

PRINCIPAL FINANCIAL GROUP INC

Form 10-Q

November 02, 2011

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2011

OR

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

1-16725

(Commission file number)

PRINCIPAL FINANCIAL GROUP, INC.

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(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

42-1520346

(I.R.S. Employer Identification Number)

711 High Street, Des Moines, Iowa 50392

(Address of principal executive offices)

(515) 247-5111

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

The total number of shares of the registrant's Common Stock, \$0.01 par value, outstanding as of October 26, 2011, was 305,155,289.

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****Principal Financial Group, Inc.****Consolidated Statements of Financial Position**

	September 30, 2011 (Unaudited)	December 31, 2010
	(in millions)	
Assets		
Fixed maturities, available-for-sale (2011 and 2010 include \$225.7 million and \$257.9 million related to consolidated variable interest entities)	\$ 49,069.5	\$ 48,636.3
Fixed maturities, trading (2011 and 2010 include \$135.0 million and \$131.4 million related to consolidated variable interest entities)	1,278.6	1,120.3
Equity securities, available-for-sale	120.5	169.9
Equity securities, trading (2011 and 2010 include \$164.8 million and \$158.6 million related to consolidated variable interest entities)	360.3	316.9
Mortgage loans	10,860.4	11,125.1
Real estate	1,013.2	1,063.5
Policy loans	883.5	903.9
Other investments (2011 and 2010 include \$105.6 million and \$128.7 million related to consolidated variable interest entities, of which \$104.5 million and \$128.3 million are measured at fair value under the fair value option)	3,202.8	2,641.6
Total investments	66,788.8	65,977.5
Cash and cash equivalents (2011 and 2010 include \$304.9 million and \$100.0 million related to consolidated variable interest entities)	1,434.2	1,877.4
Accrued investment income	663.7	666.1
Premiums due and other receivables	1,237.4	1,063.0
Deferred policy acquisition costs	3,245.5	3,529.8
Property and equipment	448.2	458.7
Goodwill	413.9	345.4
Other intangibles	872.8	834.6
Separate account assets	67,145.8	69,555.3
Other assets	1,052.0	1,323.3
Total assets	\$ 143,302.3	\$ 145,631.1
Liabilities		
Contractholder funds	\$ 36,875.0	\$ 37,301.1
Future policy benefits and claims	19,821.9	20,046.3
Other policyholder funds	549.7	592.2
Short-term debt	73.8	107.9
Long-term debt	1,570.4	1,583.7
Income taxes currently payable	2.8	6.2
Deferred income taxes	707.9	409.9
Separate account liabilities	67,145.8	69,555.3
Other liabilities (2011 and 2010 include \$515.7 million and \$433.6 million related to consolidated variable interest entities, of which \$90.6 million and \$114.5 million are	6,265.6	6,143.5

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measured at fair value under the fair value option)

Total liabilities	133,012.9	135,746.1
Stockholders' equity		
Series A preferred stock, par value \$.01 per share with liquidation preference of \$100 per share 3.0 million shares authorized, issued and outstanding in 2011 and 2010		
Series B preferred stock, par value \$.01 per share with liquidation preference of \$25 per share 10.0 million shares authorized, issued and outstanding in 2011 and 2010	0.1	0.1
Common stock, par value \$.01 per share 2,500.0 million shares authorized, 450.2 million and 448.5 million shares issued, and 305.1 million and 320.4 million shares outstanding in 2011 and 2010	4.5	4.5
Additional paid-in capital	9,617.9	9,563.8
Retained earnings	5,130.3	4,612.3
Accumulated other comprehensive income	409.2	272.4
Treasury stock, at cost (145.1 million and 128.1 million shares in 2011 and 2010)	(5,181.7)	(4,725.3)
Total stockholders' equity attributable to Principal Financial Group, Inc.	9,980.3	9,727.8
Noncontrolling interest	309.1	157.2
Total stockholders' equity	10,289.4	9,885.0
Total liabilities and stockholders' equity	\$ 143,302.3	\$ 145,631.1

See accompanying notes.

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

For the three months ended
September 30,
2011 **2010**

For the nine months ended
September 30,