

# PRINCIPAL FINANCIAL GROUP INC

## FORM 5

(Annual Statement of Changes in Beneficial Ownership)

Filed 2/14/2006 For Period Ending 12/31/2005

Address	711 HIGH STREET DES MOINES, Iowa 50392
Telephone	515-247-5111
CIK	0001126328
Industry	Insurance (Life)
Sector	Financial
Fiscal Year	12/31

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# FORM 5

## UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).  
 Form 3 Holdings Reported  
 Form 4 Transactions Reported

### ANNUAL STATEMENT OF CHANGES IN 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(f) of the Investment Company Act of 1940

1. Name and Address of Reporting Person *			2. Issuer Name <b>and</b> Ticker or Trading Symbol			5. Relationship of Reporting Person(s) to Issuer (Check all applicable)		
<b>GERSIE MICHAEL H</b>			<b>PRINCIPAL FINANCIAL GROUP INC [PFG]</b>			<input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> <b>X</b> Officer (give title below) <input type="checkbox"/> Other (specify below) <b>Executive Vice President &amp; CFO</b>		
(Last)	(First)	(Middle)	3. Statement for Issuer's Fiscal Year Ended (MM/DD/YYYY)					
<b>711 HIGH STREET</b>			<b>12/31/2005</b>					
(Street)			4. If Amendment, Date Original Filed (MM/DD/YYYY)			6. Individual or Joint/Group Filing (Check Applicable Line)		
<b>DES MOINES, IA 50392</b>						<input checked="" type="checkbox"/> <b>X</b> 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 Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Trans. Date	2A. Deemed Execution Date, if any	3. Trans. Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				Amount	(A) or (D)	Price			
Common Stock	10/26/2001		J (1)	219	A	\$0 (2)	219	I	By Spouse's 401(k) Plan
Common Stock	2/24/2004		A (5)	1045	A	\$0 (9)	3668 (10)	I	By Spouse
Common Stock	12/17/2004		A (5)	14	A	\$0 (9)	4464 (12)	I	By Spouse
Common Stock	2/28/2005		A (5)	1069	A	\$0 (9)	5533 (12)	I	By Spouse

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned ( e.g. , puts, calls, warrants, options, convertible securities)**

1. Title of Derivate Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Trans. Date	3A. Deemed Execution Date, if any	4. Trans. Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (MM/DD/YYYY)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned at End of Issuer's Fiscal Year (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
					(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Phantom Stock Units		10/26/2001		J (1)	1		(4)	(4)	Common Stock	1	(4)	1	I	By Spouse
Employee Stock Option (Right to Buy)	\$27.48	4/29/2002		A (5)	3675		(6)	4/29/2012	Common Stock	3675	\$0	3675	I	By Spouse
Performance Units		2/25/2003		A (5)	943		(7)	(7)	Common Stock	943	\$0	943	I	By Spouse
Employee Stock Option (Right to Buy)	\$27.57	2/25/2003		A (5)	5220		(8)	2/25/2013	Common Stock	5220	\$0	5220	I	By Spouse

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned ( e.g. , puts, calls, warrants, options, convertible securities)**

1. Title of Derivate Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Trans. Date	3A. Deemed Execution Date, if any	4. Trans. Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (MM/DD/YYYY)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned at End of Issuer's Fiscal Year (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
					(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Employee Stock Option (Right to Buy)	\$36.30	2/24/2004		A (5)	3145		(11)	2/24/2014	Common Stock	3145	\$0	3145	I	By Spouse
Employee Stock Option (Right to Buy)	\$39.02	2/28/2005		A (5)	4310		(13)	2/28/2015	Common Stock	4310	\$0	4310	I	By Spouse

**Explanation of Responses:**

- (1) Delinquent report of reporting person's spouse's holdings that should have been reported on Form 5 for the period indicated. Shares were acquired in the demutualization of Principal Mutual Holding Company as compensation in exchange for the extinguishment of a membership interest in Principal Mutual Holding Company. The demutualization was effective October 26, 2001.
- (2) Principal Financial Group, Inc. closed in initial public offering at \$18.50 per share on that date. It distributed shares to former holders of membership interests on December 10, 2001.
- (3) Security converts on a one-for-one basis. The reported phantom stock units were acquired under Principal Life Insurance Company's excess benefit plan as a result of the demutualization of Principal Mutual Holding Company and will be settled upon the reporting person's retirement or other termination of service.
- (4) Delinquent report of reporting person's spouse's holdings that should have been reported on Form 4 for the period indicated.
- (5) The option vested in three annual installments beginning on April 29, 2003.
- (6) The reported performance units were acquired pursuant to the Principal Financial Group Long-Term Performance Plan. Units under the Plan will be settled in cash or stock within a five-year period from date of vesting.
- (7) The option vests in three annual installments beginning on February 25, 2004.
- (8) Grant of restricted stock units.
- (9) Includes 898 shares acquired pursuant to the Principal Financial Group, Inc. Employee Stock Purchase Plan.
- (10) The option vests in three annual installments beginning on February 24, 2005.
- (11) Includes 1,680 shares acquired pursuant to the Principal Financial Group, Inc. Employee Stock Purchase Plan.
- (12) The option vests in three annual installments beginning on February 28, 2006.
- (13)

**Reporting Owners**

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
<b>GERSIE MICHAEL H 711 HIGH STREET DES MOINES, IA 50392</b>			<b>Executive Vice President &amp; CFO</b>	

**Signatures**

**Joyce N.  
Hoffman, by  
Power of  
Attorney**

**2/14/2006**

\*\* 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 4(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.

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