

PRINCIPAL FINANCIAL GROUP INC  
Form 3  
August 18, 2008

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0104  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
30(h) of the Investment Company Act of 1940

(Print or Type Responses)

|   |         |                                      |  |  |
|---|---------|--------------------------------------|--|--|
| 1. Name and Address of Reporting Person * |         | 2. Date of Event Requiring Statement | 3. Issuer Name <b>and</b> Ticker or Trading Symbol                         |  |
| Â Lillis Terrance J.                      |         | (Month/Day/Year)                     | PRINCIPAL FINANCIAL GROUP INC [PFG]  |  |
| (Last)                                    | (First) | (Middle)                             | 08/07/2008   |  |
| 711 HIGH STREET                           |         |                                      | 4. Relationship of Reporting Person(s) to Issuer                           | 5. If Amendment, Date Original Filed(Month/Day/Year)                   |
| (Street)                                  |         |                                      | (Check all applicable)   |  |
| DES MOINES,Â IAÂ 50392                    |         |                                      | <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner       | 6. Individual or Joint/Group Filing(Check Applicable Line)             |
| (City)                                    | (State) | (Zip)                                | <input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other | <input checked="" type="checkbox"/> Form filed by One Reporting Person |
|   |         |                                      | (give title below) (specify below)   | <input type="checkbox"/> Form filed by More than One Reporting Person  |
|   |         |                                      | Senior Vice President & CFO  |  |

**Table I - Non-Derivative Securities Beneficially Owned**

| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---------------------------------|---|--|---|
| Common Stock                    | 5,848 <sup>(1)</sup>                                  | D  | Â   |
| Common Stock                    | 35  | I  | By 401(k) Plan  |
| Common Stock                    | 303   | I  | By Spouse   |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security | 4. Conversion or Exercise | 5. Ownership Form of | 6. Nature of Indirect Beneficial Ownership |
|--|--|--|---------------------------|----------------------|--|
|--|--|--|---------------------------|----------------------|--|

Edgar Filing: PRINCIPAL FINANCIAL GROUP INC - Form 3

|                                      | Date Exercisable | Expiration Date | (Instr. 4)<br>Title | Amount or Number of Shares | Price of Derivative Security | Derivative Security: Direct (D) or Indirect (I) (Instr. 5) | (Instr. 5) |
|--------------------------------------|------------------|-----------------|---------------------|----------------------------|------------------------------|--|------------|
| Phantom Stock Units                  | Â (2)            | Â (2)           | Common Stock        | 130                        | \$ (3)                       | D  | Â          |
| Employee Stock Option (Right to Buy) | 02/25/2006       | 02/25/2013      | Common Stock        | 7,205                      | \$ 27.57                     | D  | Â          |
| Employee Stock Option (Right to Buy) | 02/24/2007       | 02/24/2014      | Common Stock        | 6,605                      | \$ 36.3                      | D  | Â          |
| Employee Stock Option (Right to Buy) | 02/28/2008       | 02/28/2015      | Common Stock        | 7,520                      | \$ 39.02                     | D  | Â          |
| Employee Stock Option (Right to Buy) | Â (4)            | 02/27/2016      | Common Stock        | 3,235                      | \$ 49.25                     | D  | Â          |
| Employee Stock Option (Right to Buy) | Â (5)            | 02/26/2017      | Common Stock        | 5,525                      | \$ 62.63                     | D  | Â          |
| Employee Stock Option (Right to Buy) | Â (6)            | 02/26/2018      | Common Stock        | 7,380                      | \$ 60.2                      | D  | Â          |
| Employee Stock Option (Right to Buy) | Â (7)            | 05/19/2018      | Common Stock        | 13,505                     | \$ 46.42                     | D  | Â          |
| Performance Units                    | Â (8)            | Â (8)           | Common Stock        | 2,555                      | \$ (3)                       | D  | Â          |

## Reporting Owners

| Reporting Owner Name / Address                                | Relationships |           |                               |       |
|---|---------------|-----------|-------------------------------|-------|
|   | Director      | 10% Owner | Officer                       | Other |
| Lillis Terrance J.<br>711 HIGH STREET<br>DES MOINES, IA 50392 | Â             | Â         | Â Senior Vice President & CFO | Â     |

## Signatures

Joyce N. Hoffman, by Power of Attorney  
08/18/2008

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 5(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Includes 3,666 shares acquired pursuant to the Principal Financial Group, Inc. Employee Stock Purchase Plan and 719 restricted stock units granted pursuant to the Principal Financial Group, Inc. Stock Incentive Plan.
  - (2) The reported phantom stock units were acquired pursuant to the Principal Select Savings Excess Plan and may be transferred at any time into another investment alternative under the Plan. Interests under the Plan will be settled upon the reporting person's retirement or other

## Edgar Filing: PRINCIPAL FINANCIAL GROUP INC - Form 3

termination of service.

- (3) Security converts to common stock on a one-for-one basis.
- (4) The option vests in three equal annual installments beginning February 27, 2007.
- (5) The option vests in three equal annual installments beginning February 26, 2008.
- (6) The option vests in three equal annual installments beginning February 26, 2009.
- (7) The option vests in three equal annual installments beginning May 19, 2009.
- (8) The performance units were acquired pursuant to the Principal Financial Group, Inc. Long-Term Performance Plan. Units under the Plan will be settled in cash or stock within a five-year period from the date of vesting.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.