PRINCIPAL FINANCIAL GROUP INC
Form 424B5
May 06, 2015

Filed Pursuant to Rule 424(b)(5)
Registration Statement Nos. 333-195749
333-195749-04

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Offered	**Maximum Aggregate Offering Price**	**Amount of Registration Fee(1)**
3.400% Senior Notes due 2025	$ 400,000,000	$ 46,480
Guarantee of 3.400% Senior Notes due 2025 by Principal Financial Services, Inc.		None(2)

(1) The registration fee of $46,480 is calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended (the "Securities Act"). Payment of the registration fee at the time of filing of the registrants' registration statement on Form S-3 filed with the Securities and Exchange Commission on May 7, 2014 (Registration Statement Nos. 333-195749, 333-195749-04), was deferred pursuant to Rules 456(b) and 457(r) of the Securities Act, and is paid herewith. The "Calculation of Registration Fee" table shall be deemed to update the "Calculation of Registration Fee" table in such registration statement.

(2) Pursuant to Rule 457(n) promulgated under the Securities Act, no separate fee is required for the guarantees.

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PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 7, 2014)

$400,000,000
PRINCIPAL FINANCIAL GROUP, INC.
3.400% Senior Notes due 2025
Fully and Unconditionally Guaranteed by
PRINCIPAL FINANCIAL SERVICES, INC.

We are offering $400,000,000 aggregate principal amount of our 3.400% Senior Notes due 2025 (the "Notes"). The Notes will bear interest at a rate of 3.400% per year. Interest on the Notes is payable on May 15 and November 15 of each year, beginning on November 15, 2015. The Notes will mature on May 15, 2025.

We may redeem the Notes, at our option, at any time and from time to time, in whole or in part, at the redemption price described in the section entitled "Description of the Notes Optional Redemption" in this prospectus supplement.

The Notes will be fully, unconditionally and irrevocably guaranteed (the "Subsidiary Guarantee") by our subsidiary, Principal Financial Services, Inc., which is an intermediary holding company whose assets include all of the outstanding shares of our principal operating companies, including Principal Life Insurance Company.

The Notes will be our senior unsecured and unsubordinated obligations and will rank equally in right of payment with all of our existing and future senior indebtedness and senior to all of our future subordinated indebtedness. The Subsidiary Guarantee will be a senior unsecured and unsubordinated obligation of Principal Financial Services, Inc. and will rank equally in right of payment with all of its existing and future senior indebtedness and senior to all of its future subordinated indebtedness.

The Notes are a new issue of securities with no established trading market. The Notes will not be listed on any securities exchange or included in any automated quotation system.

We are concurrently offering junior subordinated notes by means of a separate prospectus supplement (the "concurrent offering"). The offering of the Notes is not conditioned on the completion of the concurrent offering, and vice versa. There can be no assurance that the concurrent offering will be completed.

Investing in the Notes involves risks. See the section entitled "Risk Factors" beginning on page S-5 of this prospectus supplement and the other information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in the Notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public Offering Price(1)	99.688%	$398,752,000
Underwriting Discounts	0.650%	$2,600,000
Proceeds to Principal Financial Group, Inc. (before expenses)	99.038%	$396,152,000

(1) Plus accrued interest, if any, from May 7, 2015 if settlement occurs after that date.

The underwriters expect to deliver the Notes only in book-entry form through the facilities of The Depository Trust Company ("DTC") for the accounts of its participants, including Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme*, against payment therefor, in New York, New York on or about May 7, 2015.

Joint Book-Running Managers

BofA Merrill Lynch **Citigroup** **US Bancorp**

Credit Suisse **RBC Capital Markets** **UBS Investment Bank**

Co-Managers

Ramirez & Co., Inc. **Siebert Brandford Shank & Co., LLC**

May 4, 2015

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You should rely only on the information contained in this prospectus supplement, any related free writing prospectus issued by us (which we refer to as a "company free writing prospectus"), the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus or to which we have referred you. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement, any related company free writing prospectus and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus supplement, any related company free writing prospectus and the accompanying prospectus in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction. You should not assume that the information contained in this prospectus supplement, any related company free writing prospectus and the accompanying prospectus or any document incorporated by reference is accurate as of any date other than the date of the applicable document. Neither the delivery of this prospectus supplement, any related company free writing prospectus and the accompanying prospectus nor any distribution of securities pursuant to this prospectus supplement and the accompanying prospectus shall, under any circumstances, create any implication that there has been no change in the information set forth or incorporated by reference into this prospectus supplement, any related company free writing prospectus and the accompanying prospectus or in our affairs since the date of this prospectus supplement. Our business, financial condition, results of operations and prospects may have changed since that date.

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Prospectus Supplement

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of Notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

Unless otherwise indicated, or the context otherwise requires, references in this prospectus supplement and the accompanying prospectus to "Principal," the "Company," "we," "us" and "our" or similar terms are to Principal Financial Group, Inc. and its subsidiaries, references to "Principal Financial Services" and the "Subsidiary Guarantor" are to Principal Financial Services, Inc., and references to "Principal Life" are to Principal Life Insurance Company.

We are offering to sell the Notes only in those jurisdictions in the United States, and may offer the Notes in those jurisdictions in Europe, Asia and elsewhere, where it is lawful to make such offers. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons who receive this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. See the section entitled "Underwriting" in this prospectus supplement.

You should read this entire prospectus supplement carefully, including the section entitled "Risk Factors," our consolidated financial statements and the related notes thereto and the other information incorporated by reference into this prospectus supplement and the accompanying prospectus and any related company free writing prospectus, before making an investment decision.

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FORWARD-LOOKING STATEMENTS

Some of the statements contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and in the accompanying prospectus may be forward-looking statements, including any statements about our projected financial condition and results of operations, future business operations or strategies, financing plans, competitive position, potential growth opportunities or the effects of competition and of future legislation or regulations. These statements can be identified by the use of forward-looking language such as "will likely result," "may," "should," "expects," "plans," "anticipates," "estimates," "projects," "intends," or the negative of these terms or other similar words or expressions. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and include estimates and assumptions related to economic, competitive and legislative developments. These forward-looking statements are subject to change and uncertainty which are, in many instances, beyond our control and have been made based upon management's expectations and beliefs concerning future developments and their potential effect upon us. There can be no assurance that future developments will be in accordance with management's expectations or that the effect of future developments on us will be those anticipated by management. Actual results could differ materially from those expected by us, depending on the outcome of various factors. These factors include:

- adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs as well as our access to capital and cost of capital;
- conditions in the global capital markets and the economy generally may materially and adversely affect our business and results of operations;
- continued volatility or declines in the equity, bond or real estate markets could reduce our assets under management ("AUM") and may result in investors withdrawing from the markets or decreasing their rates of investment, all of which could reduce our revenues and net income;
- changes in interest rates or credit spreads or a sustained low interest rate environment may adversely affect our results of operations, financial condition and liquidity, and our net income can vary from period-to-period;
- our investment portfolio is subject to several risks that may diminish the value of our invested assets and the investment returns credited to customers, which could reduce our sales, revenues, AUM and net income;
- our valuation of investments and the determinations of the amount of allowances and impairments taken on our investments may include methodologies, estimations and assumptions which are subject to differing interpretations and, if changed, could materially adversely affect our results of operations or financial condition;
- any impairments of or valuation allowances against our deferred tax assets could adversely affect our results of operations and financial condition;
- we may face losses if our actual experience differs significantly from our pricing and reserving assumptions;
- the pattern of amortizing our deferred acquisition costs ("DAC") and other actuarial balances on our universal life-type insurance contracts, participating life insurance policies and certain investment contracts may change, impacting both the level of the DAC and other actuarial balances and the timing of our net income;
- we may not be able to protect our intellectual property and may be subject to infringement claims;

our ability to pay stockholder dividends and meet our obligations may be constrained by the limitations on dividends Iowa insurance laws impose on Principal Life;

changes in laws or regulations may reduce our profitability;

changes in accounting standards may reduce the transparency of our reported profitability and financial condition;

results of litigation and regulatory investigations may affect our financial strength or reduce our profitability;

from time to time we may become subject to tax audits, tax litigation or similar proceedings, and as a result we may owe additional taxes, interest and penalties in amounts that may be material;

applicable laws and our certificate of incorporation and by-laws may discourage takeovers and business combinations that some stockholders might consider in their best interests;

competition from companies that may have greater financial resources, broader arrays of products, higher ratings and stronger financial performance may impair our ability to retain existing customers, attract new customers and maintain our profitability;

a downgrade in our financial strength or credit ratings may increase policy surrenders and withdrawals, reduce new sales and terminate relationships with distributors, impact existing liabilities and increase our cost of capital, any of which could adversely affect our profitability and financial condition;

guarantees within certain of our products that protect policyholders may decrease our earnings or increase the volatility of our results of operations or financial position under U.S. generally accepted accounting principles ("U.S. GAAP") if our hedging or risk management strategies prove ineffective or insufficient;

if we are unable to attract and retain qualified employees and sales representatives and develop new distribution sources, our results of operations, financial condition and sales of our products may be adversely impacted;

our international businesses face political, legal, operational and other risks that could reduce our profitability in those businesses;

we may need to fund deficiencies in our closed block assets;

a pandemic, terrorist attack, military action or other catastrophic event could adversely affect our net income;

our reinsurers could default on their obligations or increase their rates, which could adversely impact our net income and financial condition;

we face risks arising from acquisitions of businesses;

- a computer system failure or security breach could disrupt our business, damage our reputation and adversely impact our profitability;

- loss of key vendor relationships or failure of a vendor to protect information of our customers or employees could adversely affect our business or result in losses; and

- our financial results may be adversely impacted by global climate changes.

Additional information concerning these and other factors is contained in our filings with the Securities and Exchange Commission (the "SEC"), including but not limited to our Annual Report on Form 10-K for the year ended December 31, 2014 (the "2014 Form 10-K"), incorporated by reference in this prospectus supplement and the accompanying prospectus, and the risk factors or uncertainties

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listed in the section entitled "Risk Factors" in this prospectus supplement and in the 2014 Form 10-K and in the other documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

We undertake no obligation to update publicly these forward-looking statements to reflect new information, future events or otherwise.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary does not contain all of the information that you should consider before deciding to invest in the Notes. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the section entitled "Risk Factors" in this prospectus supplement and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, which contain our consolidated financial statements and the related notes.

Principal Financial Group, Inc.

Principal Financial Group, Inc. is a global investment management leader offering businesses, individuals and institutional clients a wide range of financial products and services, including retirement, asset management and insurance through our diverse family of financial services companies. We had $530.3 billion in AUM and approximately 19.9 million customers worldwide as of March 31, 2015.

We primarily focus on small- and medium-sized businesses, which we define as companies with fewer than 1,000 employees, providing a broad array of retirement and employee benefit solutions to meet the needs of the business, the business owner and their employees. We are a leading provider of corporate defined contribution plans in the U.S. We are also the leading employee stock ownership plan consultant. In addition, we are a leading provider of nonqualified plans, defined benefit plans and plan termination annuities. We are also one of the largest providers of specialty benefits insurance product solutions.

We believe small- and medium-sized businesses are an underserved market, offering attractive growth opportunities in the U.S. in retirement services and other employee benefits. We also believe there is a significant opportunity to leverage our U.S. retirement expertise into select international markets that have adopted or are moving toward private-sector defined contribution pension systems. This opportunity is particularly compelling as aging populations around the world are driving increased demand for retirement accumulation, retirement asset management and retirement income management solutions.

We organize our businesses into the following reportable segments:

- ***Retirement and Investor Services***, which offers a comprehensive portfolio of asset accumulation products and services for retirement savings and investment to businesses of all sizes with a concentration on small- and medium-sized businesses, large institutional clients, and employees of businesses and other individuals;

- ***Principal Global Investors***, which manages assets for sophisticated investors around the world, using a multi-boutique strategy that enables the segment to provide an expanded range of diverse investment capabilities including equity, fixed income, real estate and other alternative investments, focusing on providing services to our other segments and third-party institutional clients;

- ***Principal International***, which offers pension accumulation products and services, mutual funds, asset management, income annuities and life insurance accumulation products through acquisitions, start-up operations and joint ventures in Brazil, Chile, China, Hong Kong Special Administrative Region, India, Mexico and Southeast Asia; and

- ***U.S. Insurance Solutions***, which offers individual and group insurance solutions, focusing on providing comprehensive insurance solutions for small- and medium-sized businesses and their owners and executives.

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We also have a Corporate segment, which consists of the assets and activities that have not been allocated to any other segment.

The principal executive office for both Principal Financial Group, Inc. and Principal Financial Services, Inc. is located at 711 High Street, Des Moines, Iowa 50392, and the telephone number is (515) 247-5111.

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The Offering

The terms of the Notes are summarized below solely for your convenience. This summary is not a complete description of the Notes. You should read the full text and more specific details contained elsewhere in this prospectus supplement, any company free writing prospectus and the accompanying prospectus. For a more detailed description of the Notes and the Subsidiary Guarantee, see the discussion in the section entitled "Description of the Notes" in this prospectus supplement and "Description of the Debt Securities" and "Description of Guarantee of Principal Financial Services, Inc." in the accompanying prospectus.

Issuer	Principal Financial Group, Inc.
Subsidiary Guarantor	Principal Financial Services, Inc.
Notes Offered	$400,000,000 aggregate principal amount of 3.400% Senior Notes due 2025.
Maturity	The Notes will mature on May 15, 2025.
Interest Payment Dates	May 15 and November 15 of each year, beginning on November 15, 2015.
Subsidiary Guarantee	The Notes will be fully, unconditionally and irrevocably guaranteed by our subsidiary, Principal Financial Services. See the section entitled "Description of the Notes Subsidiary Guarantee" in this prospectus supplement.
Record Dates	The May 1 or November 1 of each year immediately preceding the related interest payment date.
Optional Redemption; No Sinking Fund	We may redeem the Notes, at our option, at any time and from time to time, in whole or in part, at the redemption price described in the section entitled "Description of the Notes Optional Redemption" in this prospectus supplement. The Notes will not have the benefit of any sinking fund.
No Listing	The Notes will not be listed on any securities exchange or included in any automated quotation system.
Ranking	The Notes will be our senior unsecured and unsubordinated obligations and will rank equally in right of payment with all of our existing and future senior indebtedness and senior to all of our future subordinated indebtedness. The Subsidiary Guarantee will be a senior unsecured and unsubordinated obligation of Principal Financial Services and will rank equally in right of payment with all of its existing and future senior indebtedness and senior to all of its future subordinated indebtedness.

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Use of Proceeds	We estimate that the net proceeds from this offering will be approximately $395,402,000 after deducting the underwriting discounts and estimated offering expenses payable by us. We intend to use the estimated net proceeds from this offering, together with the estimated net proceeds from the concurrent offering, to redeem our Series A Non-Cumulative Perpetual Preferred Stock (the "Series A preferred stock") and Series B Non-Cumulative Perpetual Preferred Stock (the "Series B preferred stock"), in whole or in part, and the remainder, if any, for general corporate purposes. See the section entitled "Use of Proceeds" in this prospectus supplement.
Denominations	The Notes are to be issued in denominations of $2,000 or any multiple of $1,000 in excess thereof.
Covenants	The Senior Indenture (as defined in the section entitled "Description of the Notes" in this prospectus supplement) contains a limitation on liens covenant and a limitation on consolidation, merger and sale of assets covenant, each of which contains important exceptions. See the sections entitled "Description of the Debt Securities Limitations upon Liens" and " Consolidation, Merger and Sale of Assets" in the accompanying prospectus. The Senior Indenture also contains covenants that apply to the Subsidiary Guarantor. See the section entitled "Description of the Notes Subsidiary Guarantee" in this prospectus supplement.
Risk Factors	See the section entitled "Risk Factors" in this prospectus supplement and the other information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in the Notes.
Concurrent Offering	We are concurrently offering junior subordinated notes by means of a separate prospectus supplement. The offering of the Notes is not conditioned on the completion of the concurrent offering, and vice versa. There can be no assurance that the concurrent offering will be completed.

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RISK FACTORS

An investment in the Notes involves certain risks. In considering whether to purchase the Notes, you should carefully consider the risks described below and all of the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus, including but not limited to, the risks and uncertainties discussed in "Item 1A Risk Factors" of the 2014 Form 10-K and other information that may be incorporated by reference in this prospectus supplement and the accompanying prospectus on or after the date hereof. Our business, financial condition, results of operations and prospects could be materially adversely affected by any of these risks.

The Senior Indenture does not limit the amount of indebtedness that we or our subsidiaries can issue.

The Senior Indenture does not limit the amount of unsecured indebtedness (including under the Senior Indenture) or secured indebtedness that we or our subsidiaries can issue, except, with respect to secured indebtedness, to the extent set forth in the section entitled "Description of the Debt Securities Limitations upon Liens" in the accompanying prospectus. The Notes will be our senior unsecured and unsubordinated obligations and will rank equally in right of payment with all of our existing and future senior indebtedness and senior to all of our future subordinated indebtedness. As of March 31, 2015, Principal Financial Group, Inc. had $2,449.0 million of senior indebtedness that would have ranked equally in right of payment with the Notes. In addition, the Notes will be effectively subordinated to any existing and future secured indebtedness of ours, to the extent of the assets securing such indebtedness.

The Subsidiary Guarantee will be a senior unsecured and unsubordinated obligation of Principal Financial Services and will rank equally in right of payment with all of its existing and future senior indebtedness and senior to all of its future subordinated indebtedness. As of March 31, 2015, Principal Financial Services had no senior indebtedness that would have ranked equally in right of payment with the Subsidiary Guarantee (other than other subsidiary guarantees of our senior indebtedness). In addition, the Subsidiary Guarantee will be effectively subordinated to any future secured indebtedness of Principal Financial Services to the extent of the assets securing such indebtedness. As of March 31, 2015, Principal Financial Services had no secured indebtedness outstanding.

Any additional indebtedness incurred could reduce the amount of cash we or the Subsidiary Guarantor would have available to satisfy our respective obligations under the Notes and the Subsidiary Guarantee. We and the Subsidiary Guarantor expect from time to time to incur additional indebtedness.

The terms of the Notes will not afford you protection in the event of a highly leveraged transaction that may adversely affect you, including a reorganization, recapitalization, restructuring, merger or other similar transaction involving us. We could enter into any such transaction even though the transaction could increase the total amount of our outstanding debt, adversely affect our capital structure or credit rating or otherwise adversely affect the holders of the Notes. The Senior Indenture does not contain provisions that permit the holders of the Notes to require us to repurchase the Notes in the event of a takeover, recapitalization or similar transaction.

We are a holding company with no direct operations and the Subsidiary Guarantor is an intermediary holding company with no direct operations; as a consequence, our ability to satisfy our obligations under the Notes and the Subsidiary Guarantor's ability to satisfy its obligation under the Subsidiary Guarantee will depend in large part on the ability of our and the Subsidiary Guarantor's subsidiaries to pay dividends, and the dividend paying ability of our insurance company subsidiaries is restricted by law.

We are an insurance holding company whose assets include all of the outstanding shares of common stock of the Subsidiary Guarantor. The Subsidiary Guarantor is an intermediary holding company whose assets include all of the outstanding shares of Principal Life and other subsidiaries. Our

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and the Subsidiary Guarantor's ability to meet our respective obligations depends upon the ability of Principal Life and other subsidiaries to declare and distribute dividends or to advance money in the form of intercompany loans. Our insurance company subsidiaries are subject to various statutory and regulatory restrictions, applicable to insurance companies generally, that limit the amount of cash dividends, loans and advances that those subsidiaries may pay. Regulations relating to capital requirements affecting some of our other subsidiaries also restrict their ability to pay dividends and other distributions and make loans to us. The payment of dividends from Principal Life to the Subsidiary Guarantor is subject to restrictions set forth in the insurance laws of the State of Iowa. See the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources The Holding Companies: Principal Financial Group, Inc. and Principal Financial Services, Inc." in the 2014 Form 10-K, incorporated by reference herein and in the accompanying prospectus. As a result, our cash flows and ability to service our obligations, including the Notes, are dependent upon the earnings of our subsidiaries, distributions of those earnings to us and other payments or distributions of funds by our subsidiaries to us. It is possible that in the future Principal Life may be unable to pay dividends in an amount sufficient to permit us or the Subsidiary Guarantor to meet our respective obligations due to a lack of statutory net gain from operations, a diminishing statutory policyholders surplus, changes to the Iowa insurance laws or regulations, or for some other reason. If the Subsidiary Guarantor or Principal Life were unable to pay sufficient dividends to us in the future, we would be unable to meet our obligation to make scheduled payments under the Notes, which would negatively affect our business and financial condition as well as the trading price of the Notes.

The Notes will be effectively subordinated to all of the existing and future indebtedness and other obligations of our subsidiaries, which could impair our ability to make payments on the Notes, and the Subsidiary Guarantee will be effectively subordinated to all existing and future indebtedness and other obligations of the Subsidiary Guarantor's subsidiaries, which could impair the Subsidiary Guarantor's ability to make payments on the Subsidiary Guarantee.

Except to the extent we have a prior or equal claim against our subsidiaries as a creditor or in connection with the obligation of the Subsidiary Guarantor under the Subsidiary Guarantee, the Notes will be effectively subordinated to all of our subsidiaries' existing and future indebtedness and other liabilities because, as the common stockholder of our subsidiaries, we will be subject to the prior claims of our subsidiaries' creditors, including trade accounts payable and other liabilities arising in the ordinary course of business, the claims of policyholders with respect to our insurance subsidiaries, and the claims of our subsidiaries' preferred stockholders. Creditors of our subsidiaries generally will be paid from the assets of those subsidiaries before holders of the Notes have any claims to those assets by virtue of our equity interest in those subsidiaries. Consequently, the Notes will be effectively subordinated to all liabilities (excluding the Subsidiary Guarantee) of any of our subsidiaries and the claims of their preferred stockholders, policyholders and other creditors.

Moreover, a default by one or more of our subsidiaries could have a material adverse effect on our ability to meet our obligations under the Notes. In particular, in the event of a default by a subsidiary under any of its indebtedness, the subsidiary's creditors could elect to declare such indebtedness, together with any accrued and unpaid interest and other amounts, to be due and payable prior to any distributions by the subsidiary to pay interest or principal due on the Notes. In addition, if we caused a subsidiary to pay a dividend to enable us to make payments in respect of the Notes, and the dividend were deemed a fraudulent transfer or in breach of relevant corporate or insurance laws, the holders of the Notes could be required to return the payment to (or for the benefit of) the creditors of that subsidiary. In addition, our subsidiaries have no obligation to pay any amounts due on the Notes, other than the Subsidiary Guarantor's obligation under the Subsidiary Guarantee. Substantially all of our business is currently conducted through our subsidiaries, and we expect this to continue.

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Because the Subsidiary Guarantor is an intermediary holding company, the rights of the Subsidiary Guarantor and the rights of its creditors, including the holders of the Notes as beneficiaries of the Subsidiary Guarantee, to a share of the assets of any subsidiary upon the liquidation or recapitalization of such subsidiary will be subject to the prior claims of such subsidiary's creditors, except to the extent the Subsidiary Guarantor may be a creditor with recognized claims against such subsidiary. Accordingly, the Subsidiary Guarantee will be effectively subordinated to all existing and future indebtedness and other liabilities of the Subsidiary Guarantor's subsidiaries, including their trade accounts payable and other liabilities arising in the ordinary course of business (including obligations to policyholders and preferred stockholders). As of March 31, 2015, in addition to the liabilities arising from obligations to our policyholders, the subsidiaries of the Subsidiary Guarantor had approximately $27.2 million of indebtedness that would have been effectively senior to the Subsidiary Guarantee and, therefore, the Notes. In addition, as of March 31, 2015, collateralized private investment vehicles that are "consolidated variable interest entities" because Principal Financial Group, Inc is the primary beneficiary had approximately $65.6 million of secured indebtedness outstanding that would have been effectively senior to the Notes.

An active after-market for the Notes may not develop.

The Notes constitute a new issue of securities with no established trading market. We do not intend to have the Notes listed on any securities exchange or included in any automated dealer quotation system. We cannot assure you that an active after-market for the Notes will develop or be sustained, that holders of the Notes will be able to sell their Notes or that holders of the Notes will be able to sell their Notes at favorable prices.

If a trading market does develop, general market conditions and unpredictable factors could adversely affect market prices for the Notes, and there can be no assurance about the market prices for the Notes. Several factors, many of which are beyond our control, will influence the market value of the Notes. Factors that might influence the market value of the Notes include, but are not limited to:

- the number of holders of the Notes;
- the interest of securities dealers in the Notes;
- prevailing interest rates;
- our creditworthiness, financial condition, performance and prospects;
- whether the ratings on the Notes provided by any ratings agency have changed;
- the market for similar securities; and
- economic, financial, geopolitical, regulatory or judicial events that affect us or the financial markets generally.

If you purchase Notes, whether in this offering or in the secondary market, the Notes may subsequently trade at a discount to the price that you paid for them.

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market price of the Notes. Notes purchased in this offering or in the secondary market may subsequently trade at a discount to the price paid for them in any such transaction.

The Subsidiary Guarantee may be subject to challenge under fraudulent transfer laws.

Under U.S. bankruptcy law and comparable provisions of state fraudulent transfer laws, a court could subordinate or void any guarantee if it found that the guarantee was incurred with actual intent to hinder, delay or defraud creditors or the guarantor did not receive fair consideration or reasonably

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equivalent value for the guarantee and the guarantor was any of the following: (i) insolvent or was rendered insolvent because of the guarantee; (ii) engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay at maturity. To the extent the Subsidiary Guarantee with respect to the Notes were to be voided as a fraudulent conveyance or held unenforceable for any other reason, holders of the Notes would cease to have any claim in respect of the Subsidiary Guarantor and would be solely our creditors. In that event, the claims of the holders of the Notes against the Subsidiary Guarantor would be subject to the prior payment of all liabilities of the Subsidiary Guarantor. There can be no assurance that, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Notes relating to the voided Subsidiary Guarantee.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table shows our ratio of earnings to fixed charges for each of the periods indicated:

	For the Three Months Ended March 31,	For the Year Ended December 31,				
	2015	2014	2013	2012	2011	2010
Ratio of earnings to fixed charges before interest credited on investment products	10.8	8.7	6.4	6.0	5.1	4.7
Ratio of earnings to fixed charges	6.0	4.7	3.2	2.6	2.2	1.8

We calculate the ratio of "earnings to fixed charges before interest credited on investment products" by dividing the sum of income from continuing operations before income taxes (BT), interest expense, which includes interest expense incurred on uncertain tax positions (I), interest factor of rental expense (IF) less undistributed income from equity investees (E) by the sum of interest expense, which includes interest expense incurred on uncertain tax positions (I), interest factor of rental expense (IF), and preferred stock dividends by the registrant (PD). The formula for this ratio is: (BT+I+IF-E) / (I+IF+PD).

We calculate the ratio of "earnings to fixed charges" by dividing the sum of income from continuing operations before income taxes (BT), interest expense, which includes interest expense incurred on uncertain tax positions (I), interest factor of rental expense (IF) less undistributed income from equity investees (E) and the addition of interest credited on investment products (IC) by interest expense, which includes interest expense incurred on uncertain tax positions (I), interest factor of rental expense (IF), preferred stock dividends by the registrant (PD) and interest credited on investment products (IC). The formula for this calculation is: (BT+I+IF-E+IC) / (I+IF+PD+IC). "Interest credited on investment products" includes interest paid on guaranteed investment contracts, funding agreements and other investment-only pension products. Similar to debt, these products have a total fixed return and a fixed maturity date.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately $395,402,000, after deducting the underwriting discounts and estimated offering expenses payable by us. We intend to use the estimated net proceeds from this offering, together with the estimated net proceeds from the concurrent offering, to redeem the Series A preferred stock and the Series B preferred stock, in whole or in part, and the remainder, if any, for general corporate purposes. This offering is not conditioned on the completion of the concurrent offering, and vice versa, and there can be no assurance that the concurrent offering will be completed.

The Series A preferred stock has an aggregate redemption price of $300 million plus accrued and unpaid dividends to the date of redemption, and the Series B preferred stock has an aggregate redemption price of $250 million plus accrued and unpaid dividends to the date of redemption. This prospectus supplement does not constitute a notice of redemption under the certificates of designation governing the Series A preferred stock or the Series B preferred stock.

Pending such use, we may invest the net proceeds temporarily in short-term, interest-bearing, investment-grade securities or similar assets.

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CAPITALIZATION

The following table shows our cash and cash equivalents and our consolidated capitalization as of March 31, 2015 (i) on an actual basis and (ii) on an as adjusted basis giving effect to the sale of the Notes offered hereby and the sale of the junior subordinated notes in the concurrent offering, and the application of the net proceeds therefrom (assuming that the Series A preferred stock and the Series B preferred stock are redeemed in full). This information should be read in conjunction with the section entitled "Use of Proceeds" in this prospectus supplement and our unaudited consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, which is incorporated by reference herein and in the accompanying prospectus.

	As of March 31, 2015	
	Actual	**As Adjusted**
	(in millions)	
Cash and cash equivalents	$ 1,452.0	$ 1,692.2
Long-term debt	$ 2,514.6	$ 2,514.6
Notes offered hereby		400.0
Junior subordinated notes offered in the concurrent offering		400.0
Total long-term debt	2,514.6	3,314.6
Series A preferred stock		
Series B preferred stock	0.1	
Common stock	4.6	4.6
Additional paid-in capital	9,975.6	9,433.7
Retained earnings	6,420.4	6,420.4
Accumulated other comprehensive income (loss)	28.0	28.0
Treasury stock, at cost	(6,006.1)	(6,006.1)
Total stockholders' equity attributable to Principal Financial Group, Inc.	10,422.6	9,880.6
Noncontrolling interest	69.5	69.5
Total stockholders' equity	10,492.1	9,950.1
Total capitalization	$ 13,006.7	$ 13,264.7

In addition to long-term debt outstanding, as of March 31, 2015, we had short-term debt outstanding of $27.2 million.

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SELECTED FINANCIAL INFORMATION

The following table sets forth certain selected historical consolidated financial information of Principal Financial Group, Inc. We derived the consolidated financial information (except for amounts referred to as "Other Supplemental Data") for each of the years ended December 31, 2014, 2013 and 2012 and as of December 31, 2014 and 2013 from our audited consolidated financial statements and notes to the financial statements included in the 2014 Form 10-K, which is incorporated by reference herein and in the accompanying prospectus. This selected consolidated financial information should be read in conjunction with and is qualified by reference to these financial statements and the related notes. We derived the consolidated financial information (except for amounts referred to as "Other Supplemental Data") for the years ended December 31, 2011 and 2010 and as of December 31, 2012, 2011 and 2010 from our audited consolidated financial statements not included or incorporated by reference in this prospectus supplement or the accompanying prospectus. The selected consolidated financial information as of and for the three months ended March 31, 2015 and 2014 has been derived from the unaudited interim consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, which is incorporated by reference herein and in the accompanying prospectus. The following consolidated statements of operations and consolidated statements of position data have been prepared in conformity with U.S. GAAP.

In order to fully understand our consolidated financial information, you should read the following information in conjunction with our financial statements and the notes thereto and the other financial and statistical information that we include or incorporate by reference in this prospectus supplement and the accompanying prospectus. The results for past accounting periods are not necessarily indicative

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of the results to be expected for any future accounting period, and the interim period results are not necessarily indicative of the results for the full year.

	Three Months Ended March 31		As of or for the Year Ended December 31,				
	2015	2014	2014(1)	2013(1)	2012(1)	2011	2010
	($ in millions, except per share data and as noted)						
Consolidated Statement of Operations Data:							
Revenues:							
Premiums and other considerations	$ 916.4	$ 803.6	$ 3,722.9	$ 3,154.1	$ 3,219.4	$ 2,891.0	$ 3,555.5
Fees and other revenues	950.8	829.7	3,482.1	3,222.2	2,626.7	2,526.7	2,337.1
Net investment income	723.9	844.7	3,257.9	3,138.4	3,254.9	3,375.3	3,495.8
Net realized capital gains (losses)	66.2	0.6	14.7	(225.2)	114.1	(122.3)	(190.2)
Total revenues	$ 2,657.3	$ 2,478.6	$ 10,477.6	$ 9,289.5	$ 9,215.1	$ 8,670.7	$ 9,198.2
Income from continuing operations, net of related income taxes	$ 429.1	$ 324.1	$ 1,176.4	$ 936.1	$ 825.4	$ 674.5	$ 670.5
Net income	$ 429.1	$ 324.1	$ 1,176.4	$ 936.1	$ 825.4	$ 674.5	$ 670.5
Net income attributable to noncontrolling interest	6.7	22.2	32.3	23.4	18.8	36.2	17.9
Net income attributable to Principal Financial Group, Inc.	422.4	301.9	1,144.1	912.7	806.6	638.3	652.6
Preferred stock dividends	8.2	8.2	33.0	33.0	33.0	33.0	33.0
Net income available to common stockholders	$ 414.2	$ 293.7	$ 1,111.1	$ 879.7	$ 773.6	$ 605.3	$ 619.6
Consolidated Statement of Financial Position Data:							
Total assets	$ 222,494.9	$ 211,193.9	$ 219,087.0	$ 208,191.4	$ 161,830.2	$ 147,271.5	$ 144,591.3
Long-term debt	$ 2,514.6	$ 2,516.0	$ 2,531.2	$ 2,601.4	$ 2,671.3	$ 1,564.8	$ 1,583.7
Series A preferred stock	$	$	$	$	$	$	$
Series B preferred stock	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1
Total stockholders' equity attributable to Principal Financial Group, Inc.	$ 10,422.6	$ 9,987.9	$ 10,184.0	$ 9,684.2	$ 9,683.4	$ 8,952.4	$ 9,089.6
Noncontrolling interest	69.5	70.0	48.0	92.8	20.0	353.8	157.2
Total stockholders' equity	$ 10,492.1	$ 10,057.9	$ 10,232.0	$ 9,777.0	$ 9,703.4	$ 9,306.2	$ 9,246.8
Other Supplemental Data:							
AUM ($ in billions)	$ 530.3	$ 495.5	$ 519.3	$ 483.2	$ 403.0	$ 335.0	$ 318.8

(1) For a discussion of items materially affecting the comparability of 2014, 2013 and 2012, please see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations Transactions Affecting Comparability of Results of Operations" in the 2014 Form 10-K, which is incorporated by reference herein and in the accompanying prospectus.

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DESCRIPTION OF THE NOTES

The Notes offered by this prospectus supplement are "senior debt securities" as described in the accompanying prospectus. This description supplements the description of the general terms and provisions of the senior debt securities found in the accompanying prospectus in the section entitled "Description of the Debt Securities."

Capitalized terms used and not otherwise defined below or elsewhere in this prospectus supplement or the accompanying prospectus are used with the respective meanings given thereto in the Senior Indenture among Principal Financial Group, Inc., Principal Financial Services, as the subsidiary guarantor, and The Bank of New York Mellon Trust Company, N.A., as trustee (the "trustee"), dated as of May 21, 2009, as will be supplemented by a supplemental indenture with respect to the Notes (as supplemented, the "Senior Indenture"). Any reference to "Notes" contained in this prospectus supplement refers to the 3.400% Senior Notes due 2025 offered by this prospectus supplement, unless the context indicates otherwise. In this "Description of the Notes," references to "Principal," "we," "us" and "our" or similar terms are only to Principal Financial Group, Inc. and not its subsidiaries, and references to the "Subsidiary Guarantor" are only to Principal Financial Services, Inc. and not its subsidiaries.

The Senior Indenture contains a limitation on liens covenant and a limitation on consolidation, merger and sale of assets covenant, each of which contains important exceptions. See the sections entitled "Description of the Debt Securities Limitations upon Liens" and " Consolidation, Merger and Sale of Assets" in the accompanying prospectus.

General

The Notes initially will be limited to $400,000,000 aggregate principal amount. We may, without the consent of the holders of the Notes, increase the principal amount of the Notes in the future, on the same terms and conditions (except that the public offering price, the first interest payment date and the issue date may vary) and with the same CUSIP and ISIN numbers as the Notes being offered by this prospectus supplement. The Notes will be our senior unsecured and unsubordinated obligations and will rank equally in right of payment with all of our existing and future senior indebtedness and senior to all of our future subordinated indebtedness. In addition, the Notes will be effectively subordinated to any existing and future secured indebtedness of ours to the extent of the assets securing such indebtedness.

Principal of, and premium, if any, and interest on the Notes will be payable, and transfers of the Notes will be registrable, at our office or agency in the Borough of Manhattan, The City of New York. Transfers of the Notes will also be registrable at any of our other offices or agencies that we may maintain for that purpose. The Notes are to be issued in denominations of $2,000 or any multiple of $1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, except for any tax or other governmental charge that may be imposed in connection therewith.

Subsidiary Guarantee

General

Our obligations under the Senior Indenture and the Notes, including payment of principal of, and premium, if any, and interest on the Notes, will be fully, unconditionally and irrevocably guaranteed by the Subsidiary Guarantor, which is an intermediary holding company whose assets include all of the outstanding shares of our principal operating companies.

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Ranking

The Subsidiary Guarantee will be a senior unsecured and unsubordinated obligation of the Subsidiary Guarantor and will rank equally in right of payment with all of its existing and future senior indebtedness and senior to all of its future subordinated indebtedness. In addition, the Subsidiary Guarantee will be effectively subordinated to any future secured indebtedness of the Subsidiary Guarantor to the extent of the assets securing such indebtedness.

Modification of the Subsidiary Guarantee

The Subsidiary Guarantee may be modified or amended on the same terms as the Senior Indenture may be modified or amended as described under "Description of the Debt Securities Modification and Waiver" in the accompanying prospectus.

Merger or Consolidation of the Subsidiary Guarantor

The Subsidiary Guarantee will provide that the Subsidiary Guarantor will not consolidate with or merge with or into any other person or convey, transfer or lease its assets substantially as an entirety to any person, and no person may consolidate with or merge with or into the Subsidiary Guarantor, unless the Subsidiary Guarantor or Principal is the surviving company in any merger or consolidation, or:

- if the Subsidiary Guarantor consolidates with or merges into another person or conveys, transfers or leases its assets substantially as an entirety to any person, the successor person is an entity organized and validly existing under the laws of the United States or any state thereof or the District of Columbia, and the successor entity expressly assumes all of the obligations of the Subsidiary Guarantor under the Senior Indenture and the Subsidiary Guarantee;

- immediately after giving effect to the consolidation, merger, conveyance, transfer or lease there exists no event of default, and no event which, after notice or lapse of time or both, would become an event of default; and

- other conditions described in the Subsidiary Guarantee are met.

The Subsidiary Guarantee will further provide that upon any consolidation of the Subsidiary Guarantor with, or merger of the Subsidiary Guarantor into, another person or any conveyance, transfer or lease of the assets of the Subsidiary Guarantor substantially as an entirety to any person, the successor person formed by such consolidation or into which the Subsidiary Guarantor is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Subsidiary Guarantor under the Subsidiary Guarantee with the same effect as if such successor person had been named as the Subsidiary Guarantor, and thereafter, except in the case of any lease, the Subsidiary Guarantor shall be relieved of all obligations and covenants under the Subsidiary Guarantee.

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