PRINCIPAL FINANCIAL SERVICES INC
Form 424B5
November 13, 2012

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Registration Nos. 333-174438
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This preliminary prospectus supplement and the information contained herein are subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Subject to Completion
Preliminary Prospectus Supplement Dated November 13, 2012

PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 24, 2011)

$

PRINCIPAL FINANCIAL GROUP, INC.

$ % Senior Notes due 2017
$ % Senior Notes due 2023
$ % Senior Notes due 2043
Fully and Unconditionally Guaranteed by
PRINCIPAL FINANCIAL SERVICES, INC.

We are offering $ aggregate principal amount of our % Senior Notes due 2017 (the "2017 Notes"), $ aggregate principal amount of our % Senior Notes due 2023 (the "2023 Notes") and $ aggregate principal amount of our % Senior Notes due 2043 (the "2043 Notes" and, together with the 2017 Notes and the 2023 Notes, the "Notes"). The 2017 Notes will bear interest at a rate of % per year. The 2023 Notes will bear interest at a rate of % per year. The 2043 Notes will bear interest at a rate of % per year. Interest on the Notes is payable on May and November of each year, beginning on May , 2013. The 2017 Notes will mature on November , 2017. The 2023 Notes will mature on May , 2023. The 2043 Notes will mature on May , 2043.

We may redeem the Notes of each series at any time at a make-whole redemption price described in the section entitled "Description of the Notes Optional Redemption" in this prospectus supplement. We will be required to redeem the Notes in certain circumstances as specified in the section entitled "Description of the Notes Special Mandatory Redemption" in this prospectus supplement.

The Notes of each series will be fully and unconditionally guaranteed (each, a "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 of each series 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 existing and future subordinated indebtedness. Each 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 existing and future subordinated indebtedness.

The Notes of each series are a new issue of securities with no established trading market. The Notes will not be listed on any national securities exchange or included in any automated quotation system. Currently, there is no public market for any series of the Notes.

Investing in the Notes involves risks. See "Risk Factors" beginning on page S-7 of this prospectus supplement.

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 2017 Note	Per 2023 Note	Per 2043 Note	Total
Public Offering Price(1)	%	%	%	$
Underwriting Discounts	%	%	%	$
Proceeds to Principal Financial Group, Inc. (before expenses)	%	%	%	$

(1) Plus accrued interest, if any, from November , 2012 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 for the accounts of its participants, including Euroclear and Clearstream, against payment therefor, in New York, New York on or about November , 2012.

Joint Book-Running Managers

Credit Suisse | **Deutsche Bank Securities** | **Goldman, Sachs & Co.** | **UBS Investment Bank**

November , 2012

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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

Prospectus

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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 "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 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 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;

- continued difficult conditions in the global capital markets and the economy generally may materially and adversely affect our business and results of operations;

- continued volatility or further declines in the equity markets could reduce our assets under management 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 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, assets under management and net income;

- our valuation of fixed maturities, equity securities and derivatives may include methodologies, estimations and assumptions which are subject to differing interpretations and could result in changes to investment valuations that may materially adversely affect our results of operations or financial condition;

- the determination of the amount of allowances and impairments taken on our investments requires estimations and assumptions which are subject to differing interpretations and could materially impact our results of operations or financial position;

- gross unrealized losses may be realized or result in future impairments, resulting in a reduction in our net income;

- 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;

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our efforts to reduce the impact of interest rate changes on our profitability and retained earnings may not be effective;

if we are unable to attract and retain sales representatives and develop new distribution sources, sales of our products and services may be reduced;

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

we may face losses if our actual experience differs significantly from our pricing and reserving assumptions;

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;

the pattern of amortizing our deferred policy acquisition costs ("DPAC") 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 asset and the timing of our net income;

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

a pandemic, terrorist attack, 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 profitability;

we face risks arising from our ability to obtain regulatory approvals, consummate and realize the expected benefits from the acquisition of Administradora de Fondos de Pensiones Cuprum S.A. and from other acquisitions of businesses;

changes in laws, regulations or accounting standards may reduce our profitability;

we may be unable to mitigate the impact of Regulation XXX and Actuarial Guideline 38, potentially resulting in a negative impact to our capital position and/or a reduction in sales of term and universal life insurance products;

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

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;

fluctuations in foreign currency exchange rates could reduce our profitability;

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; 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, 2011 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, each incorporated by reference in this prospectus supplement and the accompanying prospectus, and the risk factors or uncertainties listed in the section entitled "Risk Factors" in this prospectus supplement.

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

The Principal Financial Group is a leading provider of retirement savings, investment and insurance products and services with $392.2 billion in assets under management and approximately 18.3 million customers worldwide as of September 30, 2012.

Our U.S. and international operations concentrate primarily on asset accumulation and management. In addition, we offer a broad range of individual and group life insurance, individual and group disability insurance and group dental and vision insurance.

We primarily focus on small and medium-sized businesses, which we define as companies with less 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. With over 30,000 plans as of September 30, 2012, 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 and defined benefit plans, and are one of the top providers of 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 business into the following operating segments: (1) Retirement and Investor Services, which provides a comprehensive portfolio of asset accumulation products and services for retirement savings and related investment products and services to businesses and individuals in the U.S., with a concentration on small and medium-sized businesses; (2) Principal Global Investors, which provides a diverse range of asset management services using a multi-boutique strategy that covers an expanded range of asset classes, investment styles and portfolio structures to our other segments and third-party institutional clients; (3) Principal International, which provides retirement products and services, annuities, mutual funds, institutional asset management and life insurance accumulation products through subsidiaries and joint ventures in various countries; and (4) U.S. Insurance Solutions, which provides individual life insurance and specialty benefits, which includes group dental, group vision, individual and group disability and group life insurance, as well as wellness services and non-medical fee-for-service claims administration, throughout the U.S. We also have a Corporate segment, which consists of the assets and activities that have not been allocated to any other segment.

We were organized as an individual life insurer in 1879, formed a mutual insurance holding company in 1998, and Principal Financial Group, Inc. was organized on April 18, 2001 as a Delaware business corporation. Under the terms of Principal Mutual Holding Company's Plan of Conversion, Principal Mutual Holding Company converted from a mutual insurance holding company to a stock company subsidiary of Principal Financial Group, Inc., effective October 26, 2001, when we completed our initial public offering.

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

Pending Acquisition of Cuprum

Overview of the Acquisition

On October 5, 2012, Principal Financial Services entered into a Sale and Purchase Promise Agreement (the "SPA") with Empresas Penta S.A., a Chilean private corporation ("Penta"), and Inversiones Banpenta Limitada, a Chilean limited liability company (together with Penta, the "Sellers"). Pursuant to the SPA, and subject to the conditions set forth therein, (i) Principal Financial Services has agreed to cause a wholly-owned subsidiary to launch a tender offer (the "Offer") for up to 100% of the common voting shares ("shares") of Administradora de Fondos de Pensiones Cuprum S.A., a Chilean public corporation ("Cuprum"), and (ii) the Sellers have agreed to tender all of the shares of Cuprum owned by the Sellers, representing approximately 63.44% of Cuprum's total outstanding shares, into the Offer for an aggregate price to be paid to the Sellers equal to approximately Chilean UF 20.0 million (US$957.9 million), subject to adjustment as described below (the "Price"). The price per share to be paid pursuant to the Offer will be equal to the Price divided by the number of outstanding Cuprum shares owned by the Sellers. If 100% of the outstanding shares are tendered into the Offer, the total price to be paid by Principal Financial Services will be approximately Chilean UF 31.6 million (US$1,510.0 million). The Price is subject to adjustment based on Cuprum's debt outstanding at the end of the month preceding the launch of the Offer (in excess of the amount specified in the SPA) and any pre-closing dividends declared or paid to the Sellers. In addition, as further described below, the Price will be increased if certain closing conditions are not satisfied by January 13, 2013.

The closing of the Offer is subject to (i) the absence of a judicial resolution issued by a competent court or government authority that prohibits the closing of the acquisition from occurring (such condition, the "Governmental Resolution Condition"), (ii) receipt of the approval of the Chilean regulatory agency for pension funds (*Superintendencia de Pensiones*) (the "SP Approval") and (iii) other customary conditions to closing, including the granting of an irrevocable commercial power of attorney by the Sellers, pursuant to which each of the Sellers will agree to accept the Offer with respect to its shares of Cuprum and the absence of a material adverse effect (as defined in the SPA). The obligations of Principal Financial Services to consummate the Offer are not subject to the availability of financing. The SPA will expire 270 days after the date of the SPA, or July 2, 2013, unless the conditions precedent to the obligation of Principal Financial Services to launch the Offer set forth in the SPA are met or waived, in which case the term of the SPA will be automatically extended for the number of days needed to launch the Offer, transfer the shares and pay the Price.

If the Governmental Resolution Condition is not met or the SP Approval is not obtained on or before January 13, 2013, from January 14, 2013 to the later of the date on which the Governmental Resolution Condition is met and the SP Approval is obtained, the Price will be increased by Chilean UF 4,400 (US$210,540) per day.

If the SP Approval is not obtained within 180 days following the date of the SPA and all other conditions precedent have been met, either Principal Financial Services or the Sellers may terminate the SPA, in which case Principal Financial Services will be required to pay to the Sellers a termination fee in the amount of (i) 10% of the Price if the agreement is terminated by Principal Financial Services and (ii) 7% of the Price if the SPA is terminated by the Sellers, provided that the term of 180 days referred to above shall be suspended (but not beyond 270 days following the date of the SPA), for any period during which the Governmental Resolution Condition is not met.

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If (i) the SP Approval is not obtained as a consequence of the breach by Principal Financial Services of its obligations under the SPA; (ii) Principal Financial Services fails to publish the notice of commencement of the Offer in at least two Chilean newspapers with national circulation, informing of the commencement of the Offer's effect, as provided under Chilean securities law; or (iii) in case of a successful Offer, Principal Financial Services (A) does not publish the notice of the result of the Offer required under Chilean securities law or fully and promptly comply with any of the requirements of the Offer, or (B) does not pay the Sellers the Price on the date of closing, then Principal Financial Services will be required to pay to the Sellers a fee in the amount of 15% of the Price. Such fee does not constitute liquidated damages and Sellers will continue to be able to seek specific performance to enforce the terms of the SPA notwithstanding the payment of such fee.

Principal Financial Services and the Sellers have agreed to indemnify each other for losses arising from breaches of the representations, warranties and covenants of the Agreement, subject to specified limitations.

We anticipate that the closing of the Cuprum acquisition will occur in the first quarter of 2013 after receipt of regulatory approvals in Chile.

Financing of the Acquisition

We estimate the total amount of funds needed to pay the consideration to acquire 100% of the outstanding Cuprum shares will be approximately US$1,510.0 million, subject to adjustment as described above (the "Acquisition Consideration"). We expect to finance the Acquisition Consideration with the net proceeds from the sale of the Notes offered hereby and available cash.

Overview of Cuprum's Business

Cuprum is a large pension manager in Chile, with approximately US$30.6 billion of assets under management ("AUM") as of December 31, 2011, as reported in Chilean International Financial Reporting Standards ("Chilean IFRS"). Cuprum's products include mandatory employee-funded pension plans, voluntary pension products and other long-term savings products. For the year ended December 31, 2011, Cuprum had US$176.3 million in fees and other revenues and US$72.2 million in net income, in each case, as reported in Chilean IFRS.

Cuprum has a high quality and affluent customer base as measured by AUM per customer. As of December 31, 2011, 71% of Cuprum's customers actively contributed to their pension accounts, compared to 52% for the Chilean pension system as a whole. We believe that Cuprum is also well positioned in the voluntary pension products segments in Chile.

Rationale for the Acquisition

We believe that the acquisition of Cuprum will accelerate our strategy of developing an established and targeted presence for pensions and long-term savings in emerging markets. The Cuprum acquisition is consistent with our goal of increasing diversification of our earnings across markets, geographies and currencies. We believe that Cuprum will substantially expand our geographical presence and that the addition of Cuprum will solidify our position as a leading pension and retirement services specialist in Latin America.

We believe that the Cuprum acquisition will provide us greater access to Chile's growing, stable and highly rated economy. We believe that Cuprum will allow us to take advantage of Chile's growing economy, as well as its expanding pension system.

We entered Chile in 1995 but have not historically been a participant in the mandatory pension market. Acquiring Cuprum should allow us to offer a complete full-service pension platform in Chile. The addition of Cuprum should allow us to take advantage of Cuprum's distribution platform in Chile,

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including mandatory and voluntary pension products channels. We believe that Chile's developed pension market and regulatory framework provide a favorable environment for continued growth of Cuprum's business.

For convenience, certain amounts in this prospectus supplement have been translated from Chilean UF into U.S. dollars using an exchange rate of Chilean UF 1.00 to US$47.85, based on the Chilean UF/Chilean Peso exchange rate as reported by the Central Bank of Chile and the Chilean Peso/U.S. dollar exchange rate as reported by International Data Corporation, each on October 5, 2012.

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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, see the discussion in the section entitled "Description of the Notes" in this prospectus supplement and "Description of the Debt Securities" in the accompanying prospectus.

Issuer	Principal Financial Group, Inc.
Subsidiary Guarantor	Principal Financial Services, Inc.
Notes Offered	$ aggregate principal amount of % Senior Notes due 2017. $ aggregate principal amount of % Senior Notes due 2023. $ aggregate principal amount of % Senior Notes due 2043. We refer to the 2017 Notes, the 2023 Notes and the 2043 Notes together as the "Notes."
Maturity	The 2017 Notes will mature on November , 2017. The 2023 Notes will mature on May , 2023. The 2043 Notes will mature on May , 2043.
Interest Payment Dates	May and November of each year, beginning on May , 2013.
Subsidiary Guarantee	The Notes of each series will be fully and unconditionally guaranteed by our subsidiary, Principal Financial Services. See "Description of the Notes Subsidiary Guarantee" in this prospectus supplement.
Record Dates	The or of each year immediately preceding the related interest payment date.
Optional Redemption: No Sinking Fund	The Notes of each series may be redeemed at any time and from time to time, at our option, in whole or in part, as 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.
Special Mandatory Redemption	If (i) the Cuprum acquisition is not completed on or prior to November 19, 2013, or (ii) the SPA is terminated prior to November 19, 2013, we will redeem all of the Notes on the Special Mandatory Redemption Date at the Special Mandatory Redemption Price (each as defined herein). See "Description of the Notes Special Mandatory Redemption" in this prospectus supplement.
No Listing	The Notes will not be listed on any national securities exchange or included in any automated quotation system.

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Ranking	The Notes of each series 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 existing and future subordinated indebtedness. Each 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 existing and future subordinated indebtedness.
Use of Proceeds	We estimate that our net proceeds from the offering will be approximately $ million after deducting the underwriting discounts and estimated offering expenses payable by us. We intend to use the estimated net proceeds from this offering to pay a portion of the Acquisition Consideration. See "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 negative covenants that apply to us; however, the limitation on liens and the limitation on consolidation, merger and sale of assets contain important exceptions. See "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 "Description of the Notes Subsidiary Guarantee" in this prospectus supplement.
Risk Factors	See "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.

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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, our Annual Report on Form 10-K for the year ended December 31, 2011 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 and other information that may be incorporated by reference in this prospectus supplement and the accompanying prospectus after the date hereof. Our business, financial condition, results of operations and prospects could be materially adversely affected by any of these risks.

Risks Related to the Cuprum Acquisition

We may not complete the acquisition of Cuprum within the time frame we anticipate or at all, which could have a negative effect on our business or our results of operations.

On October 5, 2012, we signed the SPA under which we have agreed to launch the Offer for up to 100% of the shares of Cuprum. The Cuprum acquisition is subject to a number of closing conditions, including, but not limited to, the receipt of SP Approval and the meeting of the Governmental Resolution Condition, which may not be received or may take longer than we expect. The acquisition is subject to other risks and uncertainties, such as the possibility that Cuprum could receive an unsolicited proposal from a third party or that either Principal Financial Services or the Sellers could exercise their respective termination rights. Failure to complete the acquisition would, and any delay in completing the acquisition could, prevent us from realizing the benefits that we expect from the Cuprum acquisition. If the acquisition is not consummated on or prior to November 19, 2013, or, prior to such date, the SPA is terminated, we must redeem the notes in accordance with the provisions of the indenture. See "Description of the Notes Special Mandatory Redemption" in this prospectus supplement.

If we successfully acquire Cuprum, the acquired business may underperform relative to our expectations.

If the Cuprum acquisition is consummated, Cuprum may underperform, causing our financial results to differ from our own or the investment community's expectations. The success of the acquisition will depend, in part, on our ability to successfully integrate, operate and manage the future growth of Cuprum. It is possible that Cuprum may be adversely affected by regulatory, political, economic, business or competitive factors before or after the closing of the acquisition. Such a change could prevent us from realizing the benefits that we expect from the acquisition.

Our increased debt obligations as a result of this offering could have negative consequences.

After giving effect to this offering, as of September 30, 2012, our as adjusted long-term debt would have been $ billion (not including debt of Cuprum). Our increased debt obligations could have negative consequences, including:

- Making us more vulnerable to general adverse economic and industry conditions;
- Requiring us to dedicate increased cash flow from operations to the payment of principal and interest on our debt, thereby reducing the funds we have available for other purposes;
- Reducing our ability to execute on our strategy and reducing our flexibility in planning for or reacting to changes in our business and market conditions; and
- Limiting our access to capital markets such that additional capital may not be available or may only be available on unfavorable terms.

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We may not realize the expected benefits of the Cuprum acquisition.

The success of the Cuprum acquisition will in part depend on our ability to successfully integrate and operate Cuprum in conjunction with our existing businesses. The process of assuming control of, integrating and operating Cuprum may be complex, costly and time-consuming. The potential difficulties of integrating and assuming control of the operations of Cuprum include, among others:

- Implementing our business plan for our complementary businesses;
- Unanticipated issues in integrating logistics, information, communications and other systems;
- Retaining key employees of Cuprum;
- Changes in applicable laws and regulations or conditions imposed by regulators;
- Operating risks inherent in Cuprum's business;
- Retaining and growing Cuprum's customers; and
- Realizing revenue and expense synergies.

In addition, we expect to continue to incur significant costs in connection with the Cuprum acquisition and the related operation of the Cuprum business. The Cuprum acquisition may also divert our or Cuprum's management's attention from other business concerns, which could have a negative effect on either our or Cuprum's business, results of operations and financial condition.

The obligations and liabilities of Cuprum, some of which may be unanticipated or unknown, may be greater than we have anticipated, which may diminish the value of Cuprum to us.

Cuprum's obligations and liabilities, some of which may not have been disclosed to us or may not be reflected or reserved for in Cuprum's historical financial statements, may be greater than we have anticipated. The obligations and liabilities of Cuprum could have a material adverse effect on Cuprum's business or Cuprum's value to us or on our business, financial condition or results of operations. We have only limited indemnification from the Sellers under the SPA with respect to obligations or liabilities of Cuprum, whether known or unknown.

The acquisition of Cuprum increases our exposure in Chile and our overall exposure to international operations.

The growth and profitability of Cuprum depend on the level of economic activity in Chile. The Chilean economy has been influenced, to varying degrees, by economic conditions in other emerging market countries, including China. Economic conditions in Chile and other emerging market countries could have an adverse effect on Cuprum's and our business, results of operations and financial condition. In addition, the acquisition of Cuprum will increase our overall exposure to risks related to international operations. See "Risks Related to Our Business Our international businesses face political, legal, operational and other risks that could reduce our profitability in those businesses."

There can be no assurance that the Chilean economy will continue to grow in the future or that future developments in or affecting the Chilean economy will not have a material adverse effect on Cuprum's business, results of operations or financial condition; nor can we assure you that future developments in or affecting the Chilean economy will not impair our ability to proceed with our business plan or have a material adverse effect on us. Cuprum is also subject to comprehensive regulation and supervision from governmental authorities in Chile. New interpretations of existing laws and regulations or the adoption of new laws and regulations may harm Cuprum's business and reduce its profitability.

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The Cuprum acquisition will increase our exposure to fluctuations in Chilean currency exchange rates, which affects the translation of local operating results into our consolidated financial statements and could reduce our profitability. See " Risks Related to Our Business Fluctuations in foreign currency exchange rates could reduce our profitability."

Risks Related to Our Business

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.

Since mid-2007, the capital and credit markets have been experiencing extreme volatility, uncertainty and disruption. Our results of operations, financial condition, cash flows and statutory capital position could be materially adversely affected by continued volatility, uncertainty and disruption in the capital and credit markets.

We maintain a level of cash and securities which, combined with expected cash inflows from investments and operations, is believed adequate to meet anticipated short-term and long-term benefit and expense payment obligations. However, withdrawal and surrender levels may differ from anticipated levels for a variety of reasons, such as changes in economic conditions or changes in our claims paying ability and financial strength ratings. For additional information regarding our exposure to interest rate risk and the impact of a downgrade in our financial strength ratings, see " Changes in interest rates or credit spreads may adversely affect our results of operations, financial condition and liquidity, and our net income can vary from period-to-period" and " 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" under this "Risk Factors" section. In the event our current internal sources of liquidity do not satisfy our needs, we may have to seek additional financing and, in such case, we may not be able to successfully obtain additional financing on favorable terms, or at all. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, our credit ratings and credit capacity, as well as customers' or lenders' perception of our long- or short-term financial prospects. Similarly, our access to funds may be impaired if regulatory authorities or rating agencies take negative actions against us.

Disruptions, uncertainty or volatility in the capital and credit markets may limit our access to capital required to operate our business, most significantly our insurance operations. Such market conditions may limit our ability to replace, in a timely manner, maturing liabilities; satisfy statutory capital requirements; fund redemption requests on insurance or other financial products; generate fee income and market-related revenue to meet liquidity needs and access the capital necessary to grow our business. As such, we may be forced to delay raising capital, issue shorter tenor securities than we prefer, utilize available internal resources or bear an unattractive cost of capital, which could decrease our profitability and significantly reduce our financial flexibility and liquidity.

For further discussion on liquidity risk management, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 incorporated by reference herein.

Continued difficult conditions in the global capital markets and the economy generally may materially and adversely affect our business and results of operations.

Our results of operations are materially affected by conditions in the global capital markets and the economy generally, both in the U.S. and elsewhere around the world. Recently, concerns over the slow economic recovery, the level of U.S. national debt and structural deficits, the European sovereign

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debt crisis, the U.S. mortgage market, inflation levels, energy costs and geopolitical issues have contributed to increased volatility and diminished expectations for the economy and the markets going forward. These factors, combined with volatile oil prices, reduced business and consumer confidence and continued high unemployment, have negatively impacted the U.S. economy. Initially, the concerns on the part of market participants were focused on the subprime segment of the mortgage-backed securities market. However, these concerns expanded to include a broad range of mortgage- and asset-backed and other fixed income securities, including those rated investment grade, the U.S. and international credit and interbank money markets, generally, and a wide range of financial institutions and markets, asset classes and sectors. Although liquidity has improved, the market for fixed income instruments has continued to experience some price volatility, credit downgrade events and elevated probabilities of default. Our assets under management and revenues may decline in such circumstances and our profit margins could erode. In addition, in the event of extreme prolonged market events, such as the global credit crisis, we could incur significant losses. Even in the absence of a market downturn, we are exposed to substantial risk of loss due to market volatility.

Factors such as consumer spending, business investment, government spending, the volatility and strength of the capital markets, investor and consumer confidence and inflation levels all affect the business and economic environment and, ultimately, the amount and profitability of our business. In an economic downturn characterized by higher unemployment, lower family income, lower corporate earnings, lower business investment, negative investor sentiment and lower consumer spending, the demand for our financial and insurance products could be adversely affected. In addition, we may experience an elevated incidence of claims and lapses or surrenders of policies. Our policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. In addition, reductions in employment levels of our existing employer customers may result in a reduction in membership levels and premium income for our specialty benefits products. Participants within the retirement plans for which we provide administrative services may elect to reduce or stop their payroll deferrals to these plans, which would reduce assets under management and revenues. In addition, reductions in employment levels may result in a decline in employee deposits into retirement plans. Adverse changes in the economy could affect net income negatively and could have a material adverse effect on our business, results of operations and financial condition.

Continued volatility or further declines in the equity markets could reduce our assets under management 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.

Domestic and international equity markets experienced severe declines and heightened volatility in 2008 and early 2009. Although equity markets have been recovering, equity values still remain below the values achieved in 2007. Because the revenues of our asset management and accumulation businesses are, to a large extent, based on the value of assets under management, a decline in domestic and global equity markets will decrease our revenues. Turmoil in these markets could lead investors to withdraw from these markets, decrease their rates of investment or refrain from making new investments, which may reduce our net income, revenues and assets under management.

For further discussion on equity risk management, see "Quantitative and Qualitative Disclosures About Market Risk Equity Risk" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 incorporated by reference herein.

Changes in interest rates or credit spreads may adversely affect our results of operations, financial condition and liquidity, and our net income can vary from period-to-period.

We are exposed to significant financial and capital markets risk, including changes in interest rates, credit spreads, equity prices, real estate values, foreign currency exchange rates, market volatility, the performance of the economy in general, the performance of the specific obligors included in our portfolio and other factors outside our control. Our exposure to interest rate risk relates primarily to the market price and cash flow variability associated with changes in interest rates. A rise in interest rates would increase unrealized losses in our investment portfolio and, if long-term interest rates rise dramatically within a six to twelve month time period, certain segments of our life insurance and annuities businesses may be exposed to disintermediation risk. Disintermediation risk refers to the risk that our policyholders may surrender their contracts in a rising interest rate environment, requiring us to liquidate assets in an unrealized loss position. Due to the long-term nature of the liabilities associated with certain segments of our life insurance businesses, sustained declines in long-term interest rates may subject us to reinvestment risks and increased hedging costs. In other situations, declines in interest rates may result in increasing the duration of certain life insurance liabilities, creating asset and liability duration mismatches.

Our investment portfolio also contains interest rate sensitive instruments, such as fixed income securities, which may be adversely affected by changes in interest rates from governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. A rise in interest rates would increase unrealized losses in our investment portfolio, offset by our ability to earn higher rates of return on funds reinvested. Conversely, a decline in interest rates would decrease the net unrealized loss position of our investment portfolio, offset by lower rates of return on funds reinvested. Although we take measures to manage the economic risks of investing in a changing interest rate environment, we may not be able to mitigate the interest rate risk of our assets relative to our liabilities.

Our exposure to credit spreads primarily relates to market price variability and reinvestment risk associated with changes in credit spreads. A widening of credit spreads would increase unrealized losses in our investment portfolio, would increase losses associated with credit-based derivatives we have sold that do not qualify or have not been designated for hedge accounting where we assume credit exposure and, if issuer credit spreads increase as a result of fundamental credit deterioration, would likely result in higher other-than-temporary impairments. Credit spread tightening will reduce net investment income associated with new purchases of fixed maturities. Credit spread tightening may also cause an increase in the reported value of certain liabilities that are valued using a discount rate that reflects our own credit spread. In addition, market volatility may make it difficult to value certain of our securities if trading becomes less frequent. As such, valuations may include assumptions or estimates that may have significant period-to-period changes from market volatility, which could have a material adverse effect on our results of operations or financial condition. Continuing challenges include continued weakness in the U.S. residential and commercial real estate market and increased mortgage delinquencies, investor anxiety over the U.S. economy, rating agency downgrades of various structured products and financial issuers, unresolved issues with structured investment vehicles and monolines, deleveraging of financial institutions and hedge funds and a serious dislocation in the inter-bank market. If significant, continued volatility, changes in interest rates, changes in credit spreads and defaults, a lack of pricing transparency, market liquidity, declines in equity prices, declines in inflation-adjusted investments and the strengthening or weakening of foreign currencies against the U.S. dollar, individually or in tandem, could continue to have a material adverse effect on our results of operations, financial condition or cash flows through realized losses, impairments and changes in unrealized positions.

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, assets under management and net income.

An increase in defaults or write-downs on our fixed maturities portfolio may reduce our profitability.

We are subject to the risk that the issuers of the fixed maturities we own will default on principal and interest payments, particularly if a major downturn in economic activity occurs. As of

September 30, 2012, our U.S. investment operations held $48.7 billion of fixed maturities, or 76% of total U.S. invested assets, of which approximately 7.1% were below investment grade, including $596.7 million, or 1.2% of our total fixed maturities which we classified as either "problem," "potential problem" or "restructured."

Our U.S. fixed maturities portfolio includes securities collateralized by residential and commercial mortgage loans. As of September 30, 2012, our U.S. investment operations held $4.5 billion of residential mortgage-backed securities, of which $3.3 billion are Government National Mortgage Association, Federal National Mortgage Association or Federal Home Loan Mortgage Corporation pass-through securities, and $3.8 billion of commercial mortgage-backed securities, which represent in combination 17% of our total fixed maturities portfolio. For residential mortgage-backed securities, prepayment speeds, changes in mortgage delinquency or recovery rates, credit rating changes by rating agencies, changes in property values underlying the loans and the quality of service provided by service providers on securities in our portfolios could lead to write-downs on these securities. For commercial mortgage-backed securities, changes in mortgage delinquency or default rates, interest rate movements, credit quality and vintage of the underlying loans, changes in property values underlying the loans and credit rating changes by rating agencies could result in write-downs of those securities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Investments U.S. Investment Operations Fixed Maturities" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 incorporated by reference herein.

As of September 30, 2012, the international investment operations of our fully consolidated subsidiaries held $3.7 billion of fixed maturities, or 62%, of total international invested assets, of which 17% are government bonds. Some non-government bonds have been rated on the basis of the issuer's country credit rating. However, the ratings relationship between national ratings and global ratings is not linear with the U.S. The starting point for national ratings differs by country, which makes the assessment of credit quality more difficult. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Investments International Investment Operations" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 incorporated by reference herein. An increase in defaults on our fixed maturities portfolio could harm our financial strength and reduce our profitability.

An increased rate of delinquency and defaults on our commercial mortgage loans, especially those with amortizing balloon payments, may adversely affect our profitability.

Our commercial mortgage loan portfolio faces both delinquency and default risk. Commercial mortgage loans of $9.9 billion represented 14% of our total invested assets as of September 30, 2012. As of September 30, 2012, there were no loans that were in the process of foreclosure. The performance of our commercial mortgage loan investments, however, may fluctuate in the future. An increase in the delinquency rate of, and defaults under, our commercial mortgage loan portfolio could harm our financial strength and decrease our profitability.

As of September 30, 2012, approximately $8.4 billion, or 84%, of our commercial mortgage loans before valuation allowance had amortizing balloon payment maturities. A balloon maturity is a loan with larger dollar amounts of payments becoming due in the later years of the loan. The default rate on commercial mortgage loans with balloon payment maturities has historically been higher than for commercial mortgage loans with standard repayment schedules. Since most of the principal is repaid at maturity, the amount of loss on a default is generally greater than on other commercial mortgage loans. An increase in defaults on such loans as a result of the foregoing factors could harm our financial strength and decrease our profitability.

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We may have difficulty selling our privately placed fixed maturities, commercial mortgage loans and real estate investments because they are less liquid than our publicly traded fixed maturities.

We hold certain investments that may lack liquidity, such as privately placed fixed maturities, commercial mortgage loans and real estate investments. These asset classes represented approximately 38% of the value of our invested assets as of September 30, 2012.

If we require significant amounts of cash on short notice, we may have difficulty selling these investments in a timely manner, be forced to sell them for less than we otherwise would have been able to realize or both. The reported value of our relatively illiquid types of investments, our investments in the asset classes described above and, at times, our high quality, generally liquid asset classes, do not necessarily reflect the lowest possible price for the asset. If we were forced to sell certain of our assets in the current market, there can be no assurance that we will be able to sell them for the prices at which we have recorded them and we may be forced to sell them at significantly lower prices.

The impairment of other financial