

PRINCIPAL FINANCIAL GROUP INC

Form 10-Q

August 06, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

x

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2008

OR

o

**TRANSITION REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

1-16725

(Commission file number)

PRINCIPAL FINANCIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

42-1520346

(I.R.S. Employer Identification Number)

711 High Street, Des Moines, Iowa 50392

(Address of principal executive offices)

(515) 247-5111

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The total number of shares of the registrant's Common Stock, \$0.01 par value, outstanding as of July 31, 2008 was 259,158,218.

PRINCIPAL FINANCIAL GROUP, INC.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

Principal Financial Group, Inc.
Consolidated Statements of Financial Position

	June 30, 2008 (Unaudited)	December 31, 2007
(in millions)		
Assets		
Fixed maturities, available-for-sale	\$ 46,860.9	\$ 46,738.9
Fixed maturities, trading	907.4	529.3
Equity securities, available-for-sale	261.6	316.4
Equity securities, trading	265.5	269.8
Mortgage loans	12,773.1	12,659.6
Real estate	888.7	862.5
Policy loans	875.6	869.9
Other investments	2,296.1	2,118.6
Total investments	65,128.9	64,365.0
Cash and cash equivalents	1,524.5	1,344.4
Accrued investment income	744.0	774.1
Premiums due and other receivables	892.1	951.2
Deferred policy acquisition costs	3,344.1	2,810.1
Property and equipment	490.9	469.0
Goodwill	385.1	374.7
Other intangibles	995.7	1,006.9
Separate account assets	75,527.3	80,486.8
Other assets	2,494.3	1,938.0
Total assets	\$ 151,526.9	\$ 154,520.2
Liabilities		
Contractholder funds	\$ 42,942.1	\$ 40,288.9
Future policy benefits and claims	18,690.5	18,454.7
Other policyholder funds	546.9	540.5
Short-term debt	215.1	290.8
Long-term debt	1,384.0	1,398.8
Income taxes currently payable	52.8	41.6
Deferred income taxes	165.0	576.3
Separate account liabilities	75,527.3	80,486.8
Other liabilities	5,383.3	5,020.1
Total liabilities	144,907.0	147,098.5
Stockholders equity		
Series A preferred stock, par value \$.01 per share with liquidation preference of \$100 per share - 3.0 million shares authorized, issued and outstanding in 2008 and 2007		
Series B preferred stock, par value \$.01 per share with liquidation preference of \$25 per share - 10.0 million shares authorized, issued and outstanding in 2008 and 2007	0.1	0.1
Common stock, par value \$.01 per share - 2,500.0 million shares authorized, 386.7 million and 385.8 million shares issued, and 259.0 million and 259.1 million shares outstanding in 2008 and 2007, respectively	3.9	3.9
Additional paid-in capital	8,350.4	8,295.4
Retained earnings	3,757.7	3,414.3

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Accumulated other comprehensive income (loss)	(773.9)	420.2
Treasury stock, at cost (127.7 million and 126.7 million shares in 2008 and 2007, respectively)	(4,718.3)	(4,712.2)
Total stockholders' equity	6,619.9	7,421.7
Total liabilities and stockholders' equity	\$ 151,526.9	\$ 154,520.2

See accompanying notes.

Principal Financial Group, Inc.
Consolidated Statements of Operations

(Unaudited)

For the three months ended		For the six months ended	
2008	June 30,	2008	June 30,
	2007		2007
(in millions, except per share data)			