

PRINCIPAL FINANCIAL GROUP INC

Form 10-Q

April 30, 2014

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**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 March 31, 2014

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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

Smaller reporting company

(Do not check if a 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 April 23, 2014, was 294,231,061.

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PRINCIPAL FINANCIAL GROUP, INC.

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	March 31, 2014 (Unaudited)	December 31, 2013
	(in millions)	
Assets		
Fixed maturities, available-for-sale (2014 and 2013 include \$279.5 million and \$272.0 million related to consolidated variable interest entities)	\$ 50,048.1	\$ 48,757.1
Fixed maturities, trading (2014 and 2013 both include \$110.4 million related to consolidated variable interest entities)	575.3	563.1
Equity securities, available-for-sale	136.1	110.5
Equity securities, trading (2014 and 2013 include \$325.5 million and \$327.2 million related to consolidated variable interest entities)	724.2	716.9
Mortgage loans	11,478.4	11,533.6
Real estate	1,390.8	1,271.6
Policy loans	843.8	859.7
Other investments (2014 and 2013 include \$57.9 million and \$68.1 million related to consolidated variable interest entities and \$133.6 million and \$142.9 million measured at fair value under the fair value option)	2,910.4	2,944.4
Total investments	68,107.1	66,756.9
Cash and cash equivalents	1,393.1	2,371.8
Accrued investment income	540.4	532.1
Premiums due and other receivables	1,199.3	1,241.0
Deferred acquisition costs	3,045.6	3,077.0
Property and equipment	546.0	500.7
Goodwill	1,075.2	1,100.3
Other intangibles	1,421.8	1,459.0
Separate account assets (2014 and 2013 include \$32,652.9 million and \$32,824.7 million related to consolidated variable interest entities)	132,804.6	130,018.4
Other assets	1,060.8	1,134.2
Total assets	\$ 211,193.9	\$ 208,191.4
Liabilities		
Contractholder funds	\$ 35,736.3	\$ 35,958.3
Future policy benefits and claims	23,026.2	22,626.2
Other policyholder funds	791.6	758.9
Short-term debt	148.8	150.6
Long-term debt	2,516.0	2,601.4
Income taxes currently payable	6.4	5.2
Deferred income taxes	889.7	824.0
Separate account liabilities (2014 and 2013 include \$32,652.9 million and \$32,824.7 million related to consolidated variable interest entities)	132,804.6	130,018.4
	4,936.2	5,224.2

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Other liabilities (2014 and 2013 include \$360.2 million and \$342.4 million related to consolidated variable interest entities, of which \$97.1 million and \$104.9 million are measured at fair value under the fair value option)

Total liabilities	200,855.8	198,167.2
Redeemable noncontrolling interest	280.2	247.2
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 2014 and 2013		
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 2014 and 2013	0.1	0.1
Common stock, par value \$.01 per share 2,500.0 million shares authorized, 460.9 million and 459.3 million shares issued, and 294.8 million and 295.2 million shares outstanding in 2014 and 2013	4.6	4.6
Additional paid-in capital	9,813.1	9,798.9
Retained earnings	5,605.3	5,405.4
Accumulated other comprehensive income	361.8	183.2
Treasury stock, at cost (166.1 million and 164.1 million shares in 2014 and 2013)	(5,797.0)	(5,708.0)
Total stockholders' equity attributable to Principal Financial Group, Inc.	9,987.9	9,684.2
Noncontrolling interest	70.0	92.8
Total stockholders' equity	10,057.9	9,777.0
Total liabilities and stockholders' equity	\$ 211,193.9	\$ 208,191.4

See accompanying notes.

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Principal Financial Group, Inc.
Consolidated Statements of Operations
(Unaudited)

	For the three months ended	
	2014	2013
	March 31,	
	(in millions, except per share data)	
Revenues		
Premiums and other considerations	\$ 803.6	\$ 694.7
Fees and other revenues		