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A.M. BEST COMPANY, INC., OLDWICK, NJ • WASHINGTON, D.C. • MEXICO CITY • LONDON • DUBAI • SINGAPORE • HONG KONG

FOR IMMEDIATE RELEASE

January 16, 2015

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A.M. Best Affirms Ratings of Principal Financial Group, Inc. and Its Subsidiaries

Rating Supplement

The FSR of A+ (Superior) and ICRs of “aa-” have been affirmed with a stable outlook for **Principal Life Insurance Company** and **Principal National Life Insurance Company**.

The ICRs of “a-” have been affirmed with a stable outlook for both **Principal Financial Group, Inc.** and **Principal Financial Services, Inc.**

The following debt ratings have been affirmed:

Principal Financial Services, Inc.—
-- AMB-1 commercial paper rating

Principal Life Insurance Company—
-- AMB-1+ commercial paper rating

The following debt ratings have been affirmed with a stable outlook:

Principal Financial Group, Inc.—
-- “a-” on \$300 million 1.85% senior unsecured notes, due 2017
-- “a-” on \$350 million 8.875% senior unsecured notes, due 2019
-- “a-” on \$300 million 3.30% senior unsecured notes, due 2022
-- “a-” on \$300 million 3.125% senior unsecured notes, due 2023
-- “a-” on \$600 million 6.05% senior unsecured notes, due 2036
-- “a-” on \$300 million 4.625% senior unsecured notes, due 2042
-- “a-” on \$300 million 4.35% senior unsecured notes, due 2043
-- “bbb” on \$300 million 5.563% non-cumulative perpetual preferred stock
-- “bbb” on \$250 million 6.518% non-cumulative perpetual preferred stock

Principal Life Global Funding I—“aa-” program rating
-- “aa-” on all outstanding notes issued under the program



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Principal Life Global Funding II—“aa-” program rating
-- “aa-” on all outstanding notes issued under the program

Principal Financial Global Funding, LLC—“aa-” program rating
-- “aa-” on all outstanding notes issued under the program

Principal Financial Global Funding II, LLC—“aa-” program rating
-- “aa-” on all outstanding notes issued under the program

Principal Life Income Fundings Trusts—“aa-” program rating
-- “aa-” on all outstanding notes issued under the program

The following indicative ratings on securities available under universal shelf registration have been affirmed with a stable outlook:

Principal Financial Group, Inc.—
-- “a-” on senior unsecured debt
-- “bbb+” on subordinated debt
-- “bbb” on preferred stock

Principal Capital I, II and III—
-- “bbb” on preferred securities

The methodology used in determining these ratings is Best’s Credit Rating Methodology, which provides a comprehensive explanation of A.M. Best’s rating process and contains the different rating criteria employed in the rating process. Best’s Credit Rating Methodology can be found at www.ambest.com/ratings/methodology.

Key insurance criteria reports utilized:

- Analyzing Insurance Holding Company Liquidity
- A.M. Best’s Liquidity Model for U.S. Life Insurers
- A.M. Best’s Perspective on Operating Leverage
- Equity Credit For Hybrid Securities
- Evaluating Country Risk
- Insurance Holding Company and Debt Ratings



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- Rating Funding Agreement-Backed Securities
- Rating Members of Insurance Groups
- Risk Management and the Rating Process for Insurance Companies
- Understanding BCAR for U.S. and Canadian Life/Health Insurers

This press release relates to rating(s) that have been published on A.M. Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please visit A.M. Best's [Ratings & Criteria Center](#).

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