May 2003, based on total plans served in 2002 by banks, mutual fund and insurance firms.

² The company uses a number of non-GAAP financial measures that management believes are important in understanding and evaluating the normal, recurring operations of our businesses. These measures are not a substitute for GAAP financial measures. Therefore, we provide a reconciliation of the non-GAAP measures to the comparable GAAP financial measures as follows:

- Operating earnings of \$750.6 million equals net income of \$746.3 million adjusted for net realized/unrealized gains (losses) of \$(51.6) million and for other after-tax adjustments of \$47.3 million.
- ROE of 12.3 percent equals net income return on equity including other comprehensive income of 10.6 percent, adjusted for net realized/unrealized gains (losses) of (0.8) percent, other after-tax adjustments of 0.7 percent, net unrealized capital gains (losses) of (1.8) percent and foreign currency translation of 0.2 percent.

³ *Money Management Letter*, February 2004.



Recent awards and recognition

for the Principal Financial Group®

INDUSTRY LEADERSHIP

- Recognized by *CFO Magazine* for providing administrative and investment services to more 401(k) plans than any other bank, mutual fund or insurance company. May 2003
- Named “Bundled Provider of the Year” by *Defined Contribution News* for supporting the American worker and the small and medium-sized plan sponsor. June 2003
- Ranked 211th on *FORTUNE* magazine’s “Largest 500 Corporations” (based on 2003 GAAP revenues). March 2004
- Ranked 6th out of 20 Life and Health (Stock) Companies on the *FORTUNE 500* (based on 2003 GAAP revenues). March 2004
- Included on *FORTUNE* magazine’s list of America’s most admired companies. February 2004
- Listed as No. 380 out of the top 1,000 most valuable companies by the *BusinessWeek* Global 1000 (based on May 30, 2003, market value). July 2003
- Ranked 121st out of 500 on *Forbes*’ list of America’s Top 500 Companies. April 2003
- Ranked 206th out of the S&P 500 companies in *BusinessWeek*’s Performance Rankings. April 2003
- Named a top ten record keeper in the number of defined contribution plans won in 2002 by *PLANSPONSOR* magazine. June 2003
- Commended by our clients for our plan sponsor services, including government reporting, compliance, fee disclosure and client service representative expertise. *PLANSPONSOR* magazine. March 2003
- Ranked first overall in employee education and participant statement by SPARK Research Group. January 2004
- Earned the DALBAR Communications Seal of Excellence for our total retirement statement. July 2003
- Received the DALBAR Communications Seal of Excellence for the third year in a row for our Defined Contribution Retirement Plan Statement and ranked second in the DALBAR statement analysis for our Defined Benefit Retirement Plan Statement. March 2003
- Recognized for the Principal Retirement Service Center® site serving plan participants, receiving DALBAR’S first place ranking and Seal of Excellence among 31 industry-leading firms. May 2003
- Recognized as the nation’s 3rd largest employee benefit third-party administrator (TPA) and the 9th largest claims administrator by *Business Insurance* magazine. February 2004

BEST PLACES TO WORK

- Named by *FORTUNE* magazine as one of the “100 Best Companies to Work For.” December 2003
- Recognized as one of the 100 Best Companies for Working Mothers by *Working Mother* magazine. September 2003
- Voted one of *LATINA Style* magazine’s “50 Best Places for Latinas to Work” for the sixth year in a row. September 2003
- Noted as one of the “Top 30 Companies for Executive Women” for the third consecutive year by the National Association of Female Executives. January 2004
- Ranked 79th on *Computerworld* magazine’s “100 Best Places to Work in IT.” June 2003
- Recognized as a “Platinum Well Workplace” 2002-2005, by the Wellness Councils of America. October 2002
- Named one of AARP’s “Best Employers for Workers Over 50” for the second year in a row. September 2003
- Recognized as an Employer of Choice 500 by *Employment Review* and *Employment Choice* magazines. 2003
- Principal Vida Chile named one of the Top 25 Best Places to Work in Chile by *Capital* magazine. September 2003
- Awarded the State Chairman Award by the Iowa Committee for Employer Support of the Guard and Reserve. March 2003
- Named to the 2003 Employers of Choice 500 list by Recourse Communications, Inc. June 2003

TECHNOLOGY INNOVATION

- Ranked 7th among the largest 1,000 insurance companies for our treatment of online customers by The Customer Respect Group. February 2004
- Ranked 52nd in *Information Week* magazine’s “Top 500 Most Innovative Users of Information Technology.” September 2003
- Received a Silver Award during the eHealthcare Leadership Award competition for Principal Health News™ for being one of the best health-related Web sites for consumers and professionals. November 2002
- Received the 2003 Insurance Innovators Award, sponsored by InSystems, Celent Communications and *Insurance & Technology*. June 2003
- Named an Excellence Award winner for Organizational Effectiveness by the International Association of Contract and Commercial Managers. March 2003

WE UNDERSTAND WHAT YOU’RE WORKING FOR™



Des Moines, Iowa 50392-0001
www.principal.com

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