

FORM 3

**UNITED STATES SECURITIES AND EXCHANGE
COMMISSION
Washington, D.C. 20549**

OMB APPROVAL
OMB Number: 3235-0104
Expires: February 28, 2011
Estimated average burden
hours per response... 0.5

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a)
of the Public Utility Holding Company Act of 1935 or Section 30(h) of the
Investment Company Act of 1940

1. Name and Address of Reporting Person *	2. Date of Event Requiring Statement (MM/DD/YYYY)	3. Issuer Name and Ticker or Trading Symbol
Lillis Terrance J.	8/7/2008	PRINCIPAL FINANCIAL GROUP INC [PFG]
(Last) (First) (Middle) 711 HIGH STREET	4. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) Senior Vice President & CFO /	
(Street) DES MOINES, IA 50392	5. If Amendment, Date Original Filed (MM/DD/YYYY)	6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person
(City) (State) (Zip)		

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	5848 ⁽¹⁾	D	
Common Stock	35	I	By 401(k) Plan
Common Stock	303	I	By Spouse

Table II - Derivative Securities Beneficially Owned (e.g. , puts, calls, warrants, options, convertible securities)

1. Title of Derivate Security (Instr. 4)	2. Date Exercisable and Expiration Date (MM/DD/YYYY)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Phantom Stock Units	⁽²⁾	⁽²⁾	Common Stock	130	⁽³⁾	D	
Employee Stock Option (Right to Buy)	2/25/2006	2/25/2013	Common Stock	7205	\$27.57	D	
Employee Stock Option (Right to Buy)	2/24/2007	2/24/2014	Common Stock	6605	\$36.30	D	

Table II - Derivative Securities Beneficially Owned (e.g. , puts, calls, warrants, options, convertible securities)

1. Title of Derivate Security (Instr. 4)	2. Date Exercisable and Expiration Date (MM/DD/YYYY)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Employee Stock Option (Right to Buy)	2/28/2008	2/28/2015	Common Stock	7520	\$39.02	D	
Employee Stock Option (Right to Buy)	(4)	2/27/2016	Common Stock	3235	\$49.25	D	
Employee Stock Option (Right to Buy)	(5)	2/26/2017	Common Stock	5525	\$62.63	D	
Employee Stock Option (Right to Buy)	(6)	2/26/2018	Common Stock	7380	\$60.20	D	
Employee Stock Option (Right to Buy)	(7)	5/19/2018	Common Stock	13505	\$46.42	D	
Performance Units	(8)	(8)	Common Stock	2555	(3)	D	

Explanation of Responses:

- (1) Includes 3,666 shares acquired pursuant to the Principal Financial Group, Inc. Employee Stock Purchase Plan and 719 restricted stock units granted pursuant to the Principal Financial Group, Inc. Stock Incentive Plan.
- (2) The reported phantom stock units were acquired pursuant to the Principal Select Savings Excess Plan and may be transferred at any time into another investment alternative under the Plan. Interests under the Plan will be settled upon the reporting person's retirement or other termination of service.
- (3) Security converts to common stock on a one-for-one basis.
- (4) The option vests in three equal annual installments beginning February 27, 2007.
- (5) The option vests in three equal annual installments beginning February 26, 2008.
- (6) The option vests in three equal annual installments beginning February 26, 2009.
- (7) The option vests in three equal annual installments beginning May 19, 2009.
- (8) The performance units were acquired pursuant to the Principal Financial Group, Inc. Long-Term Performance Plan. Units under the Plan will be settled in cash or stock within a five-year period from the date of vesting.

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Lillis Terrance J. 711 HIGH STREET DES MOINES, IA 50392			Senior Vice President & CFO	

Signatures

Joyce N. Hoffman, by Power of Attorney

8/18/2008

** Signature of Reporting Person

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.