PRINCIPAL FINANCIAL GROUP INC
Form DEF 14A
April 09, 2019

Use these links to rapidly review the document

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

PRINCIPAL FINANCIAL GROUP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Notice of 2019 Annual Meeting of Shareholders and Proxy Statement

Table of Contents

Dear Fellow Shareholders:

You are invited to attend the annual meeting of shareholders on Tuesday, May 21, 2019, at 9:00 a.m., Central Daylight Time, at 711 High Street, Des Moines, Iowa. As we've done in the past, Principal is taking advantage of the Securities and Exchange Commission's rule that allows companies to provide proxy materials for the annual meeting via the Internet to registered shareholders.

The notice of annual meeting and proxy statement provide an outline of the business to be conducted at the meeting. We will also report on the progress of the Company and answer shareholder questions.

We encourage you to read this proxy statement and vote your shares. You do not need to attend the annual meeting to vote. You may complete, date and sign a proxy or voting instruction card and return it in the envelope provided (if these materials were received by mail) or vote by using the telephone or the Internet. Thank you for acting promptly.

Sincerely,

Daniel J. Houston
Chairman, President and Chief Executive Officer

April 9, 2019

Table of Contents

Notice of Annual Meeting of Shareholders

Meeting Date: Tuesday, May 21, 2019
Time: 9:00 a.m., Central Daylight Time
Location: 711 High Street, Des Moines, Iowa 50392
Agenda:

1. Elect four Class III Directors;
2. Hold an advisory vote to approve the compensation of our named executive officers;
3. Ratify the appointment of Ernst & Young LLP as the Company's independent auditors for 2019; and
4. Transact such other business as may properly come before the meeting.

The Company has not received notice of other matters that may be properly presented at the annual meeting.

You can vote if you were a shareholder of record on March 27, 2019. It is important that your shares be represented and voted at the meeting. Whether or not you plan to attend the meeting, please vote:

Internet	Telephone	Mail
Through the Internet: visit the website noted in the notice of Internet availability of proxy materials shareholders received by mail, on the proxy or voting instruction card, or in the instructions in the email message that notified you of the availability of the proxy materials.	**By telephone:** call the toll free telephone number shown on the proxy or voting instruction card or the instructions in the email message that notified you of the availability of the proxy materials.	**Complete, sign and promptly return a proxy or voting instruction card** in the postage paid envelope provided.

If you attend the meeting, you will need to register and present a valid, government issued photo identification. If your shares are not registered in your name (for example, you hold the shares through an account with your stockbroker), you will need to bring proof of your ownership of those shares to the meeting to register. You should ask the broker, bank or other institution that holds your shares to provide you with either a copy of an account statement or a letter that shows your ownership of Principal Financial Group, Inc. common stock on March 27, 2019. Please bring that documentation to the meeting to register.

By Order of the Board of Directors

Karen E. Shaff
Executive Vice President, General Counsel and Secretary

April 9, 2019

IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 21, 2019:

The 2018 Annual Report, 2019 Proxy Statement and other proxy materials are available at www.principal.com.

Your vote is important! Please take a moment to vote by Internet, telephone or proxy or voting instruction card as explained in the How Do I Vote sections of this document.

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Director Qualifications, Director Tenure, Process for Identifying and Evaluating Director Candidates and Diversity of the Board

The Nominating and Governance Committee regularly assesses the expertise, skills, backgrounds, competencies and other characteristics of Directors and candidates for Board vacancies considering the current Board makeup and the Company's strategic initiatives, risk factors, and other relevant circumstances. The Committee also assesses Directors' and candidates' personal and professional ethics, integrity, values and ability to contribute to the Board, including current employment responsibilities. In addition to personal attributes, the Board values experience as a current or former senior executive in financial services, in international business and with financial management or accounting responsibilities. Competencies valued by the Board include strategic and results orientation, comprehensive decision making, risk management and an understanding of current technology issues. The Committee periodically uses an outside consultant to assist with this responsibility, and these assessments provide direction in searches for Board candidates and in the evaluation of current Directors. The Committee reviews the performance of each Director whose term is expiring as part of the determination of whether to recommend his or her nomination for reelection to the Board. Input to this process is also received from the other Directors and management and an outside consultant may be engaged to assist with these reviews. Director performance and capabilities are evaluated against the characteristics and considerations noted above. Following the Committee's discussion, the outside consultant, if any, or the Committee Chair provides feedback to the Directors who were evaluated. The Board annually conducts a self-evaluation regarding its effectiveness, and the Audit, Finance, Human Resources and Nominating and Governance Committees also annually evaluate their respective committee's performance.

All Board members have:

- Personal character that supports the Company's core value of integrity;
- Training or experience that is useful to Principal in light of its strategy, initiatives and risk factors; and
- A demonstrated willingness and ability to prepare for, attend and participate effectively in Board and Committee meetings.

Several current independent Directors have led businesses or major business divisions as CEO or President (Ms. Bernard, Mr. Dan, Dr. Gelatt, Mr. Hochschild, Mr. Mills, Ms. Nordin, Mr. Pickerell and Ms. Tallett). The following chart shows areas central to the Company's strategy, initiatives and operations for which independent Directors have specific training and executive level experience that assists them in their responsibilities.

Table of Contents

Though the Board does not have a formal diversity policy, diversity of the Board is a valued objective. Therefore, the Nominating and Governance Committee reviews the Board's needs and diversity in terms of race, gender, national origin, backgrounds, experiences and areas of expertise when recruiting new Directors. The current Board reflects these values, for example, in the gender (50% female) and racial (20% African American) composition of independent Directors.

The Board's diversity objective reflects the values of the Company as well. Principal has long been recognized as an exceptional place to work. In 2018, Forbes named Principal one of America's Best Employers. Pensions and Investments placed Principal at number seven on its list of Best Places to Work in Money Management for companies with 1,000 or more employees. IDG's Computerworld named Principal one of the 100 Best Places to Work in Information Technology for the 17th year. Principal is consistently recognized for its commitment to fostering a diverse and inclusive environment where employees can bring their best selves to work. Last year, we earned the number one spot on Forbes' list of Best Places for Women to Work. Principal was again named one of Working Mother magazine's 100 Best Companies, and was recognized for the 18th time as one of the National Association of Female Executives' Top Companies for Executive Women. Forbes placed Principal in the top ten on its list of America's Best Employers for Diversity and, for the third consecutive year, Principal earned a perfect score on the Human Rights Campaign Foundation's 2018 Corporate Equality Index. Principal was recognized as one of the Ethisphere Institute's World's Most Ethical Companies for the fifth consecutive year (and ninth year overall), emphasizing the commitment to leading ethical business standards and practices. Only five companies in the financial services industry earned this distinction in 2018. Principal was also named a Best place for Giving Back by the organization Great Place to Work, in recognition of our Volunteer Time Off policy and our contributions to community and charitable causes through corporate donations and employee fund matching programs.

The Board's effectiveness benefits from Directors who have the skills, backgrounds and qualifications needed by the Board and who also increase the Board's diversity. Director tenure and Board refreshment are important topics that receive considerable Board focus. The Board believes that its thorough Director performance reviews and healthy Board refreshment processes better serve Principal and its stakeholders than would mandatory term limits. Strict term limits would require that Principal lose the continuing contribution of Directors who have invaluable insight into Principal and its industry, strategies and operations because of their experience. Nevertheless, Directors' terms must not extend past the annual meeting following their 72nd birthday. The tenure of the independent Directors is listed below. The average tenure of Principal's independent Directors is 11.6 years.

Four additional tenured Directors will be replaced over the next five years, continuing our process of regularly refreshing the talents and perspectives reflected on our Board. The tenure of the Directors, as reflected in the chart above, balances deep knowledge of the Company, its industry and relevant issues, with fresh perspectives and additional expertise, while providing the oversight and independence needed to meet the interests of our shareholders.

Communicating with stakeholders including clients, customers, employees, and investors, has always been an important part of how Principal conducts its business. Principal has had in place for some time a formal engagement process with shareholders around matters of corporate governance. These discussions provide us with helpful insight into shareholders' views on current governance topics, which are then discussed with the Nominating and Governance Committee and the full Board. This continuing process regularly supplements relevant communications regarding corporate governance made through the Company's website and by the Investor Relations staff.

Table of Contents

The Nominating and Governance Committee will consider shareholder recommendations for Director candidates sent to it c/o the Company Secretary. Director candidates nominated by shareholders are evaluated in the same manner as Director candidates identified by the Committee and search firms it retains. In addition, a stockholder or group of up to 20 stockholders, owning 3% or more of the Company's outstanding common stock ("Common Stock") continuously for at least three years, can nominate director candidates, constituting up to 20% of the Board, in the Company's annual meeting proxy materials.

Table of Contents

Proposal One Election of Directors

The Board has three classes, each having a three-year term. All of the nominees are currently Directors of Principal. We expect that all the nominees will be able and willing to serve if elected. However, if, prior to the annual meeting of shareholders, any nominee should become unable for any reason or unwilling for good cause to serve, proxies may be voted at the 2019 Annual Meeting for another person nominated as a substitute by the Board, or the Board may reduce the number of Directors.

The Board of Directors recommends that shareholders vote "For" all the nominees for election at the Annual Meeting.

Nominees for Class III Directors With Terms Expiring in 2019

Michael T. Dan

Age: 68
Director Since: 2006

Committees: Human Resources and
Nominating and Governance

Mr. Dan was Chairman, President and Chief Executive Officer of The Brink's Company, a global provider of secure transportation and cash management services, from 1999-2011. The Brink's Company had 70,000 employees worldwide, operations in over 100 countries and $3.8 billion in revenue in 2011. Prior to joining Brink's, Mr. Dan served as President of Armored Vehicle Builder, Inc.

Skills and Qualifications: In addition to leading and being responsible for financial management of Brink's, Mr. Dan has executive level experience in international operations, risk management, talent management, strategic planning, brand management, executive compensation, customer service, marketing and mergers and acquisitions.

Education: Studied business and accounting at Morton College in Cicero, Illinois, and completed the advanced management program at Harvard Business School.

C. Daniel Gelatt

Age: 71

Committees: Audit and
Human Resources

Dr. Gelatt has been President of NMT Corporation since 1987. NMT is an industry leader in mobile mapping and workforce automation software and has been providing analog and digital imaging services to clients worldwide for more than 40 years. He was an Assistant Professor in the Physics Department at Harvard University, where he earned his Ph.D., and was a research manager at the IBM T.J. Watson Research Center before joining the Gelatt Companies in 1982. He is a director of TPI Holdings, Inc., nPoint Inc., Trust Point Inc., NMT Corporation and Elmwood Corporation and a Trustee of Viterbo University.

Skills and Qualifications: In addition to leading and having financial responsibility for NMT and other Gelatt privately owned companies, Dr. Gelatt has an extensive

Director Since: 1988 (Principal Life), 2001 (the Company)

background in software and nonlinear optimization and executive level experience in product development, talent management, marketing and strategic planning. He is a member of the Association for Computing Machinery and the IEEE.

Education: Bachelor's and master's degrees from the University of Wisconsin and M.A. and Ph.D. from Harvard University.

Table of Contents

Sandra L. Helton

Age: 69
Director Since: 2001

Committees: Audit (Chair), Finance, and Executive

Public Directorships: OptiNose, Inc. (Chair of Audit Committee), Covetrus Inc. (Chair of Audit Committee, member of Nominating and Governance Committee)

Former Public Directorships/Past 5 Years: Covance, Inc.; Lexmark International, Inc.

Ms. Helton was Executive Vice President and Chief Financial Officer Telephone and Data Systems, Inc. ("TDS"), a diversified telecommunications organization that includes United States Cellular Corporation, from 1998 through 2006. In her role, Ms. Helton had responsibility for the Finance, Information Technology, and other corporate functions. Prior to joining TDS, Ms. Helton spent 26 years with Corning Incorporated, where she held engineering, strategy and finance positions, including Senior Vice President and Treasurer from 1991-1997. She also served as Vice President and Corporate Controller of Compaq Computer Corporation from 1997-1998.

Skills and Qualifications: Ms. Helton has global executive level experience in corporate strategy, finance, talent management, accounting and control, treasury, investments, information technology and other corporate administrative functions, as well as extensive corporate governance experience.

Education: Bachelor's degree in mathematics, summa cum laude, from the University of Kentucky, and an S.M. from Massachusetts Institute of Technology's Sloan School with double majors in Finance and Planning & Control.

Blair C. Pickerell

Age: 62
Director Since: 2015

Committees: Finance and Nominating and Governance

Public Directorships: Link Real Estate Investment Trust (Nomination Committee and Chair of the Remuneration Committee); Dah Sing Banking Group Limited

Former Public Directorships/Past 5 Years: Dah Sing Financial Holdings Limited

Mr. Pickerell served as Head of Asia of Nikko Asset Management from 2010-2014 and Chairman Asia from 2014-2015. From 2007-2010, he was CEO, Asia, at Morgan Stanley Investment Management. He has also served as Chief Executive, Asia Pacific, of HSBC Asset Management and as Chairman of Jardine Fleming Funds.

Mr. Pickerell's current international service includes memberships on the Supervisory Committee for the Tracker Fund of Hong Kong; on the International Advisory Board of the Securities and Exchange Board of India; and as member of the International Advisory Council of Business and Economics of The University of Hong Kong.

Skills and Qualifications: In addition to his extensive leadership record in the investment and asset management and financial services industries, Mr. Pickerell has executive level experience in the retail consumer, talent management, international, marketing, mergers & acquisitions, product development and strategic planning. He is fluent in Mandarin Chinese.

Education: Bachelor's and master's degrees from Stanford University and an M.B.A. from Harvard Business School.

Table of Contents

Continuing Class I Directors With Terms Expiring in 2020

Betsy J. Bernard

Age: 63
Director Since: 1999 (Principal Life), 2001 (the Company)

Committees: Audit, Human Resources (Chair), and Executive

Public Directorships: Zimmer Biomet (member of the Audit Committee and Chair of the Governance Committee)

Former Public Directorships/Past 5 Years: SITO Mobile, Inc. (Lead Independent Director, member of Audit and Compensation Committees, Chair of the Nominating and Governance Committee)

Ms. Bernard was President of AT&T from October 2002 until December 2003 where she led more than 50,000 employees with AT&T Business, then a nearly $27 billion organization serving four million business customers. She was Chief Executive Officer of AT&T Consumer from 2001-2002, which served about 40 million consumers and contributed $11.5 billion to AT&T's normalized revenue in 2002. She was head of the consumer and small business division as Executive Vice President National Mass Markets at Qwest Communications from 2000-2001, and responsible for all retail markets at U S West as Executive Vice President Retail from 1998-2000. Ms. Bernard was a 2015 NACD Directorship 100 Honoree.

Skills and Qualifications: In addition to leading and being responsible for financial management of AT&T, Ms. Bernard has executive level experience in brand management, marketing to individuals and small businesses, sales, customer care, operations, product management, talent management, electronic commerce, executive compensation, strategic planning, technology and mergers and acquisitions.

Education: Bachelor's degree from St. Lawrence University, M.B.A. from Fairleigh Dickinson University, and an M.A. from Stanford University in the Sloan Fellow Program.

Jocelyn Carter-Miller

Committees: Finance (Chair) and Nominating and Governance

Public Directorships: Arlo Technologies, Inc. (Audit Committee, Chair of Compensation Committee); Interpublic Group of Companies, Inc. (Audit and Executive Committees, Chair of Corporate Governance Committee)

Former Public Directorships/Past 5 Years: Netgear, Inc. (Audit and Compensation Committees)

Ms. Carter-Miller has been President of TechEd Ventures since 2005, which specializes in the development and marketing of high performance educational and personal empowerment programming. She was Executive Vice President and Chief Marketing Officer of Office Depot, Inc. from February 2002 until March 2004, with responsibility for the company's marketing for its 846 superstores, contract, catalog and e-commerce businesses in the United States and Canada and operations in 15 other countries. Before joining Office Depot, she was Corporate Vice President and Chief Marketing Officer of Motorola, Inc. with overall responsibility for marketing across its $30 billion revenue base and diverse businesses. She also had general management responsibility while at Motorola for network operations in Latin America, Europe, the Middle East and Africa. Prior to joining Motorola, she was Vice President, Marketing and Product Development at Mattel, Inc. She serves on non-profit boards, and is the Membership Chair for NACD Florida and a former President of the League of Women Voters of Broward County. Ms. Carter-Miller was a 2013 NACD Directorship 100 Honoree, a Savoy Power 300: 2016 Most Influential Black Corporate Directors, and a 2017 Directors & Boards Director to Watch.

Age: 61
Director Since: 1999 (Principal Life), 2001 (the Company)

Skills and Qualifications: In addition to her marketing leadership background, Ms. Carter-Miller has executive level experience in brand management, advertising, sales, multinational companies, international operations, talent management, mergers and acquisitions, product development, project management, strategic planning, technology and leadership development and training. She is also a certified public accountant.

Education: Bachelor's degree in Accounting from the University of Illinois and an M.B.A. in Finance and Marketing from the University of Chicago.

Table of Contents

Scott M. Mills

Age: 50
Director Since: 2016

Committees: Nominating and Governance (Chair) and Human Resources

Mr. Mills has been President of BET Networks since January 1, 2018. Prior to that, he was Executive Vice President and Chief Administrative Officer of Viacom, Inc. from 2015 through 2017 and Executive Vice President of Human Resources and Administration from 2012 to 2015. Prior to that, he was President and Chief Operating Officer of Viacom's BET Networks unit, where he previously served as Chief Financial Officer and President of Digital Media. He worked in investment banking and served as Deputy Treasurer for the City of Philadelphia before joining BET.

Skills and Qualifications: Mr. Mills has executive level experience in accounting and finance, asset and investment management, executive compensation, talent management financial services, marketing, product development, strategic planning and technology.

Education: Bachelor's degree in economics from the Wharton School of the University of Pennsylvania.

Continuing Class II Directors With Terms Expiring in 2021

Diane C. Nordin

Age: 60
Director Since: 2017

Committees: Audit and Human Resources

Public Directorships: Fannie Mae (Audit and Executive Committees, Chair of the Compensation Committee)

Ms. Nordin was a partner of Wellington Management Company, LLP, a private asset management company, from December 1995 to December 2011, having originally joined Wellington in 1991. Throughout her tenure, Ms. Nordin's responsibilities spanned product management, client relationship management and ultimately the oversight of Wellington's Fixed Income group where she was responsible for approximately 20 investment approaches and 130 investors globally. During her time at Wellington, Ms. Nordin served as Vice Chair of the Compensation Committee and Audit Chair of the Wellington Management Trust Company. Prior to joining Wellington, she worked at Fidelity Investments and Putnam Advisory. Ms. Nordin is a Director of Fannie Mae (since 2013) where she serves on the Audit Committee and chairs the Compensation Committee. Also, she is a director of Antares Capital, where she is Chair of the Compensation Committee (since 2016). She is a governor of the CFA Institute (since 2016) where she is Vice Chair and serves on the Compensation Committee and a Trustee of Wheaton College (since 2010) where she chairs the Investment Committee and serves on the Audit Committee. She formerly served as a Board member, Executive and Compensation Committee member and Investment Committee Chair of the Appalachian Mountain Club.

Skills and Qualifications: In addition to her extensive experience in the asset management business, Ms. Nordin has executive level experience in accounting and finance, talent management executive compensation, financial services, international operations, product development, risk management and strategic planning.

Education: Bachelor's degree from Wheaton College. Ms. Nordin is a Chartered Financial Analyst.

Table of Contents

Roger C. Hochschild

Age: 54
Director Since: 2015

Committees: Audit and Finance

Public Directorships: Discover Financial Services

Mr. Hochschild has been Chief Executive Officer and President of Discover Financial Services since October 1, 2018. Prior to that, he was President and Chief Operating Officer of Discover Financial Services since 2004. He served as the Chief Administrative Officer, Executive Vice President and Chief Strategy Officer of Morgan Stanley from 2001 to 2004, Chief Marketing Officer of Discover Financial Services from 1998 to 2001 and a Senior Executive Vice President of MBNA America Bank from 1994 to 1998. He has been a Director for Chicago Public Media since October of 2016.

Skills and Qualifications: Mr. Hochschild has executive level experience in asset and investment management, retail consumer services, talent management executive compensation, financial services, marketing, mergers & acquisitions, product development, risk management and strategic planning.

Education: Bachelor's degree in economics from Georgetown University, and an M.B.A. from the Amos Tuck School at Dartmouth College.

Daniel J. Houston

Age: 57
Director Since: 2014

Committees: Executive (Chair)

Mr. Houston has been Chairman, President and Chief Executive Officer of the Company and Principal Life Insurance Company ("Principal Life") since 2016. Prior to that, he was President and Chief Executive Officer from August 2015 May 2016. He served as President and Chief Operating Officer from November 25, 2014 August 17, 2015. He joined Principal Life in 1984 and had several management positions, being named Senior Vice President in 2006 and President of Retirement and Income Solutions in 2008. He is Chairman-Elect of the board of directors of the American Council of Life Insurers and also serves on the boards of the Business Roundtable, Iowa Business Council, Greater Des Moines Partnership, Employee Benefits Research Institute, Iowa State University Business School Dean's Advisory Council, Partnership for a Healthier America and Community Foundation of Greater Des Moines.

Skills and Qualifications: Mr. Houston has operational expertise, global awareness, and deep talent leadership skills. During his career with the Company, he has worked in sales, managed numerous businesses and helped lead the transformation of the Company to a global investment management leader. He has extensive operational experience, as well as expertise in risk management, executive compensation, talent management marketing and sales, and mergers and acquisitions.

Education: Bachelor's of Science degree from Iowa State University.

Table of Contents

Elizabeth E. Tallett

Age: 70
Director Since: 1992 (Principal Life), 2001 (the Company)

Committees: Human Resources, Nominating and Governance, and Executive

Public Directorships: Meredith Corporation (Chair of Compensation and Nominating and Governance Committees), Qiagen, N. V. (Audit and Chair of Compensation Committees), Anthem, Inc. (Board Chair and member of Compensation and Nominating and Governance Committees)

Former Public Directorships/Past 5 Years: Coventry Health Care, Inc.

Ms. Tallett has been Lead Director since 2007.

Ms. Tallett was Principal of Hunter Partners, LLC, a management company for early to mid stage pharmaceutical, biotech and medical device companies, from July 2002 to February 2015. She continues to operate as a consultant to early stage pharmaceutical and healthcare companies. She has more than 30 years' experience in the biopharmaceutical and consumer industries. Ms. Tallett is Chair of the Finance Committee and Treasurer for Solebury School, PA (not for profit).

Skills and Qualifications: Ms. Tallett's senior management experience includes being President and Chief Executive Officer of Transcell Technologies, Inc., President of Centocor Pharmaceuticals, member of the Parke-Davis Executive Committee, and director of Worldwide Strategic Planning for Warner-Lambert. In addition to her leadership and financial management in pharmaceutical and biotechnology firms, she has executive level experience in multinational companies, international operations, economics, strategic planning, marketing, product development, talent management technology, executive compensation and mergers and acquisitions. Ms. Tallett was named an ODX Outstanding Director by the Financial Times in 2015.

Education: Bachelor's degree with honors in mathematics and economics from the University of Nottingham in England.

Table of Contents

Corporate Governance

The Company's Board and management regularly review best practices for corporate governance and modify our policies and practices as warranted. Our current best practices include:

- Proxy access for shareholders owning three percent or more of the Company's Common Stock for a minimum of three years;
- Majority of independent Directors (10 out of 11);
- All key committees (i.e., Audit, Finance, Human Resources and Nominating and Governance Committees) are composed entirely of independent Directors;
- Strong and experienced independent Lead Director;
- Director resignation policy if the support of a majority vote of shareholders is not achieved;
- Policy regarding Directors' service on other public company boards;
- Board and committee self assessments conducted annually;
- Director assessment conducted in connection with Director nomination process;
- Robust stock ownership guidelines for Directors;
- Diverse Board membership in terms of age, background, experience, gender, ethnicity and tenure;
- Robust shareholder engagement program to obtain valuable feedback on our compensation and governance programs;
- Annual review of CEO succession plan by the independent Directors with and without the CEO present;
- Annual Board review of senior management long-term and emergency succession plans;
- Multiple executive sessions involving solely independent Directors at each regularly-scheduled Board meeting; and
- Robust policies and procedures concerning the identification of and monitoring for conflicts of interest across the organization.

Board Leadership Structure

The Board exercises flexibility in establishing a leadership structure that works best for Principal at any given time. Historically, the positions of Chairman of the Board and CEO have been held by two people or combined and held by one person, depending on circumstances. Currently, Daniel J. Houston is the Chairman and CEO. Since 1990, the Board has had a Lead Director because it is important that the independent Directors have a formally acknowledged leader in addition to the Chairman of the Board who leads the Board generally. The Board regularly reviews the effectiveness of this shared leadership. Whether to separate or combine the Chairman and CEO positions is based on factors such as the tenure and experience of the CEO and the broader economic and operating environment of the Company. Principal has separated the roles of Chairman of the Board and CEO during periods of management transition, with the prior Chairman retaining that position as the newly appointed CEO assumes new responsibilities. The Board prefers this flexible approach to a requirement that the positions of Chairman andCEO be combined or separate. Ms. Tallett, the Lead Director, was selected by the independent Directors. The Nominating and Governance Committee reviews the appointment of Lead Director annually.

The Lead Director and the Chairman jointly decide on the Board's agenda for each regular quarterly meeting, and the Lead Director seeks input from the other independent Directors. The Lead Director and Chairman share the duties of presiding at each Board meeting. The Chairman presides when the Board is meeting as a full Board. The Lead Director presides when the Chairman is not present; plans and leads executive sessions of independent Directors ("Executive Sessions"); leads the Board's annual self evaluation; calls special Board meetings if the Chairman is unable to act; and leads the Board's CEO succession planning discussions. Executive Sessions generally occur at the start and end of each regularly scheduled Board meeting, and were held in conjunction with each regularly scheduled Board meeting during 2018.

Role of the Board in Risk Oversight

Risk management is an essential component of our culture and business model. Management within our business units and functional areas is primarily responsible for identifying, assessing, monitoring and managing risk exposures. The Company's Enterprise Risk Management program includes a Chief Risk Officer, whose team operates independently from the business units, and an Enterprise Risk Management Committee, composed of members from the executive management team, that provides enterprise wide oversight for material risks. The Company also has a robust internal audit function.

The Board oversees management's execution and performance of its risk management responsibilities. The Board reviews strategic threats, opportunities, and risks Principal and its businesses or functions are managing. This includes oversight of risks such as credit, market, liquidity, product, operational, cybersecurity, reputational and general business risk that are handled directly by the Board or by Board Committees as discussed below:

The Audit Committee: risk and mitigation related to accounting, financial controls, legal, regulatory, ethics, compliance, operations and general business activities. The Audit Committee also oversees the framework and policies with respect to enterprise risk management.

The Finance Committee: risk and mitigation related to liquidity, credit, market, product and pricing activities. The Finance Committee also oversees capital management, capital structure and financing, investment policy, tax planning, and key risks associated with significant financial transactions. The Finance Committee also provides guidance to the Human Resources Committee on the appropriateness of Company financial goals used in annual and long-term employee incentive compensation arrangements.

The Human Resources Committee: risk and mitigation related to the design and operation of employee compensation arrangements to confirm they are consistent with business plans, do not encourage inappropriate risk taking and are appropriately designed to limit or mitigate risk. The Human Resources Committee also oversees succession planning and development for senior management.

The Nominating and Governance Committee: risks and mitigation related to the Company's environmental, sustainability and corporate social responsibilities as well as the Company's political contribution activities. The Nominating and Governance Committee also monitors whether the Board and its committees have the collective skills and experience necessary to monitor the risks facing the Principal.

The Chief Risk Officer and other members of senior management provide reports and have discussions with the Board and its committees on our risk profile and risk management activities, including reviews of ongoing adherence to policy, impacts of external events, and how strategy, initiatives, and operations integrate with our risk objectives. The Board also receives input on these issues from external entities such as our independent auditor, regulators and consultants. These activities provide the Board with a greater understanding of the material risks we face, the level of risk in matters presented for Board approval, and how risks are related.

The Board views cybersecurity risk as an enterprise wide concern that involves people, processes, and technology, and accordingly treats it as a Board level matter. It embodies a persistent and dynamic threat to our entire industry and is not limited to information technology. The Board will remain focused on this critical priority by continuing to receive regular reports from the Chief Information Officer, the Chief Information Security Officer, and other professionals to ensure management has established and is proactively maintaining an enterprise wide cyber risk program including necessary policies and controls to manage the risk.

Succession Planning and Talent Development

The Board believes that succession planning for future leadership of the Company is one of its most important roles. The Board is actively engaged and involved in talent management and reviews succession at least annually. This includes a detailed discussion of our global leadership and succession plans with a focus on CEO succession planning as well as succession planning for key positions at the levels of senior vice president and above. In addition, the Human Resources Committee regularly discusses the talent pipeline for critical roles at a variety of organizational levels, including CEO. High potential leaders are given exposure and visibility to Board members through formal presentations and informal events and the Human Resources Committee also receives regular updates on key talent indicators for the overall workforce, including diversity, recruiting and development programs.

Table of Contents

Majority Voting

In uncontested Director elections, Directors are elected by the majority of votes cast. If an incumbent Director is not elected and no successor is elected, the Director must submit a resignation to the Board, which will decide whether to accept the resignation. The Board's decision and reasons for its decision will be publicly disclosed within 90 days of certification of the election results.

Director Independence

The Board determines at least annually whether each Director is independent, using its independence standards in these determinations. These independence standards include the Nasdaq standards for independence and are on the Company's website, www.principal.com. The Board considers all commercial, banking, consulting, legal, accounting, charitable, family and other relationships (either individually or as a partner, shareholder or officer of an organization) a Director may have with the Company and its subsidiaries. The Board most recently made these determinations for each Director in February 2019, based on:

- A review of relationships and transactions between Directors, their immediate family members and other organizations with which a Director is affiliated and the Company, its subsidiaries or executive officers;
- Questionnaires completed by each Director regarding any relationships or transactions that could affect the Director's independence;
- The Company's review of its purchasing, investment, charitable giving and other records; and
- Recommendations of the Nominating and Governance Committee.

The Board affirmatively determined that the following Directors have no material relationship with the Company and are independent: Ms. Bernard, Ms. Carter-Miller, Mr. Dan, Dr. Gelatt, Ms. Helton, Mr. Hochschild, Mr. Mills, Ms. Nordin, Mr. Pickerell and Ms. Tallett. The Board also determined that all current members of the Audit, Finance, Human Resources and Nominating and Governance Committees are independent. No Director other than Mr. Houston has been employed by the Company at any time.

Some Directors have categorically immaterial relationships and transactions with Principal:

- Ms. Bernard, Dr. Gelatt, Ms. Helton, Mr. Pickerell and Ms. Tallett are customers of the Company's subsidiaries. Prior to the Demutualization (see page 64), Directors were required to own an insurance policy or annuity contract issued by Principal Life. All insurance policies, annuity contracts and agreements for trust services held by Directors are on the same terms and conditions as those offered to the public.
- The Gelatt family companies (Dr. Gelatt is the CEO) and an affiliated trust own insurance and pension products issued by Principal Life.
- Ms. Bernard, Ms. Nordin, Mr. Pickerell and Ms. Tallett are directors, and Messrs. Hochschild and Mills are executive officers of for profit entities, and Dr. Gelatt is a Director of a not for profit entity, with which the Company's subsidiaries conduct ordinary commercial transactions.

Certain Relationships and Related Party Transactions

Nippon Life Insurance Company ("Nippon Life"), which held approximately 6.3% of the Company's Common Stock at the end of 2018, is the parent company of Nippon Life Insurance Company of America ("NLICA"). Nippon Life, NLICA and Principal Life have had business relationships for more than 20 years. In 2018, Nippon Life and NLICA paid the following amounts to Principal Life or its affiliates: $179,327 for pension services for defined contribution plans maintained by NLICA and an affiliate (mostly paid by plan participants); $1,250 for deferred compensation plan services; $7,567,947 for investment services. The Company owns approximately three percent of the common stock of

NLICA and Principal Life purchased public bonds with a market value at the end of 2018 of $61,150,000 during Nippon Life's $2 billion public issuance in October of 2012. NLI US Investments, Inc. ("NLI"), owns approximately 19.80% of Post Advisory Group, LLC ("Post"), an affiliate of the Company. During 2018, Post paid NLI an aggregate of $2,772,488.46 in dividends. Due to the longstanding relationship between Nippon and Principal Life, Nippon employees occasionally train on-site at Principal Life or at one of its affiliates. During 2018, Principal Life paid Nippon Life $134,996 in salary reimbursements in connection with these situations. Principal affiliates manage accounts holding securities issued by Nippon Life, and Nippon Life invests in funds managed by Principal affiiates.

Table of Contents

As of December 31, 2018, the Vanguard Group, Inc. managed funds holding in the aggregate 10.73% of the Company's Common Stock. During 2018 Principal Shareholder Services, Inc. paid Vanguard $44,551 for sub-transfer agent services. During 2018, Vanguard paid $1,228,848 in rent for lease of space to a borrower of the Principal Life general account. Principal Life and affiliates hold, or manage accounts holding, securities issued by Vanguard funds.

As of December 31, 2018, BlackRock, Inc. and certain subsidiaries collectively owned or managed funds holding in the aggregate 6.7% of the Company's common stock. During 2018, Principal Global Investors, LLC paid BlackRock Fund Advisors $1,789,443 in management fees associated with the Principal Funds, Inc. In 2018, Principal Life paid BlackRock, Inc. $2,597,513 for fees in connection with the use of the Aladdin system and $373,382 for software. In 2018, PGI Trust Company paid BlackRock Fund Advisors $64,377.34 in sub-advisory fees associated with the Morley Actively Managed Fund. In 2018, a Principal affiliate paid $20,503 in mangement fee rebates to a BlackRock affiliate. Principal Life and affiliates hold, or manage accounts holding, securities issued by BlackRock, Inc. BlackRock affiliates manage investment funds in which affiliates of the Company invest for their own or managed accounts.

Dwight Soethout, Vice President Finance, is the spouse of Deanna D. Strable-Soethout, Executive Vice President and Chief Financial Officer. Mr. Soethout has been an employee of the Company since 1993. In 2018, he received approximately $599,284 in base salary, annual bonus and long-term incentive compensation from Principal Life. His compensation is commensurate with that of his peers. His employment and compensation were approved by the Human Resources Committee.

The Company maintains robust policies and procedures for the identification and monitoring of arrangements with related parties. The Nominating and Governance Committee or its Chair must approve or ratify all transactions with related parties that are not preapproved by or exempted from the Company's Related Party Transaction Policy (the "Policy"). At each quarterly meeting, the Committee reviews transactions with related parties and ratifies any transaction that is subject to the Policy if it determines it is appropriate and may attach conditions to that approval. Transactions involving employment of a relative of an executive officer or Director must be approved by the Human Resources Committee. The Company's Related Party Transaction Policy may be found at www.principal.com.

Board Meetings

The Board held 12 meetings in 2018, five of which were two day, in person meetings. No Director then in office attended less than 75% of the aggregate of the meetings of the Board and the committees of which the Director was a member. All of the Directors then on the Board attended the 2018 Annual Meeting except Dennis Ferro who left the Board in May 2018.

Global Corporate Code of Conduct

Each Director and officer of the Company has certified they comply with Principal's Global Code of Conduct, the foundation for ethical behavior across the organization. The Code is available at www.principal.com.

Board Committees

Only independent Directors may serve on the Audit, Human Resources and Nominating and Governance Committees. The Committees review their charters and performance annually. Committee charters of the Audit, Finance, Human Resources and Nominating and Governance Committees are available on the Company's website, www.principal.com.

Table of Contents

Membership and responsibilities of each of the Board Committees:

Committee	Responsibilities	Members (*Committee Chair)	Meetings Held in 2018
	Appointing, terminating, compensating and overseeing the Company's independent auditor and selecting the lead audit partner;	Betsy Bernard C. Daniel Gelatt Sandra L. Helton* Roger C. Hochschild Diane C. Nordin	8
	Reviewing and reporting to the Board on the independent auditor's activities;		
	Approving all audit engagement fees and preapproving compensation of the independent auditor for non audit engagements, consistent with the Company's Auditor Independence Policy;		
	Reviewing internal audit plans and results;		
	Reviewing and reporting to the Board on accounting policies and legal and regulatory compliance;		
	Reviewing the Company's policies on risk assessment and management. All members of the Audit Committee are financially literate and are independent, as defined in the Nasdaq listing standards, and Ms. Helton is a financial expert, as defined by the Sarbanes-Oxley Act.		
	Evaluating the performance of the CEO and determining his compensation relative to his goals and objectives;	Betsy Bernard* Michael T. Dan C. Daniel Gelatt Scott M. Mills Diane C. Nordin Elizabeth E. Tallett	6
	Approving compensation for all other officers of the Company and Principal Life at the level of Senior Vice President and above ("Executives");		

Approving employment, severance or change of control agreements and perquisites for Executives;		
Overseeing Executive development and succession planning;		
Approving employee compensation policies for all other employees;		
Approving equity awards;		
Administering the Company's incentive and other compensation plans that include Executives;		
Acting on management's recommendations for broad based employee pension and welfare benefit plans;		
Reviewing compensation programs to confirm that they encourage management to take appropriate risks; discourage inappropriate risks and act consistently with the Company's business plan, policies and risk tolerance.		
Recommends Board candidates, Board committee assignments and service as Lead Director;	Jocelyn Carter-Miller Michael T. Dan Scott M. Mills* Blair C. Pickerell Elizabeth E. Tallett	6
Reviews and reports to the Board on Director independence, performance of individual Directors, process for the annual self evaluations of the Board and its performance and committee self evaluations, content of the Global Code of Conduct, Director compensation, and the Corporate Governance Guidelines;		
Reviews environmental and corporate social responsibility matters as well as the Company's political contribution activities.		

Table of Contents

Committee	Responsibilities	Members (*Committee Chair)	Meetings Held in 2018
	Assists the Board with financial, investment and capital management policies;	Jocelyn Carter-Miller* Sandra L. Helton Roger C. Hochschild Blair Pickerell	7
	Reviews capital structure and plans, significant financial transactions, financial policies, credit ratings, matters of corporate finance, including issuance of debt and equity, shareholder dividends, proposed mergers, acquisitions and divestitures; Reviews and provides guidance on financial goals;		
	Oversees investment policies, strategies and programs; Reviews policies and procedures governing the use of financial instruments including derivatives; and assists the Board in overseeing and reviewing information regarding enterprise financial risk management, including the policies, procedures and practices to manage liquidity, credit market, product and pricing risks and tax planning.		
	Acts on matters delegated by the Board which must be approved by its independent members. Has the authority of the Board between Board meetings unless the Board has directed otherwise or as mandated by law and in the By Laws.	Betsy J. Bernard Sandra L. Helton Daniel J. Houston* Elizabeth E. Tallett	None

Sustainability

Doing what matters most for our global community

Principal aims to provide not only positive financial outcomes for our clients and customers, but also positive outcomes for the communities in which it operates across the globe. Our commitment means we will invest, conserve, volunteer and lead responsibly and sustainably to help realize the promise of a better future and a better world. We are, for example, humbled to have been named a Most Ethical Company by the Ethisphere Institute for the ninth year in 2018.

A full review of Principal's environmental, social and governance ("ESG") practices can be found in our Corporate Social Responsibility Report available on www.principal.com. A summary is below:

Giving back: Helping people is an important part of the Principal culture, and our employees, along with the Principal Financial Group Foundation, work together to give back, with a focus on supporting people's progress toward long-term financial security. In the next five years, we are focusing on reaching 50,000 persons, ages 15-30, around the world and helping them earn and save more. Highlights of recent developments and results include:

- Annually, Principal Foundation contributes more than $15 million through grants, employee and match giving, sponsorships, pro bono and in-kind donations. More than 1,500 organizations in 450 communities around the world benefit from our local action.
- We've raised $17.7 million over 12 years in support of 130,000 Iowa children through our sponsorship of the Principal Charity Classic, an annual PGA TOUR Champions event.
- 3,124 Principal employees logged 40,057 volunteer hours in 2018.

Our Global Impact Experiences trips to India in 2017 and 2018 enabled eighteen employees, selected from around the world, to help young people in poverty build skills for future employment.

The Principal Foundation in 2019 launched a financial security collaborative powered by employees; this effort will focus on improving financial security for underserved working individuals.

Sustaining the environment: Principal works to reduce its environmental impact while engaging our employees, stakeholders, and supply chain through awareness initiatives. Our results include:

We reduced our U.S. corporate carbon emissions by 35% against our 2010 baseline.

We recycled 87% of the materials removed during a multi-year corporate campus renovation.

We supported our employees' grassroots efforts keeping more than 8,960 pounds of electronics, plastic bags and paper out of landfills in 2018.

We composted or donated 75,442 lbs. of food from our corporate campus cafes in 2018.

Table of Contents

- Three of our corporate campus buildings are LEED Certified.
- We have consistently earned a CDP Leadership score on our response to the Carbon Disclosure Project's Climate Change questionnaire since 2013.

Investing responsibly: Our flagship asset management affiliate, Principal Global Investors ("PGI"), integrates ESG investing principles into its approach to portfolio management across asset classes, and PGI's signatory status to the United Nations sponsored Principles for Responsible Investment gives us a voice in defining and shaping the ongoing global ESG discussion. As a result of its efforts, PGI received an A+ grade relative to the Principles for Responsible Investment following an assessment of its 2018 ESG investment practices. Integrating ESG factors takes place across all asset classes managed by PGI, with the specific approach determined by the applicable investment process and asset class.

The commitment to ESG issues of our equity securities investment management group, Principal Global Equities, is centered on one factor: the fiduciary responsibility owed to clients to act in their long-term interests. Principal Global Equities has over a decade of custom socially responsible and faith-based mandates for $2.5 billion of assets under management. ESG strategies utilized include the qualitative assessment of risk factors and change catalysts and the use of analytical tools to increase the understanding of risks and issues, recognizing that trends and scope for change matter more than nominal scores.

The investment analysts staffing our fixed income investment group, Principal Global Fixed Income, supplement their fundamental research with insights from ESG research providers. Robust and evolving training programs for our research analysts to enhance awareness of ESG considerations have been incorporated into its processes. The group manages nearly $159 million of assets in renewable energy and green bonds. Principal Global Fixed Income creates client-defined ESG portfolios by eliminating assets specified by a client and by:

- Assigning a specific ESG signal for each issuer in their field and discussing any concerns about ESG issues during meetings with the issuer's corporate management teams; responses are incorporated into the assessment of the issuer's outlook and potential for inclusion in a client portfolio.
- Assigning an explicit numeric ESG score which is factored into the "fundamentals" component of a "fundamentals, technical, and valuations" framework, and accounts for 10% of that score.

Our real estate asset management affiliate, Principal Real Estate Investors ("PrinREI"), uses a unique ESG framework called the Pillars of Responsible Property Investing ("PRPI") initiative to help drive asset management and fiduciary governance and deliver positive financial and environmental results for 175 assets totalling more than 35 million square feet of real estate with a gross asset value of approximately $10.8 billion. The Principal Real Estate Investors Responsible Property Investing Policy covers all phases of the real estate investment lifecycle and guides PrinREI's approach to real estate investment and management for these properties.

The PRPI philosophy integrates ESG within every aspect of PrinREI's investment process for these assets, including:

- All potential investments are evaluated using a process that includes ESG considerations, including a formal review of ESG aspects such as utility performance, certifications, sustainability programs and policies, and climate risk and resilience features.
- Assets are continuously monitored to identify and capitalize on ESG value-creation opportunities and risk reduction efforts. For example, properties participating in the PRPI initiative are required to track utility performance on a monthly basis, implement operational best practices, and engage tenants in building-level sustainability efforts. A new pilot effort will assess property-level climate risk with the goal of strengthening the ability to identify and manage these risks portfolio-wide. Also, a recently broadened appraisal scope requires the review and valuation of high-performance and energy-efficient attributes of properties.
- PrinREI discloses and promotes building-level sustainability attributes to potential buyers.

PrinREI has incorporated ESG considerations into lending activities, including developing a Responsible Property Investing Lending Policy to detail ESG practices and strategies regarding real estate lending. PrinREI tracks the sustainability attributes of properties on which it manages mortgage debts, monitors exposure to natural hazards and other risks, and maintains a working group focused on improving ESG performance.

PrinREI's recent achievements include (all as of the third quarter of 2018):

18.5% energy savings in the PRPI portfolio since 2008, avoiding over $52.5 million in energy costs.

61 ENERGY STAR certified buildings in the PRPI portfolio.

Table of Contents

- 57 LEED certified buildings in the PRPI portfolio.
- 89% of the office portfolio managed by PrinREI is green certified (LEED/ENERGY STAR).
- Named a 2018 ENERGY STAR Partner of the Year, Sustained Excellence award winner.
- Two participating private funds received 4-Star designations from GRESB (formerly known as the Global Real Estate Sustainability Benchmark) in 2018.
- Received an A+ from the Principles for Responsible Investment Direct Property Module in 2018.

Advancing a culture of diversity and inclusion: Principal defines diversity as "the mix" and inclusion as making the most of "the mix." Our robust diversity and inclusion effort manifests itself in a variety of ways, including nearly a dozen active employee resource groups, inclusion programs, Board diversity, and recruitment of world class talent. Recent highlights include:

- Women and minorities comprise 55% of our Board.
- Ranked No. 6 on Forbes 2018 list of America's Best Employers for Diversity.
- Ranked No. 1 on Forbes 2018 list of America's Best Employers for Women.
- Earned a perfect score on the 2019 Human Rights Campaign Foundation's Corporate Equality Index, scoring the maximum 100 points for the fourth consecutive year.
- Earned the 2018 Military Friendly Employer designation by Victory Media.
- Named one of the 2018 National Association for Female Executives Top Companies for Executive Women, the 17th time that Principal has been so honored.
- Named one of the 2018 Working Mother 100 Best Companies for Women, the 16th consecutive year in which Principal has received this award.

Promoting diversity among suppliers: Just as we value diversity among our employees, we value diversity among our suppliers and partners to help create innovative solutions and build stronger communities. Our Supplier Diversity Program seeks qualified businesses to help meet current and future business needs. Principal is affiliated with a number of supplier diversity organizations to provide these connections, including: Women's Business Enterprise National Council, National Minority Supplier Development Council, United States Hispanic Chamber of Commerce, U.S. Pan Asian American Chamber of Commerce, National Gay & Lesbian Chamber of Commerce, National Veteran Owned Business Association, U.S. Business Leadership Network Disability Supplier Diversity Program, and Financial Services Roundtable for Supplier Diversity.

Table of Contents

Directors' Compensation

Directors serve on the Boards of the Company, Principal Life and Principal Financial Services, Inc. Directors who are also employees do not receive any compensation for their service as Directors. The Company provides competitive compensation to attract and retain high quality non-employee Directors. A substantial proportion of non-employee Director compensation is provided in the form of equity to help align such Directors' interests with the interests of shareholders.

The non-employee Director compensation program is reviewed annually. The Nominating and Governance Committee uses the Board's independent compensation consultant for this purpose. During 2018, Compensation Advisory Partners conducted an annual comprehensive review and assessment of Director compensation. The Company targets non-employee Director compensation at approximately the median of the peer group used for Executive compensation comparisons ("Peer Group") (see pages 30-31), which aligns with its Executive compensation philosophy. Director compensation did not change as a result of Compensation Advisory Partners November 2018 review because it is generally positioned at the median of compensation within Principal's Peer Group. It was last changed effective November 27, 2017.

	Effective November 27, 2017
Annual Cash Retainers(1)	
- Board	$100,000
- Audit Committee Chair	$20,000
- Human Resources Committee Chair	$20,000
- Finance Committee Chair	$20,000
- Nominating & Governance Committee Chair	$20,000
- Other Committee Chairs	$10,000
- Lead Director	$25,000
Annual Restricted Stock Unit Retainer(2)	$165,000

(1) Paid in two semiannual payments, in May and November, on a forward looking basis.

(2) Grants are made at the time of the annual meeting.

Fees Earned by Non Employee Directors in 2018

Name	**Fees Earned or Paid in**	**Stock Awards(1)**	**Total**

	Cash		
Betsy J. Bernard	$ 117,500	$ 164,950	$ 282,450
Jocelyn Carter-Miller	$ 120,000	$ 164,950	$ 284,950
Michael T. Dan	$ 105,000	$ 164,950	$ 269,950
C. Daniel Gelatt Jr.	$ 100,000	$ 164,950	$ 264,950
Sandra L. Helton	$ 120,000	$ 164,950	$ 284,950
Roger C. Hochschild	$ 102,500	$ 164,950	$ 267,450
Scott M. Mills	$ 120,000	$ 164,950	$ 284,950
Diane C. Nordin	$ 100,000	$ 164,950	$ 264,950
Blair C. Pickerell	$ 100,000	$ 164,950	$ 264,950
Elizabeth E. Tallett	$ 125,000	$ 164,950	$ 289,950

(1) These amounts reflect the grant date fair value of awards made in 2018 determined in accordance with FASB Accounting Standards Codification ("ASC") Topic 718. These awards do not reflect actual amounts realized or that may be realized by the recipients. While the 2014 Director Stock Plan (which was approved by shareholders) allows some discretion in determining the dollar value of RSUs that may annually be awarded, it imposes a maximum limit of $230,000 ($500,000 for an Independent Chairman) on the size of the annual award that may be made.

Table of Contents

Non-Employee Directors' Deferred Compensation Plan

Non employee Directors may defer the receipt of their cash compensation under the Deferred Compensation Plan for Non-Employee Directors of Principal Financial Group, Inc. This Plan has four investment options:

- Phantom units tied to the Company's Common Stock;
- The Principal LargeCap S&P 500 Index R5 Fund;
- The Principal Real Estate Securities R5 Fund; and
- The Principal Core Plus Bond R5 Fund.

The returns realized on these funds during 2018 were:

Investment Option	1 Year Rate Of Return (12/31/2018)
Principal Financial Group, Inc. Employer Stock Fund	34.42%
Principal LargeCap S&P 500 Index R5 Fund	4.76%
Principal Real Estate Securities R5 Fund	4.47%
Principal Core Plus Bond R5 Fund	1.94%

Restricted Stock Unit Grants

Non-employee Directors receive an annual grant of Restricted Stock Units ("RSUs") under the Principal Financial Group, Inc. 2014 Directors Stock Plan. RSUs are granted at the time of the annual meeting, vest at the next annual meeting and are deferred at least until the date the Director leaves the Board. At payout, the RSUs are converted to shares of Common Stock. Dividend equivalents become additional RSUs, which vest and are converted to Common Stock at the same time and to the same extent as the underlying RSU. The Nominating and Governance Committee has the discretion to make a prorated grant of RSUs to Directors who join the Board at a time other than at the annual meeting. While the 2014 Director Stock Plan (which was approved by shareholders) allows some discretion in determining the dollar value of RSUs that may annually be awarded, it imposes a maximum limit of $230,000 ($500,000 for an Independent Chairman) on the size of the annual award that may be made.

As of December 31, 2018, each non-employee Director had the following aggregate number of outstanding RSUs, including additional RSUs received as the result of dividend equivalents:

Director Name	Total RSUs Outstanding Fiscal Year End 2018

	(Shares)
Betsy J. Bernard	46,468
Jocelyn Carter-Miller	48,653
Michael T. Dan	39,275
C. Daniel Gelatt	51,748
Sandra L. Helton	46,468
Roger C. Hochschild	11,531
Scott M. Mills	7,543
Diane C. Nordin	3,971
Blair C. Pickerell	10,297
Elizabeth E. Tallett	51,208

Other Compensation

Principal Life matches charitable gifts up to $16,000 per non-employee Director per year. These matching contributions are available during a Director's term and the following three years. Principal Life receives the charitable contribution tax deductions for the matching gifts.

Table of Contents

Directors are reimbursed for travel and other business expenses they incur while performing services for the Company. When Directors' spouses/partners accompany them to the annual Board strategic retreat, Principal pays for some of the travel expenses and amenities for Directors and their spouses/partners, such as meals and social events. Directors are also covered under the Company's Business Travel Accident Insurance Policy and Directors' and Officers' insurance coverage. In 2018 the total amount of perquisites provided to non-employee Directors was less than $10,000 per Director.

Directors' Stock Ownership Guidelines

To encourage Directors to accumulate a meaningful ownership level in the Company, the Board has had a "hold until retirement" stock ownership requirement since 2005. All RSU grants must be held while a Director is on the Board, and may only be converted to Common Stock when the Director's Board service ends. The Board has a guideline that Directors own interests in Common Stock equal to five times the annual Board cash retainer within five years of joining the Board. Directors have been able to achieve this level of ownership through the RSU hold until retirement requirement. Once this guideline is met, Directors do not need to buy additional stock if the guideline is no longer met due to a reduction in stock price, if the Director's ownership level is not reduced because of share sales.

Audit Committee Report

The Audit Committee oversees the Company's financial reporting process. Company management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. The Committee reviewed with management the audited financial statements for the fiscal year ended December 31, 2018, and discussed the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

The Committee discussed with Ernst & Young LLP, the Company's independent auditor, the matters required to be discussed by the applicable Public Company Accounting Oversight Board ("PCAOB") standards. These standards require the independent auditor to communicate (i) the auditor's responsibility under standards of the PCAOB; (ii) an overview of the planned scope and timing of the audit; and (iii) significant findings from the audit, including the qualitative aspects of the entity's significant accounting practices, significant difficulties, if any, encountered in performing the audit, uncorrected misstatements identified during the audit, other than those the auditor believes are trivial, if any, any disagreements with management, and any other issues arising from the audit that are significant or relevant to those charged with governance.

The Committee received from Ernst & Young LLP, the written disclosures and letter required by applicable requirements of the PCAOB regarding the independent auditor's communications with the Committee concerning independence. The Committee has discussed with Ernst & Young LLP its independence and Ernst & Young LLP has confirmed in its letter that, in its professional judgment, it is independent of the Company within the meaning of the federal securities laws.

The Committee discussed with the Company's internal and independent auditors the overall scope and plans for their respective audits. The Committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board (and the Board approved) that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, for filing with the Securities and Exchange Commission (SEC). The Committee has also approved, subject to shareholder ratification, the appointment of Ernst & Young LLP as the Company's independent auditors for the fiscal year ending December 31, 2019.

The Committee does not have the responsibility to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with generally accepted accounting principles. That is the responsibility of the Company's independent auditor and management. In giving our recommendation to the Board, the Committee has relied on (i) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with generally accepted accounting principles, and (ii) the report of the Company's independent auditor with respect to such financial statements.

Sandra L. Helton, Chair
Betsy J. Bernard
C. Daniel Gelatt
Roger C. Hochschild
Diane C. Nordin

Table of Contents

Executive Compensation

Contents: **Page**

Compensation Discussion and Analysis (CD&A)

The CD&A describes Principal Financial Group, Inc.'s Executive compensation objectives and philosophy. It also describes our 2018 compensation program and reviews the outcomes, including the Company's financial performance in 2018. Our "Named Executive Officers" in 2018 were

Daniel J. Houston, Chairman, President and Chief Executive Officer. Mr. Houston has overall responsibility for all businesses of the organization. He joined the company in 1984 and assumed his current position in 2015. He previously served as President and Chief Operating Officer, overseeing all global businesses, and the Retirement and Investor Services and U.S. Insurance Solutions segments of the organization.

Deanna D. Strable-Soethout, Executive Vice President and Chief Financial Officer. Ms. Strable-Soethout plays a central role in driving and managing long-term strategies for innovation-fueled company growth, including responsibility for corporate strategy and capital markets. She joined the company in 1990 and assumed her current position in 2017. She previously served as Executive Vice President and President of U. S. Insurance Solutions with overall accountability for individual life, nonqualified deferred compensation, individual disability and group benefits.

James P. McCaughan, President, Global Asset Management. Mr. McCaughan was the head of the Principal Global Investors segment of our operations until September 30, 2018.

Patrick G. Halter, Chief Executive Officer, Principal Global Investors. Mr. Halter has responsibility for overseeing the operations of Principal Global Investors, its 15 investment boutiques, and the fund and distribution teams. He joined the company in 1984 and assumed his current position in 2018. He previously served as the Chief Operating Officer of Principal Global Investors.

Table of Contents

Timothy M. Dunbar, President, Global Asset Management. Mr. Dunbar has responsibility for overseeing all of Principal's asset management capabilities including Principal Global Investors, Principal International investment operations, the General Account, and RobustWealth, a recent digital investment advice acquisition of Principal. He joined the company in 1986 and assumed his current position in 2018. He previously served as the Chief Investment Officer.

Luis Valdés, President, International Asset Management & Accumulation. Mr. Valdés is responsible for managing the Company's operations outside of the United States in the international asset management and accumulation segment. He has been associated with the company since 1995 and assumed his current position in 2011. He previously served as the President of Principal Financial Group Latin America.

2018 Company Performance Highlights:

In 2018, Principal generated $1.5 billion of net income attributable to Principal Financial Group and a record $1.6 billion of non-GAAP operating earnings(1), an 8% increase from 2017 on a reported basis.

We deployed $1.4 billion of capital in 2018, or 90% of net income. We take a balanced and disciplined approach to capital deployment we returned $1.2 billion of capital to shareholders through common stock dividends and share repurchases in 2018 and we deployed $140 million through strategic acquisitions, including expansion in Asia and a digital advice platform.

Over the course of 2018, our assets under management decreased by $42 billion, or 6 percent, to $627 billion at year-end, primarily due to unfavorable market performance and foreign currency exchange.

2018 was another year of strong execution in a volatile macroeconomic environment. Competitive and macroeconomic challenges remain, but we go forward from a position of strength with strong underlying fundamentals and the benefit of diversification.

Our total shareholder return performance over the past five years was positioned well ahead of our asset manager peers and was slightly behind our insurance peers. Our total shareholder return methodology includes the share price return and cash dividends paid during the time period.

*

Insurance Peers include: Ameriprise, Lincoln National Corporation, Manulife, Metlife, Prudential, Sun Life Financial, Unum, and Voya

**

Asset Manager peers include: Affiliated Managers Group, Franklin Resources, Invesco, and T. Rowe Price

2018 Compensation Highlights

In 2018, the Company's shareholders voted to approve the Company's Executive compensation program. Of the votes cast, 96% supported the Executive compensation program. The Company considered the shareholders'

(1) This is a non-GAAP financial measure. See non-GAAP financial measure reconciliations in Appendix B.

Table of Contents

approval of the compensation program to be approval of the Company's compensation philosophy, which has not changed since that vote.

Based on our 2018 annual performance achievements, many of which are outlined above, 2018 Annual incentive payouts for Named Executive Officers averaged 81% of target.

Based on the Company's three-year average return on equity ("ROE")(2) and three-year average book value per share(3) performance, the 2016-2018 PSUs vested on December 31, 2018 and 113% of the target number of shares were paid out in February 2019, according to the established performance scale, and approval by the Human Resources Committee.

Compensation Program Philosophy and Policies

Compensation Philosophy our compensation programs are designed to:

Attract and retain talented Executives and motivate them to perform at the highest level and contribute significantly to the Company's long-term success;

Reinforce the Company's **pay for performance** culture by making a significant portion of total compensation variable and by differentiating awards based on Company and individual performance in achieving short and long-term financial and strategic objectives;

Have a greater percentage of **compensation to be at risk** for Executives who bear higher levels of responsibility for the Company's performance;

Align the interests of Executives and other stakeholders, including shareholders, customers and employees, by having a significant portion of the Executives' compensation in stock and requiring Executives to hold stock; and

Support important **corporate governance** principles and established best practices.

---

(2) Return on equity ("ROE") is defined as (i) income from continuing operations before income taxes per the audited Consolidated Statements of Operations less net realized/unrealized capital gains (losses) and preferred stock dividends declared during such calendar year divided by (ii) the average equity excluding other comprehensive income available to common stockholders.

(3) Book value per share is defined as total ending common equity excluding other comprehensive income divided by number of common shares outstanding end of year.

Table of Contents

Compensation Policies Principal's Executive compensation program incorporates the following best practices:

Independent Consultant	The Human Resources Committee's independent compensation consultant is selected and retained by the Committee to advise on Executive and Director compensation and does no other work for the Company. The independent compensation consultant to the Human Resources Committee is Compensation Advisory Partners.
Risk Review	The Human Resources Committee annually reviews an analysis of the Company's incentive compensation plans to ensure they are designed to create and maintain shareholder value, provide rewards based on the long-term performance of the Company and do not encourage excessive risk.
Emphasis on Variable Compensation:	Most of our Executive compensation is variable and linked to meeting our short term and long-term financial and strategic goals and to the performance of the Company's stock over time. 92 percent of our CEO's 2018 target compensation and an average of 82% of our other Named Executive Officer's target total compensation are variable and tied to Company performance.
Executive Ownership	Executives receive a significant portion of their compensation in stock, as noted in the chart on page 32, and are required to own a meaningful amount of stock in the Company, both of which contribute to strong alignment of management and shareholder interests.
Prohibition on Hedging	Principal prohibits all employees, including Named Executive Officers, from purchasing any Principal securities on margin (except for exercising stock options), engaging in short sales or trading in any put or call options; and purchasing, directly or indirectly, any financial instrument (including prepaid variable forward contracts, equity swaps, collars and exchange funds) that is designed to hedge or offset any decrease in the market value of Principal securities.
Clawback Policy	Principal has a compensation recovery policy that applies to Executives. Principal can recover incentive compensation if the amount of the compensation was based on achievement of financial results that were subsequently restated if the Committee decides that the Executive engaged in fraud or intentional misconduct that caused the restatement of the Company's financial statements, and if the amount of the Executive's incentive compensation or equity award would have been lower had the financial results been properly reported. Principal can also cancel or recover incentive compensation received in the event of either reputational or financial harm to the Company that arises directly or indirectly from an Executive's misconduct, gross negligence, misfeasance or nonfeasance.
Market Severance Protection	Our change of control agreements with Executives provide market based severance protection and do not provide excise tax gross ups.
Limited Perquisites	We do not provide perquisites to Executives that are not offered to all employees, except one physical examination per year, business spousal travel, and gifts of nominal value given to all sales conference attendees.
No Repricing	We have not repriced underwater stock options and we will not do so without shareholder approval.
Tax and Accounting Efficiency	Our programs are designed, to the extent possible, to be financially efficient from tax, accounting, cash flow and share dilution perspectives.
No Gross Ups	Executives do not receive any income tax gross ups.

Table of Contents

Summary of Compensation Elements:

Compensation Component	Objective	Description and 2018 Highlights
Base Salary	Provides fixed income based on the size, scope and complexity of the Executive's role, Executive's historical performance and relative position compared to market pay information	In 2018, the Committee increased Executives' base salaries, as detailed on page 32.
Annual Incentive Compensation	Motivates and rewards annual corporate performance as well as the Executive's contribution to achieving our annual objectives.	A range of earnings opportunity, expressed as percentages of base salary and corresponding to three levels of performance (threshold, target and maximum), is established for each Executive. Actual bonuses depend on achievement relative to the key financial measures, corporate and divisional goals, as outlined on pages 33-36. Based on the Committee's assessment of performance, actual bonuses for 2018 averaged 81% of target as detailed on page 36.
Long-Term Incentive Compensation	Motivates and rewards long term corporate performance as well as the Executive's contribution to achieving our long-term objectives. Reinforces the link between the interests of the Executives and shareholders. Encourages retention.	Each year, the Committee establishes the long-term award opportunity for each Named Executive Officer. One half of the award is granted in stock options and the other half in PSUs. Using equal amounts of PSUs and options creates a balance between achieving operating performance objectives and increases in shareholder value. The PSUs vest based on continued service (except for retirees, when they vest over time) and meeting financial objectives over a three year period (with each three year period treated as a "Performance Cycle"). The PSUs granted in 2017 for the 2017-2019 and in 2018 for the 2018-2020 Performance Cycles will vest based on performance scales for three-year average Return on Equity (ROE) and Pre-Tax Return on Net Revenue, each weighted 50% over the performance period. Payout on the ROE metric is modified based on three year Book Value per Share versus certain threshold goals. Details of the program are outlined on pages 36-38. The PSUs granted in 2016 for the 2016-2018 Performance Cycle were based on three-year average ROE and Pre-Tax Return on Net Revenue, each weighted 50%. Payout on the ROE metric is modified based on three year Book Value per Share versus certain threshold goals. For the 2016-2018 Performance Cycle, the awards vested and paid out at 113% of the target number of PSUs based on our ROE performance of 13.8%, Pre-Tax Return on Net Revenue of 32.1%, and Book Value per Share of $42.71.

Table of Contents

Compensation Component	Objective	Description and 2018 Highlights
Benefits	Protects against catastrophic expenses and provides retirement savings opportunities.	Named Executive Officers participate in most of the same benefit plans as the Company's other U.S. based employees, including health, life, disability income, vision and dental insurance, an employee stock purchase plan, 401(k) plan and pension plan. Executives also participate in non- qualified retirement plans (defined benefit and defined contribution). Mr. Halter does not, and Mr. McCaughan did not participate in the pension or non-qualified retirement plans. Mr. Dunbar participated in the pension plans and non-qualified retirement plans when he was working in non-investment roles.
Perquisites	Modest additional benefits to help attract and retain Executive talent and enable Executives to focus on Company business with minimal disruption.	Executives are eligible for one physical examination per year, business spousal travel and gifts of nominal value given to all sales conference attendees.
Termination Benefits	Provides temporary income following an Executive's involuntary termination of employment, and, in the case of a change of control; helps ensure the continuity of management through the transition.	Refer to pages 38-39 for a discussion of our change of control and separation benefits. These benefits do not include excise tax gross ups.

How We Make Compensation Decisions

Human Resources Committee Involvement

The Human Resources Committee

- Oversees the development and administration of the Company's compensation and benefits policies and programs;
- Evaluates CEO performance results;
- Makes the compensation decisions for the CEO;
- Approves the compensation program and compensation for Executives;
- Reviews and approves corporate incentive goals and objectives relevant to compensation;
- Evaluates the competitiveness of each Executive's total compensation; and
- Approves changes to the Executive's total compensation package.

Compensation Advisory Partners advises the Committee on the Executive compensation program and also advises the Nominating and Governance Committee on compensation for non employee Directors (see pages 21-23). Compensation Advisory Partners receives compensation from the Company only for its work in advising these Committees. Compensation Advisory Partners does not and would not be allowed to perform services for management. The Committee assessed the independence factors in applicable SEC rules and Nasdaq Listing Standards and other facts and circumstances and concluded that the services performed by Compensation Advisory Partners did not raise any conflict of interest.

No member of management, including the CEO, has a role in determining his or her own compensation; and the CEO is not present when the Committee discusses his compensation. The Committee consults with the independent Directors regarding the CEO's performance and then determines the compensation earned by the CEO for the current year and the CEO's compensation opportunity for the following year.

Table of Contents

Each year the CEO, with input from the Human Resources Department and the compensation consultant, recommends the amount of base salary increase (if any), annual incentive award and long-term incentive award for Executives other than himself. These recommendations are based on the Executive's performance, performance of the business areas for which the Executive is responsible (if applicable) and other considerations such as retention. The Human Resources Committee reviews these recommendations and approves compensation decisions for Executives.

The role of the Independent Compensation Consultant & Interaction with Management

The Human Resources Committee has the sole authority to hire, approve the compensation of and terminate the engagement of the compensation consultant.

The compensation consultant usually conducts a comprehensive review of the Company's Executive compensation program every other year. In the years in which the compensation consultant does not conduct a compensation study, the Committee makes compensation decisions, in part, on survey data provided by the Human Resources Department and input provided by the compensation consultant. A review of executive compensation was conducted in 2018. The comprehensive study of Executive Compensation conducted by the Committee's compensation consultant reviews all aspects of the design and structure of the Company's total Executive compensation program, and includes:

- Interviews with Executives and Directors to discuss business strategy and the implications for human resources and compensation policy;
- A competitive review of compensation opportunities for each of the Named Executive Officers compared to the pay opportunities of similarly situated executives at the Peer Group companies (see below);
- An analysis to ensure that total share dilution and the economic costs of long-term incentives are reasonable and affordable for the Company; and
- A review of Executive compensation plans against potential risks. Compensation Advisory Partners conducted a review of the Company's Executive compensation plans in 2018, and determined that the Company's Executive compensation programs are well designed, support the Company's business strategy, and do not provide incentives to Executives to take inappropriate risks.

The compensation consultant:

- Attended seven meetings of the Committee in 2018, as requested by the Committee Chair; and
- Reviewed and commented on drafts of the Compensation Discussion & Analysis and related compensation tables for the proxy statement.

Use of Compensation Data

The Committee reviews the Peer Group of companies it uses to compare Executive compensation as part of the compensation consultant's biennial study. The compensation consultant recommends an appropriate Peer Group of public, similarly sized, diversified financial services, insurance and asset management companies, considering the Company's and the competitors' strategy, mix of business and size, as measured primarily by annual revenues, market capitalization and total assets. These companies are the major competitors in one or more of the Company's businesses, but none represent the exact business mix of the Company. Principal targets compensation for the Named Executive Officers at the median of the compensation of the named executive officers at the Peer Group companies. The companies in the Peer Group were reviewed in 2018 as part of the compensation review and Eaton Vance and Legg Mason were removed as they are smaller relative to Principal based on revenue market capitalization and/or operating income. Unum Group was added because it is only slightly smaller than Principal

Table of Contents

and it has similar business lines. The companies in the Peer Group used in Compensation Advisory Partners' 2018 analysis to assist in decisions on 2019 compensation were:

Insurance	Asset Managers
Ameriprise Financial	Affiliated Managers Group
Lincoln National	Franklin Resources
ManuLife	Invesco
MetLife	T. Rowe Price
Prudential Financial	
Sun Life Financial	
Unum Group	
Voya Financial	

The Committee also uses annual data from third party industry surveys for its compensation decisions.(4) Every two to three years, the Company's non cash benefit programs are compared with those of more than 100 diversified financial services companies. This is a larger group than the Peer Group because the information is used for our broad based employee benefit programs. Benefit programs are also compared against those of local employers in Des Moines, Iowa as the Company has a significant employee population there.

Each year, the Committee reviews the total compensation paid to the Executives by reviewing tally sheets, which include base salaries, annual and long-term incentive awards earned, deferred compensation, outstanding equity awards, benefits, perquisites, and potential payments under various termination scenarios.

The Committee uses this information to analyze the value of compensation actually delivered versus the compensation opportunities established by the Committee, and it is also used in making compensation and compensation plan design decisions.

2018 Executive Compensation Decisions

In general, Principal's pay philosophy is to target the market median of the Peer Group for executive's total compensation, with actual compensation varying based on performance and tenure.

The Committee made compensation decisions for the Named Executive Officers based on:

- The Company's strategic and human resources objectives;

- Competitive data for the Peer Group and for a broader group of diversified financial services companies (see Appendix A for a complete list of these companies);
- Corporate and individual performance on key initiatives;
- Economic conditions;
- The CEO's compensation recommendations for other Executives;
- Advice of the Committee's consultant; and
- How the elements of compensation contribute to and interrelate to total compensation.

The Committee also considers the tax and accounting consequences of each element of compensation. For taxable years through 2017, the Committee tried to maximize the tax deductibility to Principal of compensation under available exceptions to the application of Section 162(m) of the Internal Revenue Code ("Tax Code"), while simultaneously providing competitive compensation that enhanced our business objectives. This Tax Code section limits Principal from deducting annual compensation exceeding $1 million for our CEO and other persons who either are or beginning in 2018, were required to be named in our public company disclosure for any year after 2017 ("Covered Employees"). For taxable years prior to 2018, there was an exception to this 162(m) limitation for performance based compensation meeting certain criteria, but this exception has generally been repealed for taxable years after 2017 (subject to certain limited grandfathering of compensation payable pursuant to binding written agreements outstanding on November 2, 2017). The Committee considers the impact of this change in the applicable federal income tax laws as it makes and implements decisions regarding compensation that will be

---

(4) The surveys used were the McLagan Investment Management survey, Towers Watson U.S. Financial Services Studies Executive Database and the Towers Watson Diversified Insurance Study of Executive Compensation. The names of the companies participating in these surveys are included in Appendix A.

Table of Contents

payable after 2017. Tax deductibility affects the net cost of the compensation payable by Principal to Covered Employees, and is one factor to be considered in designing competitive and effective compensation programs. Other factors, such as the need to provide our senior executives compensation that is competitive with that payable in the marketplace, that retains their services and that provides appropriate incentives to achieve our business plans and objectives, may cause the Committee to continue to provide compensation opportunities that are generally consistent with those previously provided, despite the probability that at least some of the compensation payable to some or all of the Covered Employees will not be tax deductible after 2017.

The chart below shows the 2018 target total compensation for our Named Executive Officers as well as the proportion of their compensation tied to Company performance. Most compensation paid to our Named Executive Officers is variable and at risk as reflected in the chart below.

Base Salary

When determining base salary for each Executive, the Committee considers the Peer Group median for comparable executive positions as well as the survey data referenced above, the Executive's performance and work experience, the importance of the position to the Company and how difficult it would be to replace the Executive. The table below provides the historical base salaries[1] of the Named Executive Officers.

Named Executive Officer	2016	2017	2018	Percent Increase 2017 to 2018
Houston	$ 800,000	$ 900,000	$ 900,000	0.0%
Strable-Soethout	$ 535,000	$ 562,000	$ 595,500	6.0%
Dunbar[2]	$ 492,000	$ 507,000	$ 600,000	18.3%

Halter			$ 575,000	
McCaughan	$ 666,000	$ 679,500	$ 693,000	2.0%
Valdés	$ 591,500	$ 603,500	$ 615,500	2.0%

(1) Salaries displayed in the table are as of December 31 of the year noted. This information differs from salary information in the Summary Compensation Table as the table includes salary earned and paid in the year noted. Changes in base salary are effective in March of each year.

(2) Mr. Dunbar's percentage increase is due to a promotion in September 2018. The percent increase is based on his salary at time of promotion.

Table of Contents

Annual Incentive Compensation

From 2004 through 2018, Named Executive Officers earned annual cash bonuses under the Principal Financial Group, Inc. Annual Incentive Plan. This plan was approved by shareholders in 2004, and, as adopted was designed to comply with the performance based exception to Section162(m) of the Tax Code, such that these incentives payable to Named Executive Officers could be tax deductible to the Company. As previously noted, the performance-based exception to Section 162(m) has been repealed with respect to taxable years starting in 2018. Accordingly, incentives paid under the Annual Incentive Plan will not be deductible to the extent paid to Covered Employees subject to the limitations contained in Section 162(m) whose aggregate compensation, inclusive of such incentives, exceed $1 million.

The maximum aggregate bonus amount available under the Annual Incentive Plan for any calendar year for the Named Executive Officers is 2% of annual operating income for that year ("Bonus Pool"). For 2018, the maximum bonuses were:

Named Executive Officer	Maximum Award as Percentage of the Annual Incentive Pool	Maximum Potential Award Payment
CEO (Houston)	35%	$13.0 million
Second highest Paid Covered Employee (McCaughan)	25%	$9.3 million
Third highest Paid Covered Employee (Halter)	20%	$7.4 million
Fourth highest Paid Covered Employee (Valdés)	10%	$3.7 million
CFO (Strable-Soethout)	10%	$3.7 million

The Committee sets the target and maximum annual incentive awards for each Named Executive Officer. The Committee may use its negative discretion to reduce the awards actually payable. After this reduction, maximum annual incentive opportunities are generally 200% of the target annual incentive opportunity. The Committee approved the following target awards for Named Executive Officers in each of the past three years:

Annual Incentive Targets (as a percentage of base salary)

Named Executive Officer	2016	2017	2018
Houston	350%	350%	350%
Strable-Soethout	100%	150%	150%
Dunbar[(1)]	80%	80%	400%
Halter[(2)]			350%
McCaughan	300%	400%	400%
Valdés	75%	100%	100%

(1)

As of September 15, 2018, recognizing Mr. Dunbar's promotion to President, Principal Global Asset Management, his annual incentive increased from 80% to 400%

(2)

As of September 15, 2018, recognizing Mr. Halter's promotion to CEO & President PGI, his annual incentive increased from 325% to 350%.

In establishing the target award opportunity for Messrs. Houston, McCaughan, Dunbar, Halter and Valdés and Ms. Strable-Soethout, the Committee considered the median incentive targets for comparable executive positions in the Peer Group companies, as well as the survey data referenced above. The target award opportunity for Mr. McCaughan, Mr. Dunbar and Mr. Halter has increased consistent with market practice for award opportunities for senior executives in asset management, which are higher than target annual incentive opportunities in other industries.

Table of Contents

The Annual Incentive Plan terminated on December 31, 2018, and going forward, Named Executive Officers will participate in the Principal Financial Group Incentive Pay Plan (PrinPay Plan), the Company's broad-based annual incentive compensation plan for employees. Awards are calculated based on eligible earnings during the plan year. The PrinPay Plan links annual incentive pay to individual employee results and overall company performance and profitability. Annual financial and non-financial goals for company performance and individual performance are set. After establishing the company score, an employee's individual goal performance is used to determine the individual score an employee receives. The corporate component emphasizes the importance of overall corporate results and includes non-GAAP operating earnings and a variety of other financial and non-financial metrics. The Human Resources Committee may also consider factors that could not have been anticipated when corporate goals were established and adjust the score up or down.

Performance Goal Setting and Measurement Process

September: The Board meets to review the Company's long-term strategy.

November: The CEO, CFO and Division Presidents recommend preliminary financial goals for the Company and business units and strategic initiatives for the next year. The Finance Committee reviews the proposed goals, underlying assumptions of the goals and initiatives, key drivers of financial performance, trends and business opportunities and advises the Board and Human Resources Committee on the appropriateness of the financial goals.

February: The Human Resources Committee reviews and approves the final goals for the Company, the CEO and the other Executives with input from the Finance Committee and Board based on prior year end financial results. All employees develop individual performance goals with their leaders that support the Company's goals.

The Committee reviewed 2018 performance on key financial measures and corporate and divisional goals to determine the 2018 annual bonus for the Named Executive Officers under the Annual Incentive Plan. The Committee does not use any particular weighting for these goals; these measures are used as guideposts when the Committee exercises its discretion in its subjective evaluation of these factors. In determining corporate performance for 2018, the Committee reviewed Company achievements on these key financial goals:

Table of Contents

Goal	2018 Assessment
1. Achieve appropriate Non-GAAP Operating Earnings and earnings per share.	For 2018, the target for Non-GAAP Operating Earnings(1) was $1,675M and the target for Non-GAAP Operating Earnings per diluted share was $5.71. 2018 Non-GAAP Operating Earnings were $1,598M and Non-GAAP Operating Earnings per share(1) was $5.53.
2. Capital Ensure sufficient capital and liquidity to maintain strong financial strength ratings relative to peers and to be able to execute upon our strategy.	All capital and liquidity measures are within target ranges.
3. Investments Take actions to invest in optimal assets on a risk-adjusted basis. Acquire assets during the year in alignment with the Tactical Asset Allocation.	a) Achieved a 17 basis point spread on acquired assets, above the target b) range. 2018 bond and commercial mortgage loan credit losses were $28.2M, below the estimated ranges.
4. Minimize credit loss.	Assets acquired during the year aligned with the Company's Tactical Asset Allocation plan for the period. The portfolio was managed to contain credit-related losses and impairments within an overall range of 6-9 basis points after-tax. Performance relative to the credit loss goal was better than (below) the desired original range, aided by very strong performance in commercial mortgage losses and a benign overall economic environment. The result continues below long-run pricing assumptions, as appropriate for this time in the credit cycle.
5. Total Company Revenue/Net Revenue	Mr. Houston and Ms. Strable-Soethout had goals for total company revenue and net revenue. The Company had total revenue(2) of $14,425M against a goal of $14,440M and net revenue(2) of $6,093M relative to a goal of $6,045M. In addition, Mr. Valdés had Net Revenue goals specific to the business units they oversee, and Mr. McCaughan and Mr. Halter had an Operating Revenue less Pass-Through Commissions goal for Principal Global Investors:

Named Executive Officer	Net Revenue Goal	Net Revenue Result
Valdés Principal International	$871M	$728M

Named Executive Officer	Operating Revenue less Pass-Through Commission Goal	Operating Revenue less Pass-Through Commission Result
McCaughan Principal Global Investors	$1,391M	$1,571M
Halter Principal Global Investors	$1,391M	$1,571M

6. Risk Management. The Company's risk management program remains effective and integrated, and our risk culture is sound. For example, we retained our "strong" ERM rating with Standard & Poors.

---

(1) This is a non-GAAP financial measure. See non-GAAP financial measure reconciliations in Appendix B.

Table of Contents

Final Annual Incentive Pay Award Determination

The following table shows the annual incentive award for each of the Named Executive Officers whose annual incentive opportunities are determined under the Annual Incentive Plan. Since Mr. Dunbar's annual incentive award was determined under the PrinPay Plan, he is not listed in this table. The column "Reduction from Maximum Award" shows the amount by which the Committee reduced the maximum bonuses to determine the awards paid.

Name	2018 Salary	2018 Target	Final Award	% of Target	Reduction From Maximum Award
Houston	$ 900,000	350%	$ 2,544,000	81%	$ 10,456,000
Strable-Soethout	$ 595,500	150%	$ 721,000	81%	$ 2,979,000
Halter	$ 575,000	332%(1)	$ 1,623,000	85%	$ 5,777,000
McCaughan	$ 693,000	400%	$ 1,713,000	81%	$ 7,587,000
Valdés	$ 615,500	100%	$ 471,000	77%	$ 3,229,000

(1) Mr. Halter's pro-rated target for 2018 is 332% (325% for January 1, 2018 through September 14, 2018 and 350% for September 15, 2018 through December 31, 2018).

Mr. Dunbar received a bonus from the PrinPay Plan. His award was determined by multiplying his eligible earnings by his 2018 pro-rated target of 174%. That number was then multiplied by the corporate score of 85% times his individual performance score of 95%, resulting in an annual incentive award of $766,833.

Executives may defer annual awards into the Excess Plan, as illustrated in the footnote to the Non Equity Incentive Compensation column of the Summary Compensation Table, on pages 41-43.

Long-term Incentive Compensation

The long-term incentive compensation program is designed to align the interests of Executives and shareholders. The compensation the Executives receive reflects the degree to which multiyear financial objectives are achieved and shareholder value is increased. The long-term focus of the compensation programs supports the Company's businesses, for which long-term performance is critical, such as retirement products, life insurance and asset management. The long-term incentive compensation program also encourages collaboration among Executives in pursuing corporate wide goals.

The Committee establishes a target long-term incentive award opportunity for each Named Executive Officer, stated as a percentage of each Named Executive Officer's base salary, based on Peer Group and survey data, and on the advice of its independent compensation consultant. The Committee uses the following factors to adjust the target award and determine the actual award to be granted to each Named Executive Officer ("Award Granted"):

- Current competitive market data;
- The Named Executive Officer's past performance;

The Named Executive Officer's current compensation;

Retention concerns;

Tenure in role;

The importance of the Named Executive Officer to the Company over the long term;

The potential impact the Named Executive Officer could have on the Company's results; and

The Executive's performance relative to the Named Executive Officer's peers within the Company.

The compensation ultimately received by Named Executive Officers may vary considerably from the grant date fair value of the Award Granted, due to the Company's performance and changes in share price that occur after the grant.

2018 Long-Term Incentive Target & Grant (as % of base salary)

Named Executive Officer	Target %	Award Granted
Houston	750%	750%
Strable-Soethout	275%	275%
Dunbar[1]	175%	225%
Halter[2]	275%	280%
McCaughan	350%	350%
Valdés	225%	250%

(1) Mr. Dunbar's long-term incentive target increased to 400% effective with his promotion on September 15, 2018. The Human Resources Committee of the Board of Directors will consider Mr. Dunbar's new target when granting long-term incentive awards in February 2019.

(2) Mr. Halter's long-term incentive target increased to 300% effective with his promotion on September 15, 2018. The Human Resources Committee of the Board of Directors will consider Mr. Halter's new target when granting long-term incentive awards in February 2019.

Table of Contents

Executives' long-term compensation is provided as non-qualified stock options and PSUs, which each represent 50% of the total grant date fair value. PSUs entitle the Executive to earn shares of Common Stock if certain levels of performance are achieved. The Committee uses stock options as part of the long-term incentive program because options are an effective way to link an Executive's compensation to changes in shareholder value. The weighting is not based on a specific formula or algorithm and is intended to create a balance between the achievement of specific operating objectives and changes in shareholder value based on the Committee's judgment, which may change from time to time.
Mr. Halter was a Senior Vice President when long-term compensation was awarded in February 2018. His long-term compensation was provided as non-qualified stock options (35% of the total grant date fair value), PSUs (40% of the total grant date fair value) and RSUs (25% of the total grant date fair value). Beginning in 2019, Mr. Halter's long-term compensation will be provided as non-qualified stock options and PSUs, each representing 50% of the grant date fair value.

Stock options have a ten year term and an exercise price equal to the closing price on the date of grant. Stock options vest in three equal annual installments starting on the first anniversary of the grant date.

PSUs vest based on continued service and achieving financial objectives over a three year period (with each three year period treated as a "Performance Cycle"). Executives may defer the receipt of PSUs.

For the 2018 PSUs, the performance threshold is met if either of the following goals is met:

- Three year average operating ROE(5) of 7.5%; or
- $2 billion cumulative pretax operating income ("OI")(6)

If either the ROE or OI objective is met or exceeded, the number of units earned is determined using two performance measures, each weighted 50%, to determine the percentage of target PSUs actually earned.

- Average operating ROE: this measure was selected because it reflects the efficient use of Company capital in generating profits.
- Book Value per Share(7) threshold tied to ROE performance measure:
  - If the average Book Value per Share is between $40.22 and $44.82, the ROE performance score will be reduced by 50%.
  - If the average Book Value per Share is below $40.22, the ROE performance score will be reduced to 0%.
- Average Pre-tax Return on Net Revenue(8) was selected as a measure because it is common among asset management peers and reflects the efficient use of Company expenditures in generating profits.

2018-2020 PSU Performance Scale

Performance Level	Threshold Award	Target Award	Maximum Award (150% of Target)
Payout (% of Target)(1)	50%	100%	150%
Average ROE	7.1%	14.4%	18.7%
Average Pre-tax RONR	29.6%	34.8%	40.0%

If neither the ROE nor
the OI

threshold performance objective is met, **no PSUs** will be earned or paid out.

(1) Straight line interpolation is used to determine awards for performance between threshold and target and between target and maximum.

Timing of Stock Option Awards and Other Equity Incentives

Annual grants of stock options and PSUs for Principal Executives are determined by the Committee at its February meeting which occurs following the release of the prior year's results. The Committee formalized its long standing practices by adopting a policy in 2006 regarding granting stock options and other equity awards. Under this policy,

---

(5) Operating return on equity (ROE) is defined as Non GAAP Operating Earnings divided by common equity excluding accumulated other comprehensive income, other than foreign currency translation adjustment.

(6) Pre tax operating income is defined as income from continuing operations before income taxes per the audited Consolidated Statements of Operations less net realized/unrealized capital gains (losses), less preferred stock dividends declared, less net income attributable to noncontrolling interest.

(7) Book value per share is defined as total ending common equity excluding other comprehensive income divided by the number of common shares outstanding end of year.

(8) Pre tax return on net revenue is defined as pre tax Non GAAP Operating Earnings is divided by net revenue. Net revenue is defined as total operating revenue less benefits, claims, and settlement expenses less dividends to policyholders.

Table of Contents

the grant date for all stock options and other stock based awards shall never be earlier than the date of approval, and shall be:

- For all annual awards to Executives, the date of approval by the Committee;
- For new employees and promotions, the later of the date of approval or the employee's hire/promotion date;
- In the event of an award connected with an established stock program for non Executives, the later of the date of approval or the grant date established by the stock program; and
- For any other awards, the date of approval.

Benefits

The Named Executive Officers participate in Principal Life's broad based employee benefits program, including:

- A qualified pension plan (except Messrs. Dunbar, Halter and McCaughan[(9)]);
- A 401(k) plan;
- Group health, dental, vision and disability coverage and life insurance;
- A discounted employee stock purchase plan;
- Paid time off; and
- Flexible spending account plans.

Principal Life also offers all Named Executive Officers (except Messrs. Dunbar and Halter and McCaughan) a nonqualified defined contribution plan ("Excess Plan") and a defined benefit nonqualified retirement plan ("NQDB"). These benefits are offered to attract and retain talent and provide long-term financial security to employees. The NQDB helps the Company attract midcareer Executives and retain Executives by providing competitive retirement benefits. The NQDB is coordinated with the qualified pension plan and is designed to restore benefits that otherwise would accrue to Executives in the absence of Tax Code limitations on the qualified pension plan. The narrative to the Pension Benefits Table on pages 46-49 provides additional information about the NQDB and the qualified pension plan. Principal Life maintains the Excess Plan to help attract and retain Executives by allowing Executives to save for retirement and to provide matching contributions on those savings, without regard to the limitations imposed by the Tax Code on 401(k) plans. The narrative to the Non Qualified Deferred Compensation Table on page 47 provides additional information about the Excess Plan.

The value of the retirement and savings plans for NonGrandfathered Participants (see page 47) is targeted to be, in the aggregate, slightly above the median of diversified financial services companies because a large portion of the Company's business centers on the sale of retirement products. The defined benefit pension plan for Grandfathered Choice Participants (see page 46) has a market value above the median and the 401(k) plan match for Grandfathered Choice Participants is below market median. These benefits were also originally designed to be slightly above market median to attract and retain employees.

All other benefits are targeted at market median in the aggregate, which supports the Company's benefit strategy and aids in attracting and retaining talent.

Change of Control and Separation Pay

The Committee believes it is in the best interests of Principal and its shareholders to:

- Assure that Principal will have the continued service of its Executives;
- Reduce the distraction of these Executives that would result from the personal uncertainties caused by a pending or threatened Change of Control;

Encourage the Executives' full attention and dedication to Principal; and

Provide the Executives with compensation and benefits upon a termination related to a Change of Control that are competitive with those of similar businesses.

For these reasons, Principal has entered into Change of Control Employment Agreements with each of the Executives. These agreements would help the Executives more fairly evaluate a potential acquisition of Principal, particularly when the acquisition would result in termination of the Executive's employment. These Change of Control Employment Agreements are based on market practice and do not affect other components of the Executives' compensation. When entering into these agreements, the Committee reviewed survey data and practices of other public insurance and financial services companies. The Committee continues to review market practices in this area for potential changes in these agreements.

---

(9) On January 1, 2010, executives in the Company's asset management operations stopped participating in the qualified pension plan, NQDB Plan or Excess Plan as these are not common benefits for executives in that industry. This change also applied to other investment professionals.

Table of Contents

All benefits provided to the Executives upon a Change of Control are paid after both a Change of Control and qualifying termination of employment have occurred (sometimes referred to as a double trigger), except that the then current value of the Executive's Excess Plan and NQDB will be paid upon a Change of Control to ensure that the value of those plans is not reduced if the Company is sold. These agreements do not provide excise tax gross ups. See pages 52-54 for details.

The Company has a severance plan to provide benefits to employees whose employment is terminated by the Company due to a reorganization or reduction in the workforce. Additional payments may be permitted in some circumstances as a result of negotiations with Executives, particularly when Principal requests additional covenants from the Executives.

Stock Ownership Guidelines

Executives are required to own stock in Principal to ensure their interests are aligned with the shareholders' interests and with the long-term performance of Principal. Once the Executive achieves the required stock ownership level based on market value, the ownership requirement remains at the number of shares owned at the time, regardless of subsequent changes in stock price or salary. Upon promotion, the Executive is required to meet the next level of stock ownership.

Until the ownership guideline is met, Executives are required to retain a portion of the "net profit shares" resulting from equity based long-term incentive plan grants. Net profit shares are the shares remaining after payment of the option exercise price and taxes owed at time of exercise, vesting of RSUs or earn out of performance shares. Effective January 1, 2019, ownership requriements increased from 5 times to 7 times base salary for the Chairman and 3 times to 4 times base salary for Division Presidents and Executive Vice Presidents. Executives must meet the new requirements within five years of the date of the change. The percentage of net profit shares that must be retained until ownership requirements are met are shown below:

Executive Level	Retention Ratio	Multiple of Base Salary
Chairman (Houston)	75%	7 times
Division Presidents & Executive Vice Presidents (Dunbar, Halter, McCaughan, Strable-Soethout & Valdés)	50%	4 times

All Named Executive Officers comply with these guidelines.

Claw Back Policy

The Committee has also adopted a compensation recovery policy that applies to Executives. Principal can recover incentive compensation if the amount of the compensation was based on achievement of financial results that were subsequently restated if the Committee decides that the Executive engaged in fraud or intentional misconduct that caused the restatement of the Company's financial statements, and if the amount of the Executive's incentive compensation or equity award would have been lower had the financial results been properly reported. Principal can also cancel or recover incentive compensation, received in the event of either reputational or financial harm to the Company that arises directly or indirectly from an Executive's misconduct, gross negligence, misfeasance or nonfeasance.

Trading Policy

Principal prohibits Directors and employees, including Executives, from:

- Purchasing Principal securities "on margin" (i.e., with the proceeds of a loan from a brokerage firm when the loan is secured by Principal securities), except for the exercise of employee stock options.
- Short sales;
- Trading in put or call options; and

Purchasing, directly or through a designee, any financial instrument (including prepaid variable forward contracts, equity swaps, collars and exchange funds) that is designed to hedge or offset any decrease in the market value of Principal securities.

Table of Contents

Succession Planning

The Human Resources Committee, the CEO and the head of Human Resources have an ongoing focus on executive development and succession planning to prepare Principal for future success. In addition to preparing for CEO succession, the succession planning process includes all key executive positions. A comprehensive review of executive talent, including assessments by an independent consulting firm, has determined participants' readiness to take on additional leadership roles and identified the developmental and coaching opportunities needed to prepare them for greater responsibilities. The CEO makes a formal succession planning presentation to the Board of Directors annually. CEO succession planning is a responsibility of the entire Board and all members participate. In addition, the Company has an emergency succession plan for the CEO that is reviewed by the Board annually.

Human Resources Committee Report

The Human Resources Committee of the Company has reviewed and discussed the foregoing Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management, and based on such review and discussion, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Betsy J. Bernard, Chair
Michael T. Dan
C. Daniel Gelatt
Scott M. Mills
Diane C. Nordin
Elizabeth E. Tallett

Risk Assessment of Employee Incentive Plans

The Human Resources Compensation Department and the chief risk officers in the business units conducted a review and analysis of the Company's employee incentive compensation plans to determine whether the plans are reasonably likely to have a material adverse effect on the Company and reviewed their processes and conclusions with the Chief Risk Officer. The following factors, among others, were assessed:

- Plan design;
- Performance metrics and quality of goal setting;
- Administrative procedures, including governance practices and plan compliance;
- Plan compliance, communications and disclosures;
- Potential risks created by the plans;
- Risk control factors and their effectiveness; and
- Inherent and residual risk ratings.

Some key factors that mitigate risks of the Company's incentive plans are the Company's stock ownership guidelines for Executives, the compensation recovery policy and the Human Resources Committee's ability to exercise its judgment in evaluating the quality of performance achievements when determining earned compensation. Employees are prohibited from purchasing the Company's securities on margin (except for the exercise of stock options), engaging in short sales or trading in any put or call options; and purchasing, directly or through a designee, any financial instrument (including prepaid variable forward contracts, equity swaps, collars and exchange funds) designed to hedge or offset any decrease in the market value of Company securities.

A summary of the assessment process and conclusions was reviewed with the Human Resources Committee. Based on this analysis, the Company has determined that its employee incentive compensation plans are designed to encourage behaviors that create and maintain shareholder value, do not encourage excessive risk, and are not reasonably likely to have a material adverse effect on Principal.

Table of Contents

Summary Compensation Table

The following table sets forth the compensation paid to the Named Executive Officers for services provided to the Company and its subsidiaries during 2016, 2017 and 2018.

Name	Year	Salary(1)	Bonus	Stock Awards(2)(3)	Option Awards(2)	Non Equity Incentive Compensation(4)	Change in Pension Value and Non Qualified Deferred Compensation Earnings(5)	All Other Compensation(6)	Total(7)
Houston	2018	$ 900,000	$ 0	$ 3,375,009	$ 3,375,034	$ 2,544,000	$ 1,762,655	$ 270,319	$ 12,227,017
	2017	$ 880,769	$ 0	$ 2,474,976	$ 2,475,016	$ 3,339,000	$ 2,552,608	$ 236,367	$ 11,958,736
	2016	$ 795,192	$ 0	$ 2,000,017	$ 1,999,983	$ 2,744,000	$ 1,269,557	$ 161,959	$ 8,970,708
Strable-Soethout	2018	$ 589,058	$ 0	$ 818,816	$ 818,829	$ 721,000	$ 411,396	$ 94,732	$ 3,453,831
	2017	$ 556,808	$ 0	$ 772,759	$ 772,772	$ 938,000	$ 689,264	$ 62,971	$ 3,792,574
	2016	$ 488,846	$ 0	$ 606,266	$ 606,236	$ 446,000	$ 337,492	$ 50,084	$ 2,534,924
Dunbar	2018	$ 545,769	$ 0	$ 599,045	$ 599,049	$ 766,833	$ 0	$ 53,727	$ 2,564,423
	2017	$ 507,000	$ 0	$ 633,764	$ 633,757	$ 427,490	$ 615,214	$ 50,148	$ 2,867,373
	2016	$ 492,000	$ 0	$ 615,013	$ 615,013	$ 382,863	$ 658,381	$ 45,748	$ 2,809,018
Halter	2018	$ 544,115	$ 0	$ 974,607	$ 524,799	$ 1,623,000	$ 0	$ 13,875	$ 3,680,396
McCaughan	2018	$ 530,481	$ 0	$ 1,212,741	$ 1,212,725	$ 1,713,000	$ 15,304	$ 3,483,778	$ 8,168,029
	2017	$ 676,904	$ 0	$ 1,189,116	$ 1,189,128	$ 2,881,000	$ 84,047	$ 13,682	$ 6,033,877
	2016	$ 663,500	$ 0	$ 1,082,263	$ 1,082,253	$ 1,958,000	$ 73,538	$ 13,500	$ 4,873,054
Valdés	2018	$ 613,192	$ 0	$ 769,360	$ 769,379	$ 471,000	$ 143,110	$ 92,762	$ 2,858,802
	2017	$ 601,192	$ 0	$ 754,364	$ 754,400	$ 640,000	$ 148,847	$ 76,994	$ 2,975,797
	2016	$ 589,288	$ 0	$ 739,376	$ 739,396	$ 413,000	$ 112,356	$ 74,761	$ 2,668,177

(1) Includes 2018 salary deferred into the qualified 401(k) Plan and the Excess Plan, as shown below (information on deferrals for 2017 was included in last year's proxy statement):

Named Executive Officer	401(k) Employee Contribution	Excess Plan Employee Contributions	Total Employee Contributions
Houston	$ 19,346	$ 72,000	$ 91,346
Strable-Soethout	$ 18,500	$ 58,906	$ 77,406

Dunbar	$ 24,269	$ 27,289	$ 51,558
Halter	$ 14,077	$ 0	$ 14,077
McCaughan	$ 18,500	$ 0	$ 18,500
Valdés	$ 24,106	$ 36,791	$ 60,897

(2)
Amounts represent the aggregate grant date fair value amounts for awards and options granted in the year noted. The assumptions for the valuation of stock option awards under the ASC Topic 718 for awards included in the Summary Compensation Table are as follows:

Grant Date	Exercise Price	Volatility	Expected Term	Dividend Yield	Risk Free Interest Rate
February 22, 2016	$ 37.38	31.67%	6.5 years	4.066%	1.47%
February 27, 2017	$ 62.78	27.65%	7.0 years	2.867%	2.18%
February 26, 2018	$ 63.98	26.00%	7.0 years	3.188%	2.77%

The grant date fair value per share of each RSU or PSU granted on the same date as an option listed in the above table was equal to the exercise price reported for options granted on such date.

(3)
PSUs will be earned and paid in shares of Common Stock only if performance requirements are met or exceeded. The PSUs are eligible for dividend equivalents, and the dividend equivalents are subject to the same performance requirements as the corresponding PSUs and are only earned if the performance measures are met or exceeded. The maximum payout for the 2016, 2017, and 2018 PSUs is 150% of the target number of PSUs. If the

Table of Contents

PSUs granted in 2018 are earned at the maximum payout, the grant date value of such PSUs would be as shown in the following table, and the amounts reported in the Stock Awards column, above, would be increased by the amount shown in the column to the far right of the following table.

Named Executive Officer	Amount by Which Aggregate Grant Date Values Reported Would be Increased
Houston	$ 1,687,504
Strable-Soethout	$ 409,408
Dunbar	$ 299,522
Halter	$ 299,874
McCaughan	$ 606,370
Valdés	$ 384,680

(4)

The amounts shown represent annual incentive compensation awards earned in 2018 and paid in 2019 and include the following amounts deferred into the qualified 401(k) Plan and Excess Plan:

Named Executive Officer	Employee Contributions on Incentive Pay
Houston	$ 209,174
Strable-Soethout	$ 360,500
Dunbar	$ 43,787
Halter	$ 0
McCaughan	$ 0
Valdés	$ 38,074

(5)

Assumptions underlying the determination of the amount of increase in actuarial value for both the qualified and nonqualified pension plans are disclosed on pages 48-49. Changes in these assumptions and compensation changes will impact this value annually. There are no above market earnings on deferred compensation.

In past proxy statements, the same actuarial assumptions have been used regardless of whether a Named Executive Officer with a benefit under the traditional pension formula has elected to receive their NQDB plan distribution in the form of an annuity or as a lump sum payment. Because a different discount rate is used for determining lump sum payments, the company has changed the assumptions used to value the NQDB reflected in the Summary Compensation Table to reflect the Named Executive Officer's elected form of distribution. This is a better reflection of the value of the benefit that will ultimately be paid to the Named Executive Officer.

For Messrs. Dunbar and Halter, the 2018 Change in Pension Values are ($58,211) and ($182,357). respectively. Pursuant to SEC reporting rules, a negative Change in Pension Value is reported in the Summary Compensation Table as a zero.

(6)

All Other Compensation for the Named Executive Officers consists of the following:

Name	Perquisites & Other Personal Benefits(a)	Principal Life Contributions to Defined Contribution Plans(b)	Amount Paid Pursuant to Retirement/ Termination	Total
Houston	$ 15,979	$ 254,340		$ 270,319
Strable-Soethout	$ 3,108	$ 91,624		$ 94,732
Dunbar	$ 2,064	$ 51,663		$ 53,727
Halter	$ 0	$ 13,875		$ 13,875
McCaughan	$ 4,903	$ 13,875	$ 3,465,000	$ 3,483,778
Valdés	$ 21,563	$ 71,199		$ 92,762

(a)

Represents the incremental aggregate cost to Principal for all perquisites provided during the year. Amounts include the value of an annual physical examination, business spousal travel, and gifts given to all sales conference attendees.

Table of Contents

(b)

The amounts shown below are Principal Life's matching contributions to the 401(k) Plan and the Excess Plan. The Excess Plan's matching contributions are also included in Principal Life's contributions in the NonQualified Deferred Compensation table on page 49.

Named Executive Officer	401(k) Matching Contribution Made by Principal Life	Excess Plan Matching Contribution Made by Principal Life	Total
Houston	$ 13,875	$ 240,465	$ 254,340
Strable-Soethout	$ 13,875	$ 77,749	$ 91,624
Dunbar	$ 13,875	$ 37,788	$ 51,663
Halter	$ 13,875	$ 0	$ 13,875
McCaughan	$ 13,875	$ 0	$ 13,875
Valdés	$ 13,875	$ 57,324	$ 71,199

(7)

Sum of the total dollar value of the other columns in this table.

Grants of Plan Based Awards for Fiscal Year End December 31, 2018

	Grant	Estimated Future Payouts Under Non Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			Other Stock	Other Option	Exercise	
	Date	Threshold	Target	Maximum(1)	Threshold	Target	Maximum	Awards	Awards(3)	Price(4)	
		N/A	$ 3,150,000	$ 12,100,000							
	02/26/2018				13,187	52,751	79,127				$
	02/26/2018								227,275	$ 63.98	$
ethout		N/A	$ 893,000	$ 3,500,000							
	02/26/2018				3,200	12,798	19,197				$
	02/26/2018								55,140	$ 63.98	$
		N/A	$ 949,638	$ 2,848,915							
	02/26/2018				2,341	9,363	14,045				$
	02/26/2018								40,340	$ 63.98	$
		N/A	$ 2,012,500	$ 3,500,000							

	02/26/2018				2,344	9,374	14,061				$
	02/26/2018							5,859			$
	02/26/2018								35,340 $	63.98 $	
n		N/A $	2,772,000 $	8,600,000							
	02/26/2018				4,739	18,955	28,433				$
	02/26/2018								81,665 $	63.98 $	
		N/A $	615,500 $	6,900,000							
	02/26/2018				3,006	12,025	18,038				$
	02/26/2018								51,810 $	63.98 $	

(1) The maximum award shown is the maximum aggregate award payable under the Annual Incentive Pay Plan for the Named Executive Officers, based on the Bonus Pool. In determining the actual annual incentive award payable, the Human Resources Committee exercises negative discretion to reduce the amount payable from the maximum award determined under the Annual Incentive Pay Plan as described on pages 33-36.

(2) These columns reflect PSUs granted on February 26, 2018. These PSUs will vest, if at all, according to the 2018-2020 PSU performance scale outlined on page 37. The maximum payout for the 2018 PSUs is 150% of the target number of PSUs.

(3) The options vest in three equal annual installments beginning on the first anniversary of the grant date. The options are not eligible for dividend equivalents. The number of stock options awarded to each Named Executive Officer in a given year is calculated by dividing the grant date fair value of one option (determined using the Black-Scholes model), into the portion of the Adjusted Target Award Opportunity (50%) to be delivered in options.

(4) The per-share option exercise price is the closing price of the Common Stock on the date of grant.

(5) Represents the grant date fair value of the award at target.

Table of Contents

Outstanding Equity Awards at Fiscal Year End December 31, 2018

Name	Option Awards: Number of Securities Underlying Unexercised Options Exercisable(1)	Option Awards: Number of Securities Underlying Unexercised Options Unexercisable	Option Awards: Option Exercise Price	Option Awards: Option Expiration Date(2)	Stock Awards: Number of Shares or Units of Stock that Have Not Vested	Stock Awards: Market Value of Shares or Units that Have Not Vested	Stock Awards: Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights that have not vested(3)	Stock Awards: Equity Incentive Plan Awards: Market or payout value of Unearned Shares, Units, or Other Rights that have not vested(4)
Houston	59,060	0	$ 44.88	02/24/2024				
	70,210	0	$ 51.33	02/23/2025				
	149,643	74,822	$ 37.38	02/22/2026			66,985	$ 3,556,237
	53,886	107,774	$ 62.78	02/27/2027			39,423	$ 1,741,314
	0	227,275	$ 63.98	02/26/2028			52,751	$ 2,330,012
Strable-Soethout	45,360	22,680	$ 37.38	02/26/2026			20,305	$ 1,077,970
	16,825	33,650	$ 62.78	02/27/2027			12,309	$ 543,288
	0	55,140	$ 63.98	03/07/2028			12,798	$ 565,288
Dunbar	46,016	23,009	$ 37.38	02/26/2026			20,598	$ 1,093,557
	13,799	27,596	$ 62.78	02/27/2027			10,095	$ 445,896
	0	40,340	$ 63.98	02/26/2028			9,363	$ 413,564
Halter	0	35,340	$ 63.98	02/26/2028			9,374	$ 414,050
McCaughan	54,540	0	$ 44.88	02/24/2024				
	51,940	0	$ 51.33	02/23/2025				
	0	40,489	$ 37.38	02/26/2026			36,247	$ 1,924,371
	25,890	51,780	$ 62.78	02/27/2027			18,941	$ 836,624
	61,249	0	$ 63.98	02/26/2028			14,216	$ 627,921
Valdés	11,829	0	$ 51.33	02/23/2025				
	0	27,661	$ 37.38	02/26/2026			24,763	$ 1,314,657
	16,425	32,850	$ 62.78	02/27/2027			12,016	$ 530,747
	0	51,810	$ 63.98	02/26/2028			12,025	$ 531,144

(1) All options vest in three equal installments on the first, second and third anniversaries of the grant date. Each of these options is also subject to accelerated vesting in certain events, such as the Named Executive Officer's death, disability or retirement (awards granted prior to January 1, 2016), or upon the occurrence of a Change of Control.

(2) All RSUs vest on the third anniversary of the grant date.

(3) The PSUs granted in 2016 vested on December 31, 2018 and are disclosed at 113% of target in accordance with ASC Topic 718. The PSUs granted in 2017 will vest on December 31, 2019 and will pay out based on performance against certain ROE and Book Value/Share performance goals, but only if either the ROE or operating income threshold performance measure is met as approved by the Human Resources Committee. PSUs granted in 2018 will vest on December 31, 2020, and will pay out based on performance against certain ROE and BV/Share performance goals, but only if either the ROE or operating income threshold is met as approved by the Human Resources Committee.

(4) Assumes a stock price of $44.17 per share, the closing price of a share of Common Stock on the last trading day of the year, December 31, 2018, reported for the Nasdaq.

Named Executive Officers may defer PSUs that are earned and would otherwise be paid shortly after the performance period. Annual cash incentive awards, as shown in the NonEquity Incentive Compensation column of the Summary Compensation Table, may also be deferred into the Excess Plan.

Table of Contents

Option Exercises and Stock Vesting

The following table provides information concerning the exercise of stock options and the vesting of RSUs and PSUs during calendar year 2018 for each Named Executive Officer on an aggregated basis.

	Option Awards		Stock Awards	
Named Executive Officer	Number of Shares Acquired on Exercise	Value Realized on Exercise(1)	Number of Shares Acquired on Vesting	Value Realized on Vesting(2)
Houston	89,750	$ 3,710,845	66,985	$ 4,285,700
Strable-Soethout	0	0	20,305	$ 1,299,087
Dunbar	16,400	$ 737,488	20,598	$ 1,317,860
Halter	0	0	0	0
McCaughan	164,606	$ 2,316,731	36,247	$ 2,319,105
Valdés	27,662	$ 735,809	24,763	$ 1,584,323

(1) Represents the difference between the market price of the underlying shares of Common Stock on the date of exercise and the exercise price of the exercised option.

(2) Represents the market value of PSUs granted in 2016 that settled on February 25, 2019, at $53.09 upon Committee approval of the final performance modifier of 113%. The actual payout was determined applying negative discretion.

2018 CEO Pay Ratio

Consistent with Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K (the pay ratio rule), we are providing the following information about the relationship of the annual total compensation of our median employee and the annual total compensation of our Chief Executive Officer (CEO), Mr. Houston, as of our fiscal year-end December 31, 2018. We believe the pay ratio included in this information is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K.

There were no significant changes to our global employee population and our compensation plans remained consistent with the prior year. As such, we do not reasonably believe there have been changes that would result in a significant change to our pay ratio disclosure and, accordingly, are using the same median employee to calculate this year's pay ratio. This employee works in our Des Moines, Iowa office.

We calculated the median employee's annual total compensation in the same manner as the CEO's annual total compensation. In addition to including the value of the Company's 401(k) plan, pension plan, medical benefits, and welfare benefits for purposes of determining the median employee, these amounts also were included in the total annual compensation amounts for purposes of calculating the ratio. This resulted in annual total compensation for the CEO for purposes of determining the ratio in an amount of $12,244,054, which modestly exceeds the amount reported for him in the Summary Compensation Table. The median employee's annual total compensation was $82,872. Based on this information, for 2018 the ratio of the annual total compensation of the CEO to the annual total compensation of the median employee was

148 : 1.

Table of Contents

Pension Plan Information

Participant Group	Pension Benefit Formula
Grandfathered Participants Grandfathered Participants were age 47 or older with at least ten years of service on December 31, 2005, and elected to retain the prior benefit provisions under the Defined Benefit ("DB") Plan and the NQDB and to forego receipt of the additional matching contributions offered under the 401(k) and Excess Plans.	**Defined Benefit Plan (Traditional Formula)** 39.2% of Average Compensation (the highest five consecutive years' total Payout of the past ten years of Pay. "Pay" is the Named Executive Officer's base salary and annual incentive bonus up to the Tax Code limits) below the Integration Level(1) plus 61.25% of Average Compensation above the Integration Level. **Cash Balance Plan** The Annual Pay Credits are calculated using the table below

Age+ Service Years (Points)	Annual Pay Credit Contribution on All Pay	Contribution on Pay Above Taxable Wage Base(2)
< 40	4.00%	2.00%
40 49	5.50%	2.75%
50 59	7.00%	3.50%
60 69	9.00%	4.50%
70 79	11.50%	5.75%
80 or more	14.00%	7.00%

NQ Defined Benefit

The NQDB benefit formula for Grandfathered Participants hired before January 1, 2002 is the greater of:

65% of Average Compensation, offset by Social Security and DB Plan benefits; or

The greater of the traditional or cash balance DB Plan benefit for Grandfathered Participants without regard to Tax Code limits, offset by the benefit that can be provided under the DB Plan.

(1) The Covered Compensation Table in the Tax Code.

(2) The Social Security Taxable Wage Base.

Table of Contents

Participant Group	Pension Benefit Formula
Non Grandfathered Participants Non Grandfathered Participants will receive the greater of the benefit provided under the Traditional Benefit Formula or the Cash Balance Formula.	**Defined Benefit Plan** **Traditional Formula** 35% of Average Compensation below the Integration Level plus 55% of Average Compensation above the Integration Level. **Cash Balance Formula** The Annual Pay Credits are calculated using the table below

Age+ Service Years (Points)	Annual Pay Credit Contribution on All Pay	Annual Pay Credit Contribution on Pay Above Taxable Wage Base(2)
< 40	3.00%	1.50%
40 59	4.00%	2.00%
60 79	5.50%	2.75%
80 or more	7.00%	3.5%

Non Qualified Defined Benefit

Mr. Houston and **Ms. Strable-Soethout** earn benefits under the Traditional and Cash Balance Formulas. When benefits begin, they will receive the greater of the benefit under the Traditional Formula or Cash Balance Formula.

The NQDB benefit formula for Non Grandfathered Participants hired before January 1, 2002 is:

The traditional or cash balance pension plan benefit for Non Grandfathered Choice Participants (whichever is greater) without regard to Tax Code limits, offset by the benefit that can be provided under the DB Plan.

Mr. Dunbar most recently earned benefits under the Cash Balance Formula prior to his promotion on September 15, 2018. Mr. Dunbar also has a frozen benefit earned for service prior to January 1, 2010 where he will receive the greater of the Traditional Formula or Cash Balance Formula.

For employees who were active participants in the plan on December 31, 2005, their accrued benefit will not be less than their accrued benefit determined as of that date.

There is a reduction for benefits paid under the Traditional Formula that begin prior to the Named Executive Officers attaining Normal Retirement Age:

Mr. Halter has not accrued any benefit under this plan since January 1, 2010. When the frozen benefits are payable he will receive the greater of the Traditional Formula of Cash Balance Formula.

Principal subsidizes early retirement if the Named Executive Officer remains employed until Early Retirement Age (age 57 with 10 years of service), which is the earliest date an employee may begin receiving retirement benefits.

Mr. Valdés primary retirement benefit will be the Cash Balance Formula. Mr. Valdés will also have a small benefit under the Traditional Formula due to service prior to January 1, 2006.

Mr. McCaughan is receiving a retirement benefit under the Cash Balance Benefit.

The early retirement benefits for Grandfathered Choice Participants (and Non Grandfathered Choice Participants for benefits accrued prior to January 1, 2006) range from 75% at age 57 to 100% at age 62. The early retirement benefits for Non Grandfathered Choice Participants for benefits accrued after December 31, 2005 range from 75% at age 57 to 97% at age 64.

If the Named Executive Officer terminates employment before reaching Early Retirement Age, Principal Life does not subsidize early retirement. The early retirement benefits range from 58.6% at age 57 to 92.8% at age 64.

Benefits under the Traditional Formula are eligible for a Cost of Living Adjustment (COLA) after retirement benefits begin. For Non Grandfathered Participants only benefits accrued as of December 31, 2005 receive this adjustment. The COLA is based on the Consumer Price Index.

Table of Contents

Pension Distributions

Participants receive an annuity under the traditional benefit formula in the DB Plan. The qualified cash balance benefit formula in the DB Plan allows for benefits as an annuity or lump sum.

NQDB benefits may be paid as a lump sum at termination/retirement, or as an annuity. Distributions may also be allowed at death or a change of control. For participants in the plan prior to January 1, 2010, a mandatory payment occurs at age 65, and they may elect for payments on a specified date between age 60 and 65.

Pension Benefits

Named Executive Officer	Plan Name	Number of Years Credited Service(1)	Present Value of Accumulated Benefit at Normal Retirement Age(2)	Payments During Last Fiscal Year
Houston	Qualified Pension	34	$ 1,080,951	$0
	NQDB		$ 8,263,562	$0
Strable-Soethout	Qualified Pension	27	$ 675,616	$0
	NQDB		$ 1,943,720	$0
Dunbar[3]	Qualified Pension	24	$ 1,234,559	$0
	NQDB		$ 2,581,239	$0
Halter	Qualified Pension	26	$ 838,405	$0
	NQDB		$ 2,672,384	$0
McCaughan[4]	Qualified Pension	7	$ 218,070	$3,387
	NQDB		$ 1,856,750	$0
Valdés	Qualified Pension	8	$ 235,574	$0
	NQDB		$ 597,324	$0

(1) As of December 31, 2018.

(2) Benefit calculations have been made using the following assumptions:

Annuity Basis Discount Rate (for Traditional Benefit): 3.60% for December 31, 2017 and 4.15% for December 31, 2018 benefits.

Cost of Living 1.50% for December 31, 2017 and December 31, 2018

Mortality: Qualified: Total RP-2006 Rates (baseline from SOA RP-2014);

Non-Qualified: White Collar RP-2006 Rates (baseline from SOA RP-2014)

Improvement: For December 31, 2017, RPEC-2014-v2017 model using historical data through 2015 (graduated data from 2013). For December 31, 2018, RPEC-2014-v2018 model using historical data through 2016 (graduated data from 2014).

Convergence: 7-year to SSA 2010-2088 improvement scale (SSA Trustees Report 2014)

Traditional benefits under the qualified DB Plan must be paid as annuity. Under the NQDB Plan, Named Executive Officers may elect whether benefits will be paid as annuity or in a single sum payment. Ms. Strable-Soethout and Messers. Halter, Dunbar and McCaughan have elected their NQDB benefit to be paid as an annuity;

Lump Sum Basis Discount Rate (for Traditional Benefit): for those Named Executive Officers who have elected to receive their traditional NQDB benefits in a single lump sum payment (Messrs. Houston and Valdés) the present value of their Traditional NQDB benefits has been determined using a discount rate of: 5.70% at December 31, 2017 and at December 31, 2018: 7.10% for lump sum payments expected to be made in 2019 and 7.15% for expected lump sums in 2020 or later;.

Lump Sum Mortality: For December 31, 2017,1994 GAR Projected to 2008 Unisex, Scale AA. For December 31, 2018, 2019 IRS Mortality for 417(e);

Cost of living increase: For December 31, 2017; 1.40% for benefits paid in 2018 and 1.50% for benefits expected in 2019 and later. For December 31, 2018; 1.58% for benefits paid in 2019 and 1.60% for benefits expected in 2020 and later.

Retirement age of 65 for Messers. Houston and Halter and Ms. Strable-Soethout, who will have reduced benefits prior to that point. Retirement age of 65 for Messers Halter and Valdés frozen traditional benefit plus current cash balance account. Current cash balance account for Mr. McCaughan. The present value of the cash balance benefit is the current account balance projected with the cash balance interest crediting rate to age 65 and

Table of Contents

then discounted back to the current age using the annuity basis discount rate with no mortality (Mr. McCaughan's and Mr. Valdés' cash balance account); and

Cash balance interest crediting rate of 5.0% for December 31, 2017 and December 31, 2018.

(3)

Mr. Dunbar's stopped accruing benefits on September 14, 2018. Compensation earned after September 14, 2018 was not included in determining his pay credit for 2018.

(4)

Mr. McCaughan retired September 30, 2018. NQDB payments are delayed six months due to his status as a specified employee as required by IRC 409A. Payment will be made as a monthly annuity to Mr. McCaughan at the end of the six month period.

Non Qualified Deferred Compensation

Named Executive Officer	Executive Contributions in Last Fiscal year(1)	Principal Life Contributions in Last Fiscal Year(2)	Aggregate Earnings in Last Fiscal Year	Aggregate Withdrawals / Distributions	Aggregate Balance at Last Fiscal Year End(4)
Houston	$ 339,120	$ 240,465	$ (442,966)	$ 0	$ 4,043,947
Strable-Soethout	$ 293,406	$ 77,749	$ (60,638)	$ 0	$ 1,796,843
Halter	$ 0	$ 0	$ (5,929)	$ 0	$ 124,494
Dunbar(3)	$ 61,488	$ 37,788	$ (194,627)	$ 0	$ 714,634
McCaughan	$ 0	$ 0	$ (835,153)	$ 0	$ 2,782,755
Valdés	$ 87,991	$ 57,324	$ (45,629)	$ 0	$ 804,162

(1)

The amounts shown as "Executive Contributions" have either been included in the Salary column of the Summary Compensation Table on page 41 or represent annual incentive payment deferrals earned in 2017 and credited to the Named Executive Officers' accounts during 2018.

(2)

The amounts shown as "Principal Life Contributions" are included in the "All Other Compensation Column" of the Summary Compensation table on page 41.

(3)

Mr. Dunbar continued to make contributions and receive company match through December 31, 2018 because his elections were irrevocable for the year as required by Tax Code Section 409A. Additionally, the portion of his bonus attributable to service prior to his promotion on September 15, 2018 and paid in 2019 is eligible for deferral pursuant to the election he made, and he will receive company match on those deferrals.

(4)

The end of year 2018 aggregate balances include the following deferrals and matching contributions from years prior to 2018:

Named Executive Officer	Employee Deferral Prior to 1/1/2018	Principal Life Match Prior to 1/1/2018	Total
Houston	$ 1,358,639	$ 884,183	$ 2,242,822
Strable-Soethout	$ 901,771	$ 340,344	$ 1,242,115
Dunbar	$ 154,368	$ 103,738	$ 258,106
Halter	$ 47,714	$ 35,785	$ 83,499
McCaughan	$ 998,343	$ 581,568	$ 1,579,911
Valdés	$ 328,372	$ 240,799	$ 569,171

Table of Contents

Qualified 401(k) Plan and Excess Plan

Plan Feature	Qualified 401(k) Plan	Excess Plan
Deferrals	1-15% of base salary and up to 100% of annual incentive compensation awards (1-100% of base pay if not contributing to the Excess Plan) up to the limits imposed by the Tax Code.	1-15% of base salary and up to 100% of annual incentive compensation awards.
Investment Options	There are 20 investment options and investment and investment returns are based on the participant's investment direction.	The investment options are listed on page 51 and investment return is based on the participant's investment direction.
Distributions	Allowed at various times including termination, death and disability.	Allowed at various times including termination, death, specified date, change of control, unforeseen emergency and mandatory payment at age 65.
Vesting	3 year cliff	Immediate

Table of Contents

The following are the investment options available to all participants in the Excess Plan:

Investment Option	1 Year Rate Of Return (12/31/2018)
Principal Blue Chip Institutional Fund	2.96%
Principal Equity Income Institutional Fund	5.06%
Principal LargeCap S&P 500 Index Institutional Fund	4.55%
Principal LargeCap Growth Institutional Fund	7.47%
Principal LargeCap Growth I Institutional Fund	3.67%
Principal MidCap Institutional Fund	6.69%
Principal SmallCap Value II Institutional Fund	14.39%
Principal SmallCap S&P 600 Index Institutional Fund	8.74%
Principal Small Cap Growth I Institutional Fund	5.42%
Principal Real Estate Securities Institutional Fund	4.31%
Principal International Emerging Markets Institutional Fund	20.86%
Principal Diversified International Institutional Fund	17.31%
Principal LifeTime Hybrid 2015 R6 Fund	4.50%
Principal LifeTime Hybrid 2020 R6 Fund	5.40%
Principal LifeTime Hybrid 2025 R6 Fund	6.41%
Principal LifeTime Hybrid 2030 R6 Fund	7.35%
Principal LifeTime Hybrid 2035 R6 Fund	7.88%
Principal LifeTime Hybrid 2040 R6 Fund	8.56%
Principal LifeTime Hybrid 2045 R6 Fund	9.03%
Principal LifeTime Hybrid 2050 R6 Fund	9.46%
Principal LifeTime Hybrid 2055 R6 Fund	9.82%
Principal LifeTime Hybrid 2060 R6 Fund	10.00%
Principal LifeTime Hybrid 2065 R6 Fund	13.13%
Principal LifeTime Hybrid Income R6 Fund	2.75%
Principal Core Plus Bond Institutional Fund	1.68%
Principal Inflation Protection Institutional Fund	1.58%
Principal Government & High Quality Bond Institutional Fund	0.89%
Principal Financial Group, Inc. Employer Stock Fund	34.42%
Principal Diversified Real Asset Institutional Fund	7.90%
Principal Select Stable Value Fund	0.05%

Severance Plans

Messrs. Houston, Dunbar, Halter and Valdés and Ms. Strable-Soethout are eligible for severance under the Company's severance plan if they are terminated because of layoffs, position elimination or similar reasons. They are not eligible for severance benefits if they take a comparable job with Principal Life, fail to sign a release of claims against Principal Life, and/or other specified reasons. The benefit payable under the severance plan is the greater of one week of base salary for each year of service with Principal Life or two weeks of base salary for each $10,000 of annual base salary (rounded to the nearest $10,000), up to a maximum of 52 weeks. The severance plan also provides for three months of reimbursement of premium for continuation of medical, dental and vision insurance under the retiree medical plan if the Executive is eligible to retire or COBRA if the Executive is not eligible to retire. In circumstances in which the severance plan does not apply, the Human Resources Committee would determine whether any severance benefits would be paid to Messrs. Houston, Dunbar, Halter and Valdés and Ms. Strable-Soethout.

An agreement made with Mr. McCaughan when he was hired provided that if he were terminated without "Cause", as that term is defined in the Change of Control Employment Agreements (see below), he would be paid (i) one

Table of Contents

year's base compensation and one year's annual bonus at target, and (ii) all other accrued entitlements, in accordance with the terms of the relevant plan.

The following table illustrates the severance or contractual benefits that the Named Executive Officers would have received had they qualified for such benefits on December 31, 2018, except in the case of Mr. McCaughan, for whom the amounts shown are the actual benefits in connection with his retirement effective September 30, 2018:

Named Executive Officer	Severance	Outplacement Services	COBRA Reimbursement	Total
Houston	$ 900,000	$ 135,000	$ 5,519	$ 1,040,519
Strable-Soethout	$ 595,500	$ 89,325	$ 3,012	$ 687,837
Dunbar	$ 600,000	$ 90,000	$ 3,880	$ 693,880
Halter	$ 575,000	$ 86,250	$ 5,519	$ 666,769
McCaughan	$ 3,465,000	$ 0	$ 0	$ 3,465,000
Valdés	$ 615,500	$ 92,325	$ 6,927	$ 714,752

Change of Control Employment Agreements

Principal has Change of Control Employment Agreements with each of the Named Executive Officers currently employed. These Agreements have an initial term of two years and will automatically renew for successive one year periods unless Principal provides a notice electing not to extend the term. If during the term of these agreements a Pre Change of Control Event" or a Change of Control occurs, the term of the agreements will extend until the second anniversary of a Change of Control. These agreements provide that if payments upon termination of employment related to a Change of Control would be subjected to the excise tax imposed by Section 4999 of the Tax Code, and if reducing the amount of the payments would result in greater benefits to the Named Executive Officer (after taking into consideration the payment of all income and excise taxes that would be owed as a result of the Change of Control payments), Principal will reduce the Change of Control payments by the amount necessary to maximize the benefits received, determined on an after tax basis.

The severance and other benefits provided under these agreements will be available to Named Executive Officers upon a Change of Control if their employment is terminated following or in connection with a Pre Change of Control Event, or if any third party ends or adversely changes the terms and conditions of their employment. For a termination prior to a Change of Control, such termination or change in employment is deemed to have occurred immediately following the date on which a Change of Control occurs, rather than at the time the termination or change in employment actually occurs.

Under these Agreements, a Pre Change of Control Event means:

- An offer that would result in a third party owning 40% or more of the Company's voting securities;
- A proxy solicitation or contest for the election of one or more members of the Company's Board; or
- An agreement that would result in a Change of Control.

Under these Agreements, a Change of Control means:

- Any person becoming an owner of 40% or more of the Company's Common Stock;

- Directors on the Board on the date of the Agreements (or those thereafter nominated for election, or elected to replace such Directors by certain incumbent Directors) are no longer a majority of the Board;

- A merger, reorganization, consolidation or similar transaction in which the shareholders of Principal do not continue to own more than 60% of the voting securities of the surviving corporation or its ultimate parent corporation; or

- Approval by the shareholders of Principal of a sale of its assets or a plan of liquidation.

These Agreements also provide:

- That the Named Executive Officers receive specified salary, annual incentive compensation and benefits for two years following a Change of Control if their employment continues after the Change of Control;

Table of Contents

That if the successor to Principal agrees to issue equity to replace the equity awards they received from Principal, the outstanding equity awards will continue or will become equity related to the common stock of the successor company ("Successor"). Any outstanding performance based equity awards will be converted into time vesting restricted stock or RSUs for Principal stock (or the stock of the Successor). If the Successor does not or cannot agree to such substitution, then any such awards that are not converted will become fully vested, exercisable and/or distributable upon the Change of Control. In addition, the Agreements and equity award agreements specify that the Human Resources Committee (as made up immediately prior to the Change of Control) determines whether awards will be settled in cash;

For severance and other benefits, if their employment is terminated without "Cause" or by the Named Executive Officer voluntarily for Good Reason. Termination without Cause or by the Named Executive Officer for Good Reason is referred to as a Qualifying Termination; and

That they will vest in all benefits previously accrued under the NQDB and Excess Plans, and these benefits will be paid in accordance with these plans.

The benefits received upon a Change of Control without termination of employment include the current vested account balance in the Excess Plan and the current vested benefit in the NQDB, according to change of control distribution elections on file for these plans.

For purposes of the Agreements, Good Reason means negative changes in the terms and conditions of the Named Executive Officer's employment, consisting of:

Failure to pay base salary;

Failure to pay the annual bonus or a reduction in annual bonus opportunity;

Material adverse change in position, authority or duties;

Material reduction in the aggregate compensation and benefits;

Relocation to any office or location more than 50 miles from where the Named Executive Officer worked immediately before the Change of Control;

Any material breach of the Change of Control Employment Agreement;

Any purported termination the Company claims is for Cause, but fails to satisfy the requirements for a Cause termination; or

The failure of the Successor to be bound by the Agreements.

Cause means any one or more of the following:

Commission of certain crimes;

- Misconduct or habitual neglect of duties; or
- Willful or intentional breach of the Change of Control Employment Agreement.

The benefits to be paid or provided under the Agreements if termination occurs for Good Reason or without Cause consist of:

- Lump sum severance benefits equal to two times the sum of the annual base salary and target annual bonus;
- Immediate vesting of all stock options, stock appreciation rights, shares of restricted stock, PSAs, PSUs, performance units, RSUs and deferred stock units;
- A prorated annual bonus for the year of termination minus the amount paid for the bonus at the time of the Change of Control; and
- The reimbursement for legal fees and other related expenses to enforce the Agreements.

In addition, until the third anniversary of the date of the Named Executive Officer's termination, he or she and his or her eligible family members will receive medical, prescription drug, dental, vision, group term life insurance, and accidental death and dismemberment coverages comparable to those received by Executives whose employment continues.

Pursuant to these Agreements, the Named Executive Officers agreed that for one year following a termination of employment that results in the Named Executive Officer receiving the severance benefits described above, he or

Table of Contents

she will not work for a competing business, solicit employees or customers, or interfere with the relationships of the Company, its affiliates and subsidiaries with their employees or customers.

Potential Payments Upon Termination Related to a Change of Control

The following table describes the potential payments upon involuntary termination without Cause or voluntary termination for Good Reason following a Change of Control. No amounts are shown for Mr. McCaughan, whose employment terminated September 30, 2018. The calculations provided in the table assume:

termination occurred on December 31, 2018;

per share price of the Company's Common Stock was $44.17, the closing price as of December 31, 2018, the last trading day of the year.

Named Executive Officer	Cash Severance(1)	Spread on Previously Unvested Options	Value of Previously Unvested Restricted Stock & Performance Shares(2)	Benefits Continuation(3)	Accelerated Pension Benefit(4)	Total Termination Benefits (before taxes)
Houston	$ 8,100,000	$ 508,039	$ 6,434,641	$ 186,110	$ 0	$ 15,228,790
Strable-Soethout	$ 2,977,500	$ 153,997	$ 1,825,369	$ 120,582	$ 0	$ 5,077,448
Dunbar	$ 6,000,000	$ 156,227	$ 1,586,189	$ 126,667	$ 0	$ 7,869,083
Halter	$ 5,175,000	$ 0	$ 2,306,734	$ 137,360	$ 0	$ 7,619,094
Valdés	$ 2,462,000	$ 187,823	$ 1,935,574	$ 143,435	$ 0	$ 4,728,832

(1) Cash severance equals two times the sum of base salary and target annual bonus. In addition, the Named Executive Officers would be entitled to a pro rata bonus for the year of termination.

(2) Equals the full value of unvested restricted shares and unearned performance shares as of December 31, 2018, where vesting would be accelerated, at a stock price of $44.17. Performance shares granted in 2016 and 2017 are valued at target, based on Company performance to date as of December 31, 2018.

(3) Includes the estimated cost of continued medical, dental, vision, and life insurance coverage for three years after the Named Executive Officer's termination and outplacement services.

(4)

Represents the lump sum present value of the accelerated vesting of unvested retirement benefits. All of the Named Executive Officers are fully vested in their pension benefit.

Table of Contents

Proposal Two Advisory Vote to Approve Executive Compensation

The Company's Executive compensation program is designed to reward Executives who contribute to the achievement of the Company's business objectives and to attract, retain and motivate talented Executives to perform at the highest level and contribute significantly to the Company's success. The program is designed to tie the delivery of Executive compensation to the achievement of the Company's long and short term financial and strategic goals and to align the interests of Executives and shareholders. The purposes and objectives of, and the rationale behind, the Company's compensation program are described in significant detail in the Compensation Discussion and Analysis, starting on page 24. Of particular note are the following policies and practices aligned with recognized corporate governance best practice:

- Our Executive compensation is, in large measure, highly variable and directly linked to our short term and long-term financial and strategic goals and the performance of the Company's stock price over time.

- Executives receive a significant portion of total compensation opportunity in the form of equity based long-term incentives and are required to own stock in Principal to ensure their interests are aligned with the shareholders' interests and long-term performance of Principal.

- Principal prohibits all employees, including Executives, from: purchasing Company securities on margin, except for the exercise of employee stock options; short sales; trading in put or call options; and purchasing, directly or through a designee, any financial instrument (including prepaid variable forward contracts, equity swaps, collars and exchange funds) that is designed to hedge or offset any decrease in the market value of Company securities.

- Principal has a compensation recovery policy to recover incentive compensation paid to Executives if the amount of the compensation was based on achievement of financial results that were subsequently restated, if, in the opinion of the Committee, the Executive engaged in fraud or intentional misconduct that caused the restatement of the Company's financial statements, and if the amount of the Executive's incentive compensation or equity award would have been lower had the financial results been properly reported.

- Our Executive Change of Control Employment Agreements provide market-based service protection and do not contain excise tax gross ups.

- We provide limited perquisites to Executives one physical examination per year, business spousal travel, and gifts of nominal value given to all sales conference attendees.

- Our programs are designed to be financially efficient from tax, accounting, cash flow and share dilution perspectives. We make efforts to ensure tax deductibility to Principal of all compensation to the extent practicable.

Shareholders are being asked to vote on the Company's compensation policies and procedures for the Named Executive Officers, as described in the Compensation Discussion and Analysis and the compensation tables and the accompanying narratives in this Proxy Statement.

This vote is not intended to address any specific item of compensation, but the Company's overall compensation related to our Named Executive Officers. Because your vote is advisory, it will not be binding on the Board and will not overrule any decision by the Board or require the Board to take any action. However, the Human Resources Committee, which is responsible for designing and administering the Company's Executive compensation program, values shareholder opinions and will consider the outcome of the vote when making future compensation decisions for the Named Executive Officers.

In 2018, 96%% of shareholders who cast ballots voted to retain an annual advisory vote on Executive Compensation, and the Board approved continuing this practice.

This proposal, commonly known as a "say on pay" proposal, gives shareholders the opportunity to vote on an advisory, nonbinding basis to approve the compensation of our Named Executive Officers as disclosed in this proxy statement pursuant to SEC rules through the following resolution:

RESOLVED, that the compensation paid to the Company's Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby approved.

The Board of Directors recommends that shareholders vote "For" this resolution.

Table of Contents

Proposal Three Ratification of Appointment of Independent Registered Public Accountants

Subject to shareholder ratification, the Audit Committee has appointed the firm of Ernst & Young LLP to audit the consolidated financial statements of the Company for the fiscal year ending December 31, 2019. In order to assure continuing auditor independence, the Audit Committee periodically considers the advisability and potential impact of selecting a different independent external audit firm. Ernst & Young LLP has served as the Company's independent registered public accountant since it became a publicly traded company in 2001, and Principal Life has used Ernst & Young LLP as its independent registered public accountant for many years prior thereto. The Audit Committee and the Board of Directors believe, after the consideration of a variety of factors, that the continued retention of Ernst & Young LLP is in the best interest of the Company and its shareholders. Ratification of the appointment of the independent registered public accountants requires the affirmative vote of a majority of the shares represented at the meeting and voting on the matter. If the shareholders do not ratify this appointment, the Audit Committee will consider the matter of the appointment of the independent registered public accountants.

RESOLVED, that the appointment of Ernst & Young, LLP to audit the consolidated financial statements of the Company for the fiscal year ending December 31, 2019 be ratified.

The Board of Directors recommends that shareholders vote "For" this resolution.

Representatives of Ernst & Young LLP will be present at the Annual Meeting, will be given an opportunity to make a statement if they so desire and will be available to respond to appropriate questions relating to the audit of the Company's 2018 consolidated financial statements.

Audit Fees

The aggregate fees billed by the Company's independent registered public accounting firm in 2018 and 2017 for professional services rendered in connection with regulatory audits in accordance with US GAAP, statutory, or foreign accounting principles; consultation on matters addressed during these audits; review of documents filed with regulators including the SEC; other engagements required by statute; or engagements that generally only the Company's independent registered public accounting firm can reasonably provide, such as comfort letters or consents, were approximately $12,079,000 in 2018 and $11,309,000 in 2017.

Audit Related Fees

The aggregate fees billed by the Company's independent registered public accounting firm in 2018 and 2017 for professional services rendered in connection with audit related services such as financial statement audits of employee benefit plans, financial statement audits not required by statute or regulation, accounting consultations in connection with proposed transactions or emerging accounting standards, and other attest and related advisory services not required by statute or regulation totaled approximately $1,788,000 in 2018 and $1,697,000 in 2017.

Tax Fees

The aggregate fees billed by the Company's independent registered public accounting firm for professional services rendered in connection with tax services consisting primarily of tax compliance totaled approximately $244,000 in 2018 and $111,000 in 2017. Tax compliance generally involves preparation, assistance or attestation related to tax filings in various domestic and non-domestic jurisdictions. Tax consultation generally involves assistance in connection with tax audits, filing appeals, and compliance with tax related regulations.

All Other Fees

The Company's independent registered public accounting firm did not bill for professional services rendered in connection with other services in 2018 or 2017.

The Audit Committee has adopted a policy on auditor independence that calls for the Committee to preapprove any service the Company's independent registered public accountant proposes to provide to the Company, its majority owned subsidiaries, employee benefit plans or affiliates which the Company controls or significantly influences. The policy also calls for the Committee to preapprove any audit service any independent auditor proposes to provide to these entities. The purpose of the policy is to assure that the provision of such services does not impair any auditor's independence. The policy provides for the general preapproval of specific types of Audit and Audit Related services

and fees up to an established individual engagement and annual threshold. The policy requires specific preapproval of all other services. Pursuant to the policy, each quarter Principal management presents to the Committee a detailed description of each particular service that meets the definition of services that have been generally approved and each service for which specific preapproval is sought, and an estimate of fees for each service. The policy accords the Audit Committee Chair authority to preapprove services and fees for those services that arise between regularly scheduled meetings of the Audit Committee. In considering whether to preapprove the provision of non audit services by the independent registered public accountant, the Audit Committee will consider whether the services are compatible with the maintenance of the independent registered public accountant's independence. The Audit Committee does not delegate its responsibilities to preapprove services performed by an independent auditor to management.

The Audit Committee did not approve the services described above under the captions "Audit Related Fees," "Tax Fees," and "All Other Fees," by utilizing the de minimis exception of SEC Rule 2-01(c)(7)(i)(C).

Table of Contents

Security Ownership of Certain Beneficial Owners and Management

Except as otherwise indicated below, the following table shows, as of March 15, 2019, beneficial ownership of shares of Common Stock by (i) the only shareholders known to the Company to beneficially own more than 5% of the outstanding shares of Common Stock, (ii) each Director, (iii) each Named Executive Officer and (iv) all current Directors and Executive Officers as a group. Except as otherwise indicated below, each of the individuals named in the table has sole voting and investment power, or shares such powers with his or her spouse, for the shares set forth opposite his or her name.

Name	Number of Shares Beneficially Owned(1)	Percent of Common Stock Outstanding
The Vanguard Group[2] 100 Vanguard Boulevard Malvern, Pennsylvania 19355	30,737,191	10.73
BlackRock Inc.[3] 55 East 52nd Street New York, NY 10055	18,920,630	6.70
Nippon Life Insurance Company[4] 3-5-12 Imabashi Chuo-ku Osaka, 541-8501, Japan	18,137,000	6.29
Capital Research Global Investors[5] 333 South Hope Street Los Angeles, California 90071	15,094,996	5.30
Betsy J. Bernard	45,285	*
Jocelyn Carter-Miller	46,085	*
Michael T. Dan	46,437	*
C. Daniel Gelatt	136,505	*
Sandra L. Helton	44,742	*
Roger C. Hochschild	8,693	*
Scott M. Mills	4,705	*
Diane C. Nordin	1,133	*
Blair C. Pickerell	7,459	*
Elizabeth E. Tallett	51,003	*

Timothy M. Dunbar	267,448	*
Patrick G. Halter	84,199	*
Daniel J. Houston	721,975	*
James P. McCaughan	275,799	*
Deanna D. Strable-Soethout(6)	344,841	*
Luis Valdés	167,489	*
All Directors and Executive Officers as a group (22 persons)	3,026,455	1.09

Table of Contents

*
The number of shares represents less than one percent of the number of shares of Common Stock outstanding.

(1)
Includes beneficial ownership of shares which each person named in this table has the right to acquire on or before May 14, 2019 pursuant to previously awarded stock options, RSUs, and performance units that, although scheduled to be paid in shares in more than 60 days, would be paid immediately upon termination of service, as follows: Ms. Bernard, 43,930; Ms. Carter Miller, 45,815; Mr. Dan, 36,437; Mr. Gelatt, 48,910; Ms. Helton, 43,630; Mr. Hochschild, 8,693; Mr. Mills, 4,705; Ms. Nordin, 1,133; Mr. Pickerell, 7,459; Ms. Tallett, 48,370; Mr. Dunbar, 200,418; Mr. Halter, 33,784; Mr. Houston, 537,266; Mr. McCaughan, 225,970; Ms. Strable-Soethout, 203,725; Mr. Valdés, 89,610; and all other executive officers as a group, 493,232.

(2)
The information regarding beneficial ownership by The Vanguard Group is based solely on an amended Schedule 13G filed by it with the SEC on February 12, 2019, which provided information as of December 31, 2018. According to the Schedule 13G, Vanguard has sole voting power with respect to 315,562 shares; shared voting power with respect to 69,448 shares; sole investment power with respect to 29,989,702 shares; and shared investment power with respect to 383,489 shares.

(3)
The information regarding beneficial ownership by BlackRock Inc.is based solely on an amended Schedule 13G filed by it with the SEC on February 6, 2019, which provided information as of December 31, 2018. According to the Schedule 13G, BlackRock has sole voting power with respect to 16,393,957 shares; shared voting power with respect to 0 shares; sole investment power with respect to 18,920,630 shares; and shared investment power with respect to 0 shares.

(4)
The information regarding beneficial ownership by Nippon Life Insurance Company is based solely on a Schedule 13G filed by it with the SEC on February 28, 2008, which provided information as of February 21, 2008. According to the Schedule 13G, Nippon Life has sole voting power with respect to 18,137,000 shares; shared voting power with respect to 0 shares; sole investment power with respect to 18,137,000 shares; and shared investment power with respect to 0 shares.

(5)
The information regarding beneficial ownership by Capital Research Global Investors is based solely on a Schedule 13G filed by it with the SEC on February 14, 2019, which provided information as of December 31, 2018. According to the Schedule 13G, Capital Research Global Investors has sole voting power with respect to 15,094,996 shares; shared voting power with respect to 0 shares; sole investment power with respect to 15,094,996 shares; and shared investment power with respect to 0 shares.

(6)
Includes shares owned by Ms. Strable-Soethout's spouse.

In addition to beneficial ownership of Common Stock, the Company's Directors and Executive Officers also hold different forms of "stock units" that are not reported in the security ownership table but represent additional financial interests that are subject to the same market risk as Common Stock. These units include shares that may be acquired after May 14, 2019, pursuant to previously awarded stock options, RSUs, performance share units and nontransferable accounting entry units such as phantom stock units issued pursuant to Company stock based compensation and benefit plans. The value of such units is the same as the value of the corresponding number of shares of Common Stock.

See "Directors' Compensation" on pages 21-23 for a discussion of the options and RSUs granted to Directors under the Principal Financial Group, Inc. 2014 Directors Stock Plan and the phantom stock units credited to Directors who participate in the Deferred Compensation Plan for nonemployee Directors of Principal Financial Group, Inc. See "Compensation Discussion and Analysis" beginning on page 24 for a discussion of the performance units credited to officers who defer receipt of awards under a long-term performance plan, the options and RSUs granted under the 2014 Stock Incentive Plan, and phantom stock units credited to officers that defer salary into an employer stock fund available under the Excess Plan.

As of March 15, 2019, the Directors and Executive Officers named in the security ownership table hold a pecuniary interest in the following number of units: Ms. Bernard, 2,839; Ms. Carter Miller, 2,839; Mr. Dan, 11,717; Dr. Gelatt, 2,839; Ms. Helton, 2,839; Mr. Hochschild, 12,418; Mr. Mills, 7,375; Ms. Nordin, 2,839; Mr. Pickerell, 2,839; Ms. Tallett, 9,997; Mr. Dunbar, 168,514; Mr. Halter, 142,101; Mr. Houston, 206,881; Mr. McCaughan, 101,552; Ms. Strable-Soethout, 135,487; and Mr. Valdés, 127,905.

Table of Contents

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's Directors, Executive Officers and persons who own more than ten percent of a registered class of the Company's equity securities (Reporting Persons) to file with the SEC and Nasdaq reports of ownership of the Company's securities and changes in ownership. Reporting Persons required to provide the Company with copies of all Section 16(a) reports they file. Based on a review of the reports provided to the Company or written representations from Reporting Persons, the Company believes that during the fiscal year ended December 31, 2018, all Section 16(a) reports were filed on a timely basis except for one report for Mr. McCaughan. Due to an administrative error, a report prepared on Mr. McCaughan's behalf was inadvertently not filed prior to the filing deadline.

Table of Contents

Questions and Answers About the Annual Meeting

Why didn't I receive a copy of the paper proxy materials?
The SEC rules allow companies to notify shareholders that proxy materials are available on the Internet and to provide access to those materials via the Internet. You may obtain paper copies of the proxy materials free of charge by following the instructions provided in the notice of Internet availability of proxy materials.

Why did I receive notice of and access to this proxy statement?
The Board is soliciting proxies to be voted at the Annual Meeting of shareholders to be held on May 21, 2019, at 9:00 a.m., Central Daylight Savings Time, at 711 High Street, Des Moines, Iowa, and at any adjournment or postponement of the meeting. When the Board asks for your proxy, it must provide you access to proxy materials that contain information required by law. These materials were first made available, or sent to shareholders on April 9, 2019.

What is a proxy?
It is your legal designation of another person to vote the stock you own. The other person is called a proxy. When you designate someone as your proxy in a written document, that document is also called a proxy or a proxy card. Principal has designated three of Company's officers to act as proxies for the 2019 Annual Meeting: Timothy M. Dunbar, Executive Vice President and Chief Investment Officer; Deanna D. Strable-Soethout, Executive Vice President and Chief Financial Officer; and Karen E. Shaff, Executive Vice President, General Counsel and Secretary.

What will the shareholders vote on at the Annual Meeting?

- Election of four Directors for three year terms;
- An advisory vote to approve Named Executive Officer compensation; and
- Ratification of the appointment of independent auditors.

Will there be any other items of business on the agenda?
Principal does not expect any other items of business because the deadline for shareholder proposals and nominations has passed. However, if any other matter should properly come before the meeting, the people authorized by proxy will vote according to their best judgment.

Who can vote at the Annual Meeting?
Shareholders as of the close of business on March 27, 2019 ("Record Date") can vote at the Annual Meeting.

How many votes do I have?

You will have one vote for every share of Company Common Stock you owned on the Record Date.

Table of Contents

What constitutes a quorum?

One third of the outstanding shares of Common Stock as of the Record Date. On the Record Date, there were 278,156,930 shares of Common Stock outstanding. A quorum must be present, in person or by proxy, before any action can be taken at the Annual Meeting, except an action to adjourn the meeting.

How many votes are required for the approval of each item?

Each nominee for Director will be elected if there are more votes for the nominee than votes against the nominee. Directors are elected by the majority of votes cast in uncontested Director elections.

The advisory vote to approve the Company's Named Executive Officer compensation will be approved if there are more votes for the proposal than against the proposal.

The appointment of the independent auditors will be ratified if there are more votes for the proposal than votes against the proposal.

Abstentions and broker non votes will be treated as being present at the meeting for determining a quorum but will not be counted as votes for the proposals. They have no impact on the Director nominees, the advisory vote to approve Named Executive Officer compensation or ratification of independent auditors.

What are Broker Non votes?

If your shares are held in a brokerage account, your broker will ask you how you want your shares to be voted. If you give your broker directions, your shares will be voted as you direct. If you do not give directions, the broker may vote your shares on routine items of business, but not on non routine items. Proxies that are returned by brokers because they did not receive directions on how to vote on non routine items are called "broker non votes."

How do I vote by proxy?

Shareholders of record may vote by mail, by telephone or through the Internet. Shareholders may vote "for," "against" or "abstain" from voting for each of the Director nominees, the advisory vote to approve Named Executive Officer compensation, and the proposal to ratify the appointment of the independent auditors.

By Mail. Sign and date each proxy or voting instruction card you receive and return it in the prepaid envelope. Sign your name exactly as it appears on the proxy. If you are signing as a representative (for example, as an attorney in fact, executor, administrator, guardian, trustee or an officer or agent of a corporation or partnership), indicate your name and your title or capacity. If the stock is held in custody for a minor, the custodian should sign, not the minor. If the stock is held in joint ownership, one owner may sign on behalf of all owners.

By Telephone. Follow the instructions on the proxy or voting instruction card or the instructions in the email message that notified you of the availability of the proxy materials. If you vote by telephone, do not return your proxy or voting instruction card. Telephone voting will be available until 1:00 a.m., Central Daylight Time, on May 21, 2019 for proxy cards and until 1:00 a.m., Central Daylight Time, on May 17, 2019, for voting instruction cards.

Through the Internet. You may vote on line at www.investorvote.com. Follow the instructions provided in the notice of Internet availability of proxy materials or on the proxy or voting instruction card. If you vote through the Internet, do not return your proxy or voting instruction card. Internet voting for proxy cards will be available until 1:00 a.m., Central Daylight Time, on May 21, 2019, and until 1:00 a.m., Central Daylight Time, on May 17, 2019, for voting instruction cards.

How do I vote shares that are held by my broker?

If you own shares held by a broker, you may direct your broker or other nominee to vote your shares by following the instructions that your broker provides to you. Most brokers offer voting by mail, telephone and through the Internet.

Table of Contents

How do I vote in person?

If you are going to attend the Annual Meeting, you may vote your shares in person. However, we encourage you to vote in advance of the meeting by mail, telephone or through the Internet even if you plan to attend the meeting.

How do I vote my shares held in the Company's 401(k) plan?

The trustees of the plan will vote your shares in accordance with the directions you provide by voting on the voting instruction card or the instructions in the email message that notified you of the availability of the proxy materials. Shares for which voting instructions are not received are voted in the discretion of the trustees.

How are shares held in the Demutualization separate account voted?

Principal became a public company on October 26, 2001, when Principal Mutual Holding Company converted from a mutual insurance holding company to a stock company (Demutualization) and the initial public offering of shares of the Company's Common Stock was completed. Principal issued Common Stock to Principal Life, and Principal Life allocated this Common Stock to a separate account that was established to fund policy credits received as Demutualization compensation by certain employee benefit plans that owned group annuity contracts. Although Principal Life will vote these shares, the plans may give Principal Life voting directions. A plan may give voting directions by following the instructions on the voting instruction card or the instructions in the message that notified you of the availability of proxy materials. Principal Life will vote the shares as to which it received no direction in the same manner, proportionally, as the shares in the Demutualization separate account for which it has received directions.

Who counts the votes?

Votes will be counted by Computershare Trust Company, N.A.

What happens if I do not vote on an issue when returning my proxy?

If no specific instructions are given, proxies that are signed and returned will be voted as the Board of Directors recommends:

- "For" the election of all Director nominees;
- "For" approval of the Company's named executive officer compensation; and
- "For" the ratification of Ernst & Young LLP as independent auditors.

How do I revoke my proxy?

If you hold your shares in street name, you must follow the instructions of your broker or bank to revoke your voting instructions. Otherwise, you can revoke your proxy or voting instructions by voting a new proxy or instruction card or by voting at the meeting.

What should I do if I want to attend the Annual Meeting?

Please bring photo identification and, if your stock is held by a broker or bank, evidence of your ownership of Common Stock as of March 27, 2019. The notice of Internet availability of proxy materials you received in the mail, a letter from your broker or bank or a photocopy of a current account statement will be accepted as evidence of ownership.

Table of Contents

How do I contact the Board?

You may contact the through the Lead Director through the Investor Relations section of the Company's website at www.principal.com, or by writing to:

Lead Director, c/o Karen E. Shaff
Executive Vice President, General Counsel and Secretary
Principal Financial Group, Inc.
Des Moines, Iowa 50392-0300

All emails and letters received will be categorized and processed by the Company's Secretary and then sent to the Company's Lead Director.

How do I submit a shareholder proposal or nominate a director for the 2019 Annual Meeting?

The Company's next annual meeting is scheduled for May 18, 2020. Proposals should be sent to the Company's Secretary. To be included in next year's proxy statement, proposals must be received by December 11, 2019. In addition, the Company's By-Laws provide that any shareholder wishing to propose any other business at the annual meeting must give Principal written notice between January 22, 2020 and February 21, 2020. That notice must provide other information as described in the Company's By-Laws, which are on the Company's website, www.principal.com.

For proxy access nominees to be considered at the 2020 annual meeting, the nomination notice must be received by the Office of the Secretary no earlier than the close of business on November 11, 2019, and no later than the close of business on December 11, 2019. Among other things, the notice must include the information and documents described in Section 1.17 of the Company's By-Laws.

What is "householding?"

We send shareholders of record at the same address one copy of the proxy materials unless we receive instructions from a shareholder requesting receipt of separate copies of these materials.

If you share the same address as other shareholders and would like Principal to send only one copy of future proxy materials, please contact Computershare Trust Company, N.A. at 866-781-1368, or P.O. Box 43078, Providence, RI 02940-3078. You can also contact Computershare to receive individual copies of all documents.

Where can I receive more information about the Company?

We file reports and other information with the SEC, which are available on the Company's website at www.principal.com and at www.sec.gov. You may also contact the SEC at 1-800-SEC-0330. The Audit, Finance, Human Resources and Nominating and Governance Committee charters, the Company's Corporate Governance Guidelines, and Principal's Code of Business Conduct and Ethics are also available on the Company's website, www.principal.com.

The Board urges you to vote by using the Internet or telephone or by returning the proxy or **voting instruction card.**

Table of Contents

Appendix A

Towers Watson
2018 Financial Services Executive Compensation Survey Participants

AAA Life Insurance
AAA Northern California, Nevada & Utah
ACI Worldwide
AFLAC
AgriBank, FCB
AgStar Financial Services
AIG
Alliance Data Systems
Allianz Global Corporate & Specialty
Allianz Life Insurance
Allianz Technology
Allstate
Ally Financial
American Enterprise
American Express
American Riviera Bank
Ameriprise Financial
Amica Mutual Insurance
Anthem
Associated Banc-Corp
Auto Club Group
Automobile Club of Southern California
AXA Group
AXA Partners
Bank of Montreal
Bar Plan Mutual Insurance Company
Baxter Credit Union
BBVA
Blue Cross & Blue Shield Association
Blue Cross Blue Shield of Florida
Blue Cross Blue Shield of Louisiana
Blue Cross Blue Shield of North Carolina
Blue Cross Blue Shield of South Carolina
Blue Cross of Idaho
Blue Shield of California
Bremer Financial
Brighthouse Financial
Broadridge Financial Solutions
Brotherhood Mutual Insurance
BUPA
Capital One Financial
Caterpillar Financial Services
Centene
Charles Schwab
Chubb
CIBC Bank USA
Cigna
Citizens Property Insurance
City National Bank
CME Group
CNO Financial
Cobank
Coface
Comerica
Commerce Bancshares
Common Securitization Solutions
Corporate One Federal Credit Union
Coverys
CSAA Insurance Group
CTBC Bank
Cullen Frost Bankers
Delta Dental of California
Delta Dental Plan of Michigan
Diamond Insurance Company
Eastern Bank
Element Fleet Management
Emblem Health
Employers Mutual Casualty Company
Enova International
Erie Insurance
EverBank
Experian Americas
Express Scripts
Farm Credit Bank of Texas
Farm Credit Foundations
Farmers Group
Federal Home Loan Bank of New York
Federal Reserve Bank of Atlanta
Federal Reserve Bank of Boston
Federal Reserve Bank of Cleveland
Federal Reserve Bank of Minneapolis
Federal Reserve Bank of San Francisco
Federal Reserve Bank of St. Louis
Federal Reserve Board
Fifth Third Bancorp
FINRA
First Abu Dhabi Bank
First Citizens Bank
First Credit Union
First Financial Bancorp
First National of Nebraska
Fiserv
Freddie Mac
GATX
Genworth Financial
GM Financial
Great American Insurance
Great Western Bank
Great-West Financial

CNA Hardy
CNL Financial Group
Hartford Financial Services Group
Highmark
Hiscox
Horizon Blue Cross Blue Shield of New Jersey
GreenStone
Guardian Life
Portfolio Recovery Associates
Primerica Life
Principal Financial Group
Protective Life
Prudential Financial

Table of Contents

HSBC Bank
Hudson Valley Federal Credit Union
Huntington Bancshares
Iberia Bank
Independence Blue Cross
Jackson National Life
Janus Henderson Investors
John Hancock
Kemper Services Group
KeyCorp
Knights of Columbus
Legal & General America
Liberty Mutual U.S. Consumer Markets
Lincoln Financial
Logix Federal Credit Union
Magnitude Capital
Manulife Financial
MAPFRE U.S.A.
Marsh & McLennan
Massachusetts Mutual
Mercedes-Benz Financial Services
Mercury Insurance
MetLife
Moody's
Mountain America Credit Union
Munich Re Group
Mutual of Omaha
National Life Group
Nationwide
Navient
Navy Federal Credit Union
NCCI Holdings
NC State Employees' Credit Union
New York Life
Northern Trust
Northwestern Mutual
OneAmerica Financial Partners
OneBeacon Insurance
Pacific Life
Patelco Credit Union
PayPal
Penn Mutual Life
PennyMac Mortgage Investment Trust
Pentagon Federal Credit Union
People's Bank
Plymouth Rock Assurance
PMA Companies
QBE the Americas
Radian Group
Realogy
Regions Financial
Reinsurance Group of America (RGA)
RLI
Sammons Financial Group & Affiliates
SBLI of Massachusetts
SchoolsFirst FCU
Securian Financial Group
Security Service Federal Credit Union
Society Insurance
Southern Farm Bureau Life
StanCorp Financial Group
State Teachers Retirement System of Ohio
Sun Life Financial
SunTrust Banks
SVB Financial
Symetra Financial
Synchrony Financial
Synovus Financial Corporation
TD Ameritrade
Texas Life
Thrivent Financial for Lutherans
Tokio Marine HCC
Total System Service (TSYS)
Transamerica
Transatlantic Holdings
TransUnion
Travelers
T. Rowe Price Group
UMB Financial
United Federal Credit Union
UnitedHealth Group
Unum
USAA
U.S. Bancorp
Visa
Voya Financial Services
Walker & Dunlop
Webster Bank
Wells Fargo
Western Union
World Bank
WorldPay
Zurich North America

Table of Contents

Towers Watson
2018 Diversified Insurance Compensation Survey Participants

AFLAC
AIG
Allstate
AXA Group
Brighthosue Financial
Cigna
CNO Financial
Guardian Life
Hartford Financial Services
John Hancock
Lincoln Financial
Massachusetts Mutual
MetLife
Nationwide
New York Life
Northwestern Mutual
OneAmerica Financial Partners
Pacific Life
Principal Financial Group
Protective Life
Prudential Financial
Securian Financial Group
Sun Life Financial
Symetra Financial
Thrivent Financial for Lutherans
Transamerica
Unum
USAA
Voya Financial Services

McLagan
2018 Investment Management Survey Participants

AB Global (AllianceBernstein)
Aberdeen Standard Investments
Acadian Asset Management, LLC
Adams Funds
Advisory Research, Inc. (Piper Jaffray)
AEW Capital Management
AJO
Allianz Global Investors
American Century Investments
AMG Funds LLC
AMP Capital Investors Limited
Amundi Pioneer Asset Management USA, Inc.
Annaly Capital Management
Artisan Partners Limited Partnership
Ashmore Group plc
Aviva Investors
AXA Investment Managers
Barings LLC
Barrow, Hanley, Mewhinney & Strauss, LLC
Bessemer Trust Company
BlackRock, Inc.
BNP Paribas Asset Management
BNY Mellon Asset Management
Brandes Investment Partners, LP
Brandywine Global Investment Management, LLC
Bridgewater Associates, Inc.
Bridgeway Capital Management, Inc.
Brown Advisory
Brown Brothers Harriman & Co.
Franklin Templeton Investments
Fred Alger Management, Inc.
Fund Evaluation Group, LLC
GAM USA
Calamos Investments
Capital Group
Causeway Capital Management LLC
Ceredex Value Advisors LLC
Charles Schwab Investment Management, Inc.
Chartwell Investment Partners, LLC
Clark Capital Management Group, Inc.
ClearBridge Investments
Cohen & Steers, Inc.
Coho Partners Ltd.
Columbia Threadneedle Ameriprise Financial
Commonfund
Conning Holdings Limited
Copper Rock Capital Partners, LLC
Delaware Investments/Macquarie Investment Mgmt
Diamond Hill Capital Management, Inc.
Dimensional Fund Advisors Inc.
Duff & Phelps Investment Management Co.
DuPont Capital Management
DWS (formerly Deutsche Asset Management)
Eaton Vance Management
Edward Jones
Epoch Investment Partners, Inc.
Eventide Asset Management, LLC
Federated Investors, Inc.
Fidelity Investments
Financial Engines
First Eagle Investment Management, LLC
First Quadrant, L.P.
ProShare Advisors LLC
PSP Investments
Putnam Investments
Pzena Investment Management, LLC

Geode Capital Management, LLC
Glenmede Trust Company
Goldman Sachs Asset Management
Grantham, Mayo, Van Otterloo & Co. LLC
Harding Loevner LP
Hardman Johnston Global Advisors LLC
Harris Associates
Heitman
Hennessy Advisors, Inc.
Impax Group Plc
Insight Investment LLC
INTECH
Intermediate Capital Group
Invesco Ltd.
Investec Asset Management US Ltd.
J O Hambro Capital Management Ltd.
Jacobs Levy Equity Management, Inc.
Janus Henderson Investors
Jennison Associates LLC
Jensen Investment Management, Inc.
JPMorgan Asset & Wealth Management
Kayne Anderson Rudnick Investment Mgmt, LLC
Lazard Asset Management LLC
Litman Gregory Asset Management, LLC
Loomis, Sayles & Company, L.P.
Lord, Abbett & Co., LLC
Luther King Capital Management
MacKay Shields LLC
Mairs & Power Investment Counsel
Manning & Napier Advisors, Inc.
Mercer Global Investments
MFS Investment Management
Morgan Stanley Investment Management
Morningstar, Inc.
Neuberger Berman Group
Newfleet Asset Management, LLC
Nikko Asset Management Americas, Inc.
NISA Investment Advisors, LLC
Nomura Corporate Research & Asset Mgmt, Inc.
Numeric Investors LLC
Nuveen Investments
NWQ Investment Management Company, LLC
Oaktree Capital Management, LLC
OMERS
OppenheimerFunds
Orbis Investment Management Limited
O'Shaughnessy Asset Management, LLC
Pacific Current Group/Blackcrane Capital, LLC
Pacific Investment Management Company LLC
PanAgora Asset Management, Inc.
Parnassus Investments
Perella Weinberg Partners LP
Principal Global Investors
Rafferty Asset Management LLC (Direxion)
Raymond James Financial
Regions Investment Management, Inc.
Research Affiliates, LLC
Resolute Investment Mgrs (formerly American Beacon)
Rothschild Asset Management Inc.
Russell Investments
Sands Capital Management, LLC
Santa Barbara Asset Management, LLC
Schroder Investment Management
SEI Investments
Seix Investment Advisors LLC
Shenkman Capital Management
Silvant Capital Management LLC
Sit Investment Associates, Inc.
Symphony Asset Management LLC
T. Rowe Price Associates, Inc.
TCW LLC
Thompson, Siegel & Walmsley LLC
Thornburg Investment Management, Inc.
Tortoise
UBS Asset Management
Van Eck Associates Corporation
Vanguard Group, Inc., The
Vaughan Nelson Investment Management, L.P.
Virtus Investment Partners, Inc.
Vontobel Asset Management, Inc.
Waddell & Reed, Inc.
WCM Investment Management
Wellington Management Company, LLP
Western Asset Management Company
Westfield Capital Management Company, L.P.
Westwood Holdings Group, Inc.
William Blair & Company, L.L.C.
Wisdom Tree Investments, Inc.

Table of Contents

APPENDIX B

Non-GAAP financial measure reconciliations

Principal Financial Group, Inc.

(in millions, except as indicated)	For the year ended Dec.31 2018	2017	2016	2015	2014
Net income available to common stockholders					
Net income available to common stockholders	$ 1,546.5	$ 2,310.4	$ 1,316.5	$ 1,209.3	$ 1,111.1
Net realized capital (gains) losses, as adjusted(1)	51.0	(307.3)	(37.4)	133.8	100.5
Other after-tax adjustments		(524.5)	52.0	(72.6)	106.3
Non-GAAP operating earnings	$ 1,597.5	$ 1,478.6	$ 1,331.1	$ 1,270.5	$ 1,317.9

(1) This is a non-GAAP financial measure. See reconciliation below.

Net realized capital gains (loses)					
GAAP net realized capital gains (losses)	$ (75.4)	$ 524.2	$ 171.1	$ (51.1)	$ 14.7
Recognition of front-end fee revenues	0.4	(0.2)	0.2	(0.1)	0.7
Market value adjustments to fee revenues	0.1	(0.1)	(2.5)	(1.1)	
Net realized capital gains (losses) related to equity method investments	(5.4)	1.4	0.1		
Derivative and hedging-related adjustments	(64.9)	(59.4)	(94.1)	(111.7)	(92.8)
Sponsored investment fund adjustments	12.9	6.3	6.1	1.3	
Amortization of deferred acquisition costs	(25.6)	47.4	(66.2)	(12.2)	(37.7)
Capital gains distributed operating expenses	15.7	(38.9)	3.7	15.4	(10.6)
Amortization of other actuarial balances	(1.4)	7.6	(11.2)	(1.8)	(11.6)
Market value adjustments of embedded derivatives	18.5	48.1	50.0	(0.2)	4.8
Capital gains distributed cost of interest credited	(1.3)	(16.1)	(10.9)	(9.2)	(10.6)
Net realized capital gains (losses) tax adjustments	71.4	(209.1)	6.6	45.6	43.6
Net realized capital gains (losses) attributable to noncontrolling interest, after-tax	4.0	(3.9)	(15.5)	(8.8)	(1.0)
Net realized capital gains (losses) associated with exited group medical insurance business, after-tax				0.1	
Total net realized capital gains (losses) after-tax adjustments	24.4	(216.9)	(133.7)	(82.7)	(115.2)

Net realized capital gains (losses), as adjusted	$ (51.0)	$ 307.3	$ 37.4	$ (133.8)	$ (100.5)
Diluted earnings per common share					
Net income	$ 5.36	$ 7.88	$ 4.50	$ 4.06	$ 3.65
Net realized capital (gains) losses, as adjusted	0.17	(1.05)	(0.13)	0.44	0.34
Other after-tax adjustments		(1.79)	0.18	(0.24)	0.36
Adjustment for redeemable noncontrolling interest					0.06
Non-GAAP operating earnings	$ 5.53	$ 5.04	$ 4.55	$ 4.26	$ 4.41
Stockholders' equity					
Stockholders' equity	$ 11,456.0	$ 12,921.9	$ 10,293.8	$ 9,377.4	$ 10,232.0
Noncontrolling interest	(66.0)	(72.6)	(66.5)	(65.8)	(48.0)
Stockholders' equity attributable to Principal Financial Group, Inc.	11,390.0	12,849.3	10,227.3	9,311.6	10,184.0
Net unrealized capital (gains) losses	(207.3)	(1,455.1)	(827.0)	(715.9)	(1,148.3)
Net unrecognized postretirement benefit obligation	512.9	371.1	408.4	450.2	411.1
Preferred stock, at par					(0.1)
Pain-in capital preferred stock					(541.9)
Stockholders' equity, excluding AOCI other than foreign currency translation adjustment, available to common stockholders	$ 11,695.6	$ 11,765.3	$ 9,808.7	$ 9,045.9	$ 8,904.8
Net income ROE available to common stockholders (including AOCI)					
Net income ROE available to common stockholders (including AOCI)	12.8%	20.0%	13.5%	12.8%	11.8%
Net unrealized capital (gains) losses	0.9%	2.1%	1.1%	1.3%	1.2%
Net unrecognized postretirement benefit obligation	0.5%	0.7%	0.6%	0.6%	0.3%
Net income ROE available to common stockholders (x-AOCI other than FCTA)	13.2%	21.4%	14.0%	13.5%	12.7%
Net realized capital (gains) losses	0.4%	2.8%	0.5%	1.5%	1.2%
Other after-tax adjustments	0.0%	4.9%	0.6%	0.8%	1.2%
Non-GAAP operating earnings ROE (x-AOCI other than FCTA)	13.6%	13.7%	14.1%	14.2%	15.1%

		For the year ended, 31-Dec-18
Operating revenues		
Total revenues	$	14,237.2
Net realized capital (gains) losses, net of related revenue adjustments		132.3
Adjustments related to equity method investments		55.3
Operating revenues	$	14,424.8
Net revenue		
Net revenue	$	6,092.9
Operating expenses		(4,126.8)
Non-GAAP pre-tax operating earnings (losses) attributable to noncontrolling interest		(11.6)
Pre-tax net realized capital gains (losses)		(126.4)
Pre-tax other adjustments		
Certain adjustments related to equity method investments and noncontrolling interest		(43.7)
Income (loss) before income taxes	$	1,784.4
Principal Global Investors operating revenues less pass- through commissions		
Principal Global Investors operating revenues	$	1,736.3
Principal Global Investors commission expense		(165.2)
Principal Global Investors operating revenues less pass- through commissions *	$	1,571.1

Table of Contents

EE-9039-16