Principal Financial Group®

February 2020
Use of Non-GAAP financial measures

A non-GAAP financial measure is a numerical measure of performance, financial position, or cash flow that includes adjustments from a comparable financial measure presented in accordance with U.S. GAAP. The company uses a number of non-GAAP financial measures management believes are useful to investors because they illustrate the performance of the company’s normal, ongoing operations which is important in understanding and evaluating the company’s financial condition and results of operations. While such measures are also consistent with measures utilized by investors to evaluate performance, they are not, however, a substitute for U.S. GAAP financial measures. Therefore, the company has provided reconciliations of the non-GAAP financial measures to the most directly comparable U.S. GAAP financial measure within the slides. The company adjusts U.S. GAAP financial measures for items not directly related to ongoing operations. However, it is possible these adjusting items have occurred in the past and could recur in future reporting periods. Management also uses non-GAAP financial measures for goal setting, as a basis for determining employee and senior management awards and compensation, and evaluating performance on a basis comparable to that used by investors and securities analysts.

The company also uses a variety of other operational measures that do not have U.S. GAAP counterparts, and therefore do not fit the definition of non-GAAP financial measures. Assets under management is an example of an operational measure that is not considered a non-GAAP financial measure.
Forward looking statements

Certain statements made by the company which are not historical facts may be considered forward-looking statements, including, without limitation, statements as to non-GAAP operating earnings, net income attributable to PFG, net cash flow, realized and unrealized gains and losses, capital and liquidity positions, sales and earnings trends, and management’s beliefs, expectations, goals and opinions. The company does not undertake to update these statements, which are based on a number of assumptions concerning future conditions that may ultimately prove to be inaccurate. Future events and their effects on the company may not be those anticipated, and actual results may differ materially from the results anticipated in these forward-looking statements. The risks, uncertainties and factors that could cause or contribute to such material differences are discussed in the company’s annual report on Form 10-K for the year ended Dec. 31, 2019 filed by the company with the U.S. Securities and Exchange Commission, as updated or supplemented from time to time in subsequent filings. These risks and uncertainties include, without limitation: adverse capital and credit market conditions may significantly affect the company's ability to meet liquidity needs, access to capital and cost of capital; conditions in the global capital markets and the economy generally; volatility or declines in the equity, bond or real estate markets; changes in interest rates or credit spreads or a sustained low interest rate environment; the company’s investment portfolio is subject to several risks that may diminish the value of its invested assets and the investment returns credited to customers; the company’s valuation of investments and the determination of the amount of allowances and impairments taken on such investments may include methodologies, estimations and assumptions that are subject to differing interpretations; any impairments of or valuation allowances against the company’s deferred tax assets; the company’s actual experience could differ significantly from its pricing and reserving assumptions; the pattern of amortizing the company’s DAC and other actuarial balances on its universal life-type insurance contracts, participating life insurance policies and certain investment contracts may change; changes in laws, regulations or accounting standards; the company may not be able to protect its intellectual property and may be subject to infringement claims; the company’s ability to pay stockholder dividends and meet its obligations may be constrained by the limitations on dividends Iowa insurance laws impose on Principal Life; litigation and regulatory investigations; from time to time the company may become subject to tax audits, tax litigation or similar proceedings, and as a result it may owe additional taxes, interest and penalties in amounts that may be material; applicable laws and the company’s certificate of incorporation and by-laws may discourage takeovers and business combinations that some stockholders might consider in their best interests; competition, including from companies that may have greater financial resources, broader arrays of products, higher ratings and stronger financial performance; technological and societal changes may disrupt the company’s business model and impair its ability to maintain profitability; a downgrade in the company’s financial strength or credit ratings; client terminations, withdrawals or changes in investor preferences; inability to attract and retain qualified employees and sales representatives and develop new distribution sources; an interruption in telecommunication, information technology or other systems, or a failure to maintain the confidentiality, integrity or availability of data residing on such systems; international business risks; fluctuations in foreign currency exchange rates; risks arising from participation in joint ventures; the company may need to fund deficiencies in its “Closed Block” assets; the company’s reinsurers could default on their obligations or increase their rates; risks arising from acquisitions of businesses; and loss of key vendor relationships or failure of a vendor to protect information of our customers or employees.

Forward looking statements
A leading financial services company
Fortune 500 company; 140 year history; customers in over 80 countries

Non-GAAP pre-tax operating earnings\(^1\)
$2,269.6 million
As of Dec. 31, 2019

Assets Under Management\(^2\)
$735.3 billion
As of Dec. 31, 2019

---

\(^1\) Trailing Twelve Months. Excludes Corporate.
\(^2\) Assets under management by asset manager.
Segment reporting structure

Principal Financial Group
Dan Houston Chairman, President & CEO
Deanna Strable CFO

Management team averages approximately 30 years of industry experience
Global Asset Management

Principal Global Asset Management (GAM)
Tim Dunbar

- Principal Global Investors (PGI)
- Principal International (PI) investment operations*
- General Account
- RobustWealth
- Global Strategy, Marketing & Product
- Institutional investors
- Retirement investors
- High net worth/Retail investors

*As permitted and in accordance with regulatory guidelines in the markets in which we operate.
### Experienced management team

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Title</th>
<th>Experience (Industry/PFG)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daniel J. Houston</td>
<td>59</td>
<td>Chairman, President &amp; Chief Executive Officer</td>
<td>36/36</td>
</tr>
<tr>
<td>Timothy M. Dunbar</td>
<td>63</td>
<td>President - Principal Global Asset Management</td>
<td>39/34</td>
</tr>
<tr>
<td>Amy C. Friedrich</td>
<td>50</td>
<td>President - U.S. Insurance Solutions</td>
<td>24/20</td>
</tr>
<tr>
<td>Patrick G. Halter</td>
<td>61</td>
<td>CEO &amp; President - Principal Global Investors</td>
<td>36/36</td>
</tr>
<tr>
<td>Renee V. Schaaf</td>
<td>62</td>
<td>President – Retirement &amp; Income Solutions</td>
<td>40/40</td>
</tr>
<tr>
<td>Luis E. Valdes</td>
<td>63</td>
<td>President - International Asset Management and Accumulation</td>
<td>32/29</td>
</tr>
<tr>
<td>Julia M. Lawler</td>
<td>60</td>
<td>Executive VP &amp; Chief Risk Officer</td>
<td>38/36</td>
</tr>
<tr>
<td>Christopher J. Littlefield</td>
<td>54</td>
<td>Executive VP &amp; General Counsel</td>
<td>14/1</td>
</tr>
<tr>
<td>Gary P. Scholten</td>
<td>63</td>
<td>Executive VP, Chief Information Officer &amp; Chief Digital Officer</td>
<td>40/40</td>
</tr>
<tr>
<td>Karen E. Shaff</td>
<td>66</td>
<td>Executive VP, Chief Legal Officer &amp; Secretary</td>
<td>38/38</td>
</tr>
<tr>
<td>Deanna D. Strable</td>
<td>52</td>
<td>Executive VP &amp; Chief Financial Officer</td>
<td>31/31</td>
</tr>
<tr>
<td>Jon N. Couture</td>
<td>55</td>
<td>Senior VP &amp; Chief Human Resources Officer</td>
<td>16/3</td>
</tr>
<tr>
<td>Bethany A. Wood</td>
<td>57</td>
<td>Senior VP &amp; Chief Marketing Officer</td>
<td>13/1</td>
</tr>
</tbody>
</table>

¹As of 12/2020
Industry leadership

Global Asset Management
- Best Place to Work in Money Mgmt¹
- #1 APV - Chile²
- Top 10 manager Real Estate³
- 6th largest manager High Yield⁴
- ENERGY STAR Partner of the Year⁵

Global Retirement and Long-Term Savings
- #7 provider of DC plans⁶
- #2 Pension provider in Latin America⁷
- #5 AFORE – Mexico⁸
- #1 P/VGBL - Brazil⁹
- #6 MPF provider – Hong Kong¹⁰
- #1 provider of DB plans¹¹
- #1 provider of ESOP plans¹²

Risk Protection
- #1 Nonqualified deferred compensation¹³
- #1 Small-case business life insurance¹⁴
- #3 Non-medical coverages¹⁵
- #5 Individual disability insurance¹⁶

Sources:
²SVS, SP, June 2019.
⁷AUM among multi-country pension providers; Fenaprevi September 2019.
⁸CONSAR in terms of AUM, September 2019.
⁹Ranking in terms of AUM, Fenaprevi, November 2019.
¹⁰In terms of AUM, Mercer, September 2019.
¹⁴Based on corporate-owned life insurance (COLI) and corporate-sponsored individually owned (CSIO) life insurance total premium and case count for case sizes up to $5 million of total premium per case. Source: 2018 COLI/CSIO survey of participating life insurance carriers, IBIS Associates, McLean, VA.
¹⁵LIMRA 2017 survey: Non-medical based on fully insured employer contracts in force.
Current ratings
(As of January 2020)

Moody's Investors Service
'A1', Good – fifth highest of 21 rating levels.
Outlook: Stable

Fitch Ratings
‘AA-’, Very Strong – fourth highest of 19 rating levels.
Outlook: Stable

Standard & Poor’s
‘A+’, Strong – fifth highest of 20 rating levels.
Outlook: Stable

A.M. Best
Outlook: Stable
The customer remains at the center of our strategy

Our customers

Individuals
We help people save and invest; and protect against financial risks through insurance and guaranteed income.

Small to Medium Sized Businesses (SMBs)
We help businesses address risks and compete for talent, through insurance, retirement and other employee benefits.

Institutions
We tailor investment solutions to client preferences, risk tolerances and long-term investment objectives.

Our foundation

Customer Focus | Talent Development | Financial Strength | Integrity | Operational Excellence | Capital & Risk Management | Diversity & Inclusion | Social Responsibility
Retirement and Income Solutions overview

To help more people save enough, protect enough and have enough in retirement.

Individuals
- Annuities (variable and fixed)
- Individual Retirement Accounts funded by:
  - Mutual Funds
  - Annuities
  - Certificate of Deposits
  - Money Market Accounts

Employers
- Employer-sponsored retirement plans
  - Defined contribution
  - Defined benefit
  - Employee stock ownership plan
  - Nonqualified plans
- Pension risk transfer
- Trust & custody services (retirement and non-retirement)
- Investment only solutions
  - Medium-term notes
  - Guaranteed Interest Contracts
  - Stable value wraps
## Strong business fundamentals

### Net cash flow as a percent of beginning of year account value (2013-2018 average)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>4Q19</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>RIS total account value</td>
<td>$210B</td>
<td>$318B</td>
<td>11%</td>
</tr>
<tr>
<td>RIS-Fee return on net revenue</td>
<td>32.0%</td>
<td>26.3%</td>
<td></td>
</tr>
<tr>
<td>RIS-Spread return on net revenue</td>
<td>63.0%</td>
<td>66.8%</td>
<td></td>
</tr>
<tr>
<td>Participants</td>
<td>4.7M</td>
<td>6.0M</td>
<td>6%</td>
</tr>
</tbody>
</table>

1Department of Labor & Cerulli Associates, 2018. 2For trailing 12 months. 32019 return on net revenue includes the IRT acquisition. 4Defined contribution and defined benefit, excluding acquired defined contribution and defined benefit plans from the IRT acquisition.
Market leading solutions

Principal Total Retirement Suite SM is still a differentiator

Top 3
- Defined Contribution Recordkeeper¹ (number of participants)

#1
- Defined Benefit Provider³ (number of plans)

#1
- Employee Stock Ownership Plan Recordkeeper¹ (number of plans)

#1
- Nonqualified Deferred Comp Recordkeeper² (number of plans)

Principal is a leader in retirement income

#3
- Pension Risk Transfer⁴ (by premium)

#4
- Individual Immediate Annuities⁵ (by premium)

#4
- Deferred Income Annuities⁵ (by premium)

¹Defined Contribution and ESOP: PLANSPONSOR Recordkeeping Survey 07/19; ²Defined Benefit: PLANSPONSOR DB Administration Survey 05/19; ³Nonqualified Deferred Compensation: PLANSPONSOR Recordkeeping Survey 07/19; ⁴LIMRA Secure Retirement Institute – based on premiums as of 12/31/2018; ⁵LIMRA Secure Retirement Institute – based on premiums as of 12/31/2018
Flexible business model serves multiple markets

**BUSINESS MODEL**

- **Bundled** (Full Service)
  - MetLife
  - Ascensus
  - Empower

- **Unbundled** (TPA)
  - Nationwide
  - Voya
  - John Hancock

**TARGET MARKET**

- **Small Case**
- **Large Case**

- **MetLife**
- **Nationwide**
- **John Hancock**
- **VOYA**
- **Transamerica**
- **Empower**
- **Fidelity**
  - T. Rowe Price
  - Prudential
- **Vanguard**
- **Mass Mutual**
- **Principal**
U.S. retirement market potential remains immense

**Retirement market opportunities**

**RETIREMENT READINESS:**
- New plan formation
- Non-participants
- Under-saved

**INCOME SOLUTIONS:**
- Yield/Income
- Outcomes:
  - Longevity
  - Market volatility
  - Inflation

---

Sources: Cerulli, Retirement Markets, 2019
Balanced sales approach

Transfer deposits

<table>
<thead>
<tr>
<th>Year</th>
<th>1st Quarter</th>
<th>2nd Quarter</th>
<th>3rd Quarter</th>
<th>4th Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>3.6</td>
<td>1.9</td>
<td>2.5</td>
<td>9.9</td>
</tr>
<tr>
<td>2016</td>
<td>4.2</td>
<td>2.3</td>
<td>2.6</td>
<td>12.4</td>
</tr>
<tr>
<td>2017</td>
<td>3.9</td>
<td>2.9</td>
<td>3.1</td>
<td>12.5</td>
</tr>
<tr>
<td>2018</td>
<td>4.4</td>
<td>3.7</td>
<td>3.2</td>
<td>15.2</td>
</tr>
<tr>
<td>2019</td>
<td>5.2</td>
<td>4.1</td>
<td>3.9</td>
<td>18.5</td>
</tr>
</tbody>
</table>

Billions

4th Quarter
3rd Quarter
2nd Quarter
1st Quarter
The power of payroll deduction
Recurring deposits

- People making a deferral +19%[^1]
- Avg deferral per member +12%[^1]
- People receiving a match +25%[^1]

[^1] 4Q19 compared to 4Q16
Account value detail

- Individual Variable Annuities
- Employer Securities
- Non-Proprietary Funds
- Proprietary Funds
- Separate Account
- General Account

Yearly breakdown from 2015 to 4Q19:
The diversified customers we serve

**Pension Risk Transfer customers**
350,000 lives diversified by attained age

- Age 80-89: 20%
- Age 70-79: 33%
- Age 60-69: 25%
- Below age 60: 16%
- Age 90+: 6%
- Age 90+: 7%

**Individual Annuity customers**
273,000 lives diversified by attained age

- Age 80-89: 19%
- Age 80-89: 14%
- Age 70-79: 30%
- Age 70-79: 30%
- Age 60-69: 30%
- Age 60-69: 30%
- Below age 60: 14%
- Below age 60: 14%

As of 12/31/2019
Serving SMBs enhances diversification

Principal’s PRT plans by industry
Over 90% of plans have under 100 lives

- Finance 15%
- Manufacturing 29%
- Services 23%
- Tax-Exempt 13%
- Trade 7%
- Labor 13%

5,256 plans

PRT new sales market share by premium and contracts

1 As of 12/31/2019
2 LIMRA Secure Retirement Institute, 2018 sales
Innovative solutions: solving income needs

Multi-product solution set to transition retirement savings into income streams

• **Annuities to provide:**
  – Fixed returns
  – Guaranteed income
  – Protection against volatility

• **Bank products**

• **Pension Risk Transfer**
  – Defined Benefit plan terminations

**Our approach:**
- Education
- Planning assistance (RetireSecure®)
- Full array of options
- Innovative solutions
- Digital advice
Diversified global asset management organization

- Broad range of investors in over 80 countries
- Offices in major money centers worldwide
- Long commitment to corporate stewardship; signatory to United Nations’ Principles for Responsible Investment (PRI)
- Principal ranked among top companies with 1,000+ employees in Pensions & Investments’ Best Places to Work in Money Management, for the eighth year in a row

Overview - key areas of focus

Leverage our client focused business model
- Design and deliver products informed by the voice of the client
- Further enhance our ability to capture client perspectives
- Take advantage of our modernized distribution model

Commitment to further build out of high value, specialist capabilities
- Develop additional capabilities in private assets, including globalization of our highly successful real estate investment franchise
- Continue build out of systematic beta in equities and fixed income boutiques

Strategically leverage technology across the business
- Use digital technology to improve our core investment processes
- Facilitate delivery of customized solutions to Retirement and Retail investors
- Empower sales and marketing teams with more efficient ways to reach our clients and their advisors
Broad global distribution in retail and institutional markets

**Distribution channels**
- Global Institutional
- US Retail
- Non-US Retail
- PI and RIS-Fee client segments

**Distribution partners**
- Global Distributors
- Global Consultants
- US Wirehouses
- Independent Financial and Registered Investment Advisors
- Private Banks

**Product vehicles**
- Separate Accounts
- US Mutual Funds
- UCITS/QIAIFs*
- ETFs
- SMA/UMA
- CIT
- Interval Funds

*Certain vehicles have not been registered with the US Securities and Exchange Commission under the US Securities Act of 1933 and may not be directly or indirectly offered or sold in the US or to any US person.
Gain from highly focused investment teams

Striving to deliver consistent, risk-controlled results, flexible investment strategies, and customized solutions – all through a single, globally integrated investment advisor.

- **Comprises** experienced managers, each offering distinct investment specialties and philosophies.
- **Leverages** the expertise of more than 560 global investment professionals, with a focus on customized solutions.
- **Cultivates** a small-company mindset in a large-company environment.
- **Integrates** global business to provide clients access to comprehensive investment strategies and solutions.
In-demand, specialist capabilities

Unique hybrid business model

Distinct investment processes

Leverage distribution
- Global institutional
- Global funds

Integrated business processes
- Drive scale
- Share best practices

Principal Global Investors
$459 B

AUM in billions, as of 12/31/2019. ¹Principal Portfolio Strategies allocates investment dollars across PGI boutiques and third-party managers. ²Effective 10/1/2019, Finisterre Capital joined the Principal Global Fixed Income team to align capabilities, resources and better leverage our global infrastructure. As a result, approximately $2.6 billion of AUM moved from Finisterre Capital to Principal Global Fixed Income. ³Effective 1/1/2019, Claritas, an investment management company in Brazil, moved from Principal International to Principal Global Investors.
Comprehensive capabilities of autonomous asset managers

<table>
<thead>
<tr>
<th>Investment Group</th>
<th>Global Equity</th>
<th>U.S. Equity</th>
<th>Regional Equity</th>
<th>Fixed Income</th>
<th>Real Estate</th>
<th>Asset Allocation</th>
<th>Alternatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aligned Investors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claritas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Columbus Circle Investors</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Edge Asset Management</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Origin Asset Management</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post Advisory Group</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal Global Equities</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal Global Fixed Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal Portfolio Strategies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Principal Real Estate Investors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Spectrum Asset Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As of 30 September 2019.
Principal Global Investors is a diversified global asset management organization, with a range of investment capabilities provided by the investment boutiques within the Principal Global Investors group of companies, by its internal focused investment teams, affiliated companies and ventured partners.
Investment performance

Equal weighted\(^1\)

<table>
<thead>
<tr>
<th>Period</th>
<th>Dec. 31, 2018</th>
<th>Sep. 30, 2019</th>
<th>Dec. 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1-Year</strong></td>
<td>41%</td>
<td>52%</td>
<td>78%</td>
</tr>
<tr>
<td><strong>3-Year</strong></td>
<td>49%</td>
<td>75%</td>
<td>78%</td>
</tr>
<tr>
<td><strong>5-Year</strong></td>
<td>79%</td>
<td>78%</td>
<td>78%</td>
</tr>
</tbody>
</table>

Asset weighted\(^2\)

87% of rated fund AUM has a 4 or 5 star rating from Morningstar

<table>
<thead>
<tr>
<th>Rating</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 or 5 stars</td>
<td>87%</td>
</tr>
<tr>
<td>3 stars</td>
<td>10%</td>
</tr>
<tr>
<td>2 stars</td>
<td>1%</td>
</tr>
<tr>
<td>1 star</td>
<td>2%</td>
</tr>
</tbody>
</table>

\(^1\) Percentage of Principal actively managed mutual funds, exchange traded funds (ETFs), insurance separate accounts, and collective investment trusts (CITs) in the top two Morningstar quartiles. Excludes Money Market, Stable Value, Liability Driven Investment (Short, Intermediate and Extended Duration), Hedge Fund Separate Account, & US Property Separate Account.

\(^2\) Includes only funds with ratings assigned by Morningstar; non-rated funds excluded (74 total funds with I-shares, 71 are ranked)
Well-positioned for industry trends

• Industry leader in delivering solutions, including multi-asset solutions
• Strong and growing suite of alternatives
• Early entrant in the Active ETF space
• Hybrid, Passive and Indexed offerings on retirement platform of the Principal Financial Group
• With investment teams that span asset classes, sector rotation presents opportunities
**Principal International overview**

**Mission:** Helping 23 million middle class customers in our chosen emerging markets plan and invest for their financial security through our retirement and long-term savings franchise.

- **Mexico (1993)**
  - 3.1M customers
  - AUM of $15.1B
  - Mandatory Pensions, Mutual Funds, Asset Management

- **Chile (1995)**
  - 1.7M customers
  - AUM of $46.2B
  - Mandatory and Voluntary Pensions, Mutual Funds, Asset Management, Annuities, Universal Life Insurance

- **Brazil (1999)**
  - 2.7M customers
  - AUM of $74.2B
  - Voluntary Pensions, Annuities

- **India (2000)**
  - 0.6M customers
  - AUM of $0.9B
  - Mututal Funds, Asset Management, Advisory Services

- **Malaysia (2003)**
  - 0.7M customers
  - AUM of $16.8B
  - Conventional & Islamic Asset Management, Mutual Funds, Unit Trusts, Voluntary Pensions

- **China (2005)**
  - 13.7M customers
  - AUM of $145.7B
  - Asset Management, Mutual Funds

- **Hong Kong SAR (1996)**
  - 0.6M customers
  - AUM of $11.3B
  - Mandatory Pensions, Mutual Funds, Asset Management

- **Thailand (2010)**
  - 51K customers
  - AUM of $4.3B
  - Voluntary Pensions, Mutual Funds, Asset Management, Unit Trusts

- **Indonesia (2007)**
  - 22K customers
  - AUM of $0.7B
  - Asset Management, Mutual Funds, Unit Trusts

- **Singapore (2006)**
  - Asset Management

---

**(Year) = Principal entered**

Covered lives as of December 2019

PI Sourced AUM as of December 2019

1 Includes Singapore
**Strong growth**

**Increasing diversification**: 2019 Pre-tax OE

- **75%** Latin America
- **25%** Asia

**Pre-tax operating earnings growth**

- 2014: $0
- 2019: $400

12% CAGR

*Note:*

1 In 2014, Asia and Latin America contributed 8% and 92%, respectively. 2 2019 Pre-tax operating earnings are adjusted for higher than expected encaje (+$33 million) and higher than expected inflation (+$6 million). 2014 pre-tax operating earnings are adjusted to reflect 2019 exchange rates (-$112 million), higher than expected encaje (+$26 million) and higher than expected inflation (+$18 million).
Sustained global asset growth

Global AUM by region (USD trillions)

- North America: +5%
- Europe: +6%
- Asia-Pacific: +11%
- Middle East + Africa: +10%
- Latin America: +9%

AUM growth from 2016-2025e
- Globally: 6%
- Non-PI markets: 5%
- PI markets: 10%

Continued GDP growth

<table>
<thead>
<tr>
<th>1990</th>
<th>2010</th>
<th>2030E</th>
<th>2050E</th>
</tr>
</thead>
<tbody>
<tr>
<td>$T</td>
<td>$T</td>
<td>$T</td>
<td>$T</td>
</tr>
<tr>
<td>U.S.</td>
<td>5.9</td>
<td>U.S.</td>
<td>China</td>
</tr>
<tr>
<td>Japan</td>
<td>3.1</td>
<td>China</td>
<td>5.9</td>
</tr>
<tr>
<td>Germany</td>
<td>1.7</td>
<td>Japan</td>
<td>5.5</td>
</tr>
<tr>
<td>France</td>
<td>1.2</td>
<td>Germany</td>
<td>3.3</td>
</tr>
<tr>
<td>Italy</td>
<td>1.1</td>
<td>France</td>
<td>2.5</td>
</tr>
<tr>
<td>UK</td>
<td>1.0</td>
<td>UK</td>
<td>Brazil</td>
</tr>
<tr>
<td>Canada</td>
<td>0.6</td>
<td>Italy</td>
<td>Russia</td>
</tr>
<tr>
<td>Spain</td>
<td>0.5</td>
<td>Brazil</td>
<td>2.1</td>
</tr>
<tr>
<td>Brazil</td>
<td>0.5</td>
<td>Canada</td>
<td>1.6</td>
</tr>
<tr>
<td>China</td>
<td>0.4</td>
<td>Russia</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Current Principal international locations:  Asia  Latin America

Source: IMF (historical data), PwC (projections), 2015
## Strong partnerships

JV partnerships are foundational to our strategy in emerging markets.

We leverage our partners' strong local presence, brand, and distribution to better serve middle class customers.

<table>
<thead>
<tr>
<th>Brasilprev</th>
<th>CCBPAM</th>
<th>Principal Asset Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Partner</strong></td>
<td>Banco do Brasil</td>
<td>China Construction Bank</td>
</tr>
<tr>
<td><strong>Market(s)</strong></td>
<td>Brazil</td>
<td>China</td>
</tr>
<tr>
<td><strong>Products</strong></td>
<td>Pension</td>
<td>Mutual funds, asset management</td>
</tr>
<tr>
<td><strong>Partner’s distribution reach</strong></td>
<td>67M retail customers(^1) 4,722 branches(^1)</td>
<td>411M retail customers(^2) 14,997 branches(^3)</td>
</tr>
<tr>
<td><strong>JV customers</strong></td>
<td>2.7M customers</td>
<td>13.7M customers</td>
</tr>
</tbody>
</table>

---

\(^1\)Banco do Brasil 2018 Annual Report. \(^2\)CCB 2018 Annual Report. \(^3\)CCB 2018 Results Announcement. \(^4\)CIMB Group 2018 Annual Report. \(^5\)As of December 2019; customer counts represent the number of customers to whom we provide a product or service; some duplication occurs.
Strong market presence

**Latin America**

- **Chile**: #1 provider of voluntary pension\(^1\)
- **Brazil**: #1 in total pension AUM market share\(^2\)
- **Mexico**: #5 largest mandatory pension provider\(^3\)

**Asia**

- **China**: #5 largest retail fund provider\(^3\)
- **Hong Kong**: #6 largest MPF provider\(^3\)
- **SE Asia**: #2 in unit trust market (Malaysia)\(^4\)

\(^1\)As of August 2019; \(^2\)As of November 2019; \(^3\)As of September 2019; \(^4\)As of October 2019
AUM evolution fueled by organic growth

45 consecutive quarters of positive net cash flow

<table>
<thead>
<tr>
<th>(in billions)</th>
<th>PI reported</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AUM as of 3Q 2008</strong></td>
<td>$ 29</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>78</td>
</tr>
<tr>
<td>Investment performance</td>
<td>84</td>
</tr>
<tr>
<td>Other</td>
<td>(2)</td>
</tr>
<tr>
<td>Operations acquired</td>
<td>48</td>
</tr>
<tr>
<td>Effect of exchange rates</td>
<td>(67)</td>
</tr>
<tr>
<td><strong>AUM as of 4Q 2019</strong></td>
<td>$ 170</td>
</tr>
</tbody>
</table>

1 As of December 2019
U.S. Insurance Solutions

Our mission
Help businesses and individuals by offering solutions that grow and protect their assets, and enable them to live their best lives.

Current customer base:
- 107,000 employers
- 4.5 million individuals

More than half of total PFG employer relationships are held in USIS

Individuals
- Individual life insurance
- Individual disability insurance

Small to medium sized businesses (SMBs)
- Business Owner & Executive Solutions (BOES)
- Nonqualified Deferred Compensation (NQ)
- Group employer paid and voluntary products
- Multi-life/employer based disability insurance, including business owner solutions

Institutions
- Group employer paid and voluntary products
Market opportunity with small- to medium-sized businesses

60% don’t offer group insurance

67% don’t have an NQ plan

58% don’t have disability coverage

43% don’t have a buy/sell plan

59 million employees (48% of working population)

6 million SMB employers

---

1 What’s New with Small Business, SBA Office of Advocacy, August 2018
2 LIMRA Small Business Study, 2018 (Think Small)
3 2019 Principal Business Owner survey conducted January 7-25, 2019. 1,020 employed U.S. business owners (of at least 5% of business), actively making decisions, 2-499 employees
## Market position

<table>
<thead>
<tr>
<th>Group&lt;sup&gt;1&lt;/sup&gt; Benefits</th>
<th>Individual&lt;sup&gt;1&lt;/sup&gt; Disability</th>
<th>Individual Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>#3 Total in-force contracts</td>
<td>#3 New sales premium</td>
<td>#1 Small-case business life insurance&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td>#1 Life</td>
<td>#5 In-force premium</td>
<td>#1 Nonqualified plans&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td>#4 Disability</td>
<td></td>
<td>#18 Total new life sales premium&lt;sup&gt;4&lt;/sup&gt;</td>
</tr>
<tr>
<td>#4 Dental</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Named to *US News & World Report’s* list of Best Life Insurance Companies of 2019, earning an A+ ranking.

Sources: ¹LIMRA, 2017 & 2018 for IDI sales premium; ²Based on corporate-owned life insurance (COLI) and corporate-sponsored individually owned (CSIO) life insurance total premium and case count for case sizes up to $5 million of total premium per case. Source: 2018 COLI/CSIO survey of participating life insurance carriers, IBIS Associates, McLean, VA. ³Based on total number of nonqualified deferred compensation plans (excluding 457 plans), PLANSPONSOR 2019 NQDC Recordkeeping Survey, July 2019; ⁴LIMRA U.S. Retail + Small Case COLI/BOLI Individual Life Insurance Sales Participant Report, Full-Year 2018
Above industry premium growth and a balanced portfolio

3 Year In-Force Premium Growth (2015 – 2018 CAGR)

- Group Benefits: 8.4%
- Individual DI: 5.1%
- Group Benefits: 2.5%*
- Individual DI: 1.8%*

Stable loss ratios
Attractive margins

4Q19 TTM Total Premium & Fees

Specialty Benefits
- Group Benefits 83%
- Individual Disability 17%
- Group Life 24%
- Dental & vision 49%

SMB focus

Group Benefits in-force cases

100 to 1,000 employees: 5%
1,000 or more employees: <1%
Less than 100 employees: 95%

New sales premium and fees

Disability insurance:
- Individual: 39%
- Business market: 61%

Life insurance:
- Individual: 38%
- Business market: 62%

As of 12/31/19
Diversification in Group Benefits

Number of employer customers
76,000

Average case size
36

Case retention¹
87%

Employer paid plus voluntary
54%

Employer paid only
30%

Voluntary only
16%

New sales premium

Dental & vision
50%

Disability insurance
27%

In-force premium

Life
23%

40% of all new cases sold include “first-time” benefits

As of 12/31/19

¹ Average retention for the period 1/1/2017 – 12/31/2019
Focus on the business market

Solutions for businesses, business owners and key executives

Business owners’ financial challenges
• Exiting the business
• Business transition
• Retaining key employees
• Retirement planning

Solutions for key employees
• Retirement income
• Survivor income
• Business protection

4Q19 TTM Sales

Individual 39%
ER/NQ 32%
BOES 29%

BOES = Business Owner/Executive Solutions
ER/NQ = Employer/Non-qualified
U.S. distribution overview

**AFFILIATED**

**PRINCIPAL ADVISOR NETWORK**
- 1,200 advisors
- Sell all products
- Financial Planning Focused

**THIRD PARTY**

**INVESTMENT-ORIENTED**
- Wirehouses
- Regional Broker/Dealers
- Planners

**INSURANCE-ORIENTED**
- Brokerage General Agents
- Independent Marketing Organizations
- Financial Advisors/Broker/Dealers

**BANKS**
- Banks
- Broker/Dealers
- Marketers

**Global Firm Relations**
Select 3rd party distributors with dedicated support
STRENGTHENS RELATIONSHIPS AND FUELS SALES GROWTH

**WHOLESALE CHANNELS**

- Retirement
- Investment Solutions
- Annuities
- ESOP
- NQDC
- Retail Life
- Disability Insurance
- Group Benefits

All supported by **DEDICATED SERVICE TEAMS** providing education, training, counseling and retention
### Broad and deep distribution
Proprietary provides foundation; 3rd party provides accelerated growth

<table>
<thead>
<tr>
<th>Product Line New Sales</th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
<th>Top 3 Represent</th>
</tr>
</thead>
<tbody>
<tr>
<td>NQ Life</td>
<td>Kestra</td>
<td>Morgan Stanley Smith Barney</td>
<td>Bank of America Merrill Lynch</td>
<td>43%</td>
</tr>
<tr>
<td>Retail Life</td>
<td>Crump Life Insurance Services</td>
<td>AIN</td>
<td>LifeMark Partners</td>
<td>49%</td>
</tr>
<tr>
<td>Individual Disability</td>
<td>Plus Group</td>
<td>Principal Advisor Network</td>
<td>Crump Life Insurance Services</td>
<td>29%</td>
</tr>
<tr>
<td>Group Benefits</td>
<td>NFP Benefits Wealth Management</td>
<td>Digital Insurance, Inc</td>
<td>HUB International</td>
<td>12%</td>
</tr>
<tr>
<td>Fixed Annuities</td>
<td>Fidelity Investments, Inc</td>
<td>Principal Advisor Network</td>
<td>M&amp;T Securities</td>
<td>69%</td>
</tr>
<tr>
<td>Variable Annuities</td>
<td>Principal Advisor Network</td>
<td>Cetera</td>
<td>Infinex Investments, Inc</td>
<td>97%</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>Wells Fargo Advisors</td>
<td>Principal Advisor Network</td>
<td>Fidelity Investments, Inc</td>
<td>26%</td>
</tr>
<tr>
<td>FSA – New Sales Assets</td>
<td>Kestra</td>
<td>Lockton</td>
<td>Bank of America Merrill Lynch</td>
<td>30%</td>
</tr>
<tr>
<td>FSA – New Sales Case Counts</td>
<td>Edward Jones</td>
<td>Bank of America Merrill Lynch</td>
<td>Wells Fargo Advisors</td>
<td>23%</td>
</tr>
</tbody>
</table>

Rankings and percentages as of 12/31/2019
Investment philosophy & strategy

Diversified investment portfolio

**Total invested assets & cash**

- Corporate Public Bonds: 26%
- CMBS: 5%
- Commercial Mortgages: 15%
- MBS: 7%
- ABS: 8%
- Government, Agency, State & Political: 10%
- Other: 11%
- Cash: 2%

Total PFG as of 12/31/2019
GAAP carrying value

$98.9B

**Our strategy hasn’t changed:**

- High quality, well-diversified portfolio
- Liability-driven investment approach
- Active asset/liability management
- Optimized risk adjusted yields and returns
- Global collaboration and best practices
- Portfolio responsibility remains at local country

1Other includes Equity Securities, Residential Mortgages, Real Estate, Policy Loans, Investment in Equity Method subs, Direct Finance Leases and Other Investments
High quality investment portfolio

U.S. Fixed Maturities portfolio

<table>
<thead>
<tr>
<th>NAIC</th>
<th>12/31/08</th>
<th>12/31/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAIC 1</td>
<td>57%</td>
<td>69%</td>
</tr>
<tr>
<td>NAIC 2</td>
<td>38%</td>
<td>27%</td>
</tr>
<tr>
<td>NAIC 3 – 6</td>
<td>5%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Commercial Mortgage quality

<table>
<thead>
<tr>
<th></th>
<th>12/31/08</th>
<th>12/31/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Equivalent Rating (A and above)</td>
<td>61%</td>
<td>93%</td>
</tr>
<tr>
<td>Current loan-to-value</td>
<td>62%</td>
<td>45%</td>
</tr>
<tr>
<td>Current debt service coverage</td>
<td>1.7x</td>
<td>2.6x</td>
</tr>
</tbody>
</table>

Exposure to alternatives

- Our consolidated investment portfolio has $4.7B of other investments
- Of this, 1/3 is traditional alternative investments (e.g. hedge funds, private equity, and real estate)
  - Similar to peers, some of these alternative investments report on a lag, which can range from 1-3 months
- The remainder of the other investments\(^1\) do not create material volatility in non-GAAP operating earnings

\(^1\)Investment in unconsolidated operating entities, such as BrasilPrev, direct financing leases, seed money, membership shares in FHLB, derivative assets, etc. As of 12/31/19
Acquisition of Wells Fargo Institutional Retirement & Trust business

- Principal acquired Wells Fargo’s defined contribution, defined benefit, executive deferred compensation (non-qualified plans), institutional trust and custody, and institutional asset advisory businesses; closed on 7/1/2019
- Brings together two very successful businesses with deep expertise in helping customers achieve their retirement savings and investment goals

Strategic benefits
- Doubles the size of our retirement business\(^1\)
- Expands scale and capabilities in core U.S. retirement businesses
- Solidifies our footprint in the SMB market

Transaction details
- $1.2B upfront consideration\(^2\), funded through:
  - $500M in new debt
  - Remainder in cash
- Earnout of up to $150M\(^3\)

Financial impact\(^4\)
- When fully integrated in 2022:
  - Annual net revenue of approximately $425M
  - Pre-tax return on net revenue of 28-32%

---

\(^1\) Pro-Forma calculations based upon AUA and participant data as of December 31, 2017 provided by PLANSPONSOR 2018 Recordkeeping Survey and inclusive of shock lapse and new sales assumptions;  
\(^2\) Net purchase price of $1.05B, reflecting approximately $150M cash tax benefit from asset acquisition;  
\(^3\) Earnout payable 2 years post-closing if existing client fee revenue retention exceeds expectations;  
\(^4\) Reflects assumed revenue and expense net synergies, excludes transaction and integration costs and earnout liability accounting.
Strengthening our position in the U.S. retirement market

Becoming the #3 Defined Contribution recordkeeper by participants

Source: PLANSPONSOR 2018 Recordkeeping survey. AUA and plan data as of December 31, 2017. Note: Bubble size represents plan assets ($mm). Principal going forward shown on a pro forma basis – reflects assumed shock lapse and new sales assumptions
## Recent M&A

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Year Announced</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>RobustWealth</td>
<td>2018</td>
<td>✓ Enhance our digital capabilities for advisors and customers</td>
</tr>
<tr>
<td>CIMB-PAM</td>
<td>2018</td>
<td>✓ Increased ownership in our successful joint venture to 60%</td>
</tr>
<tr>
<td>INTERNOS</td>
<td>2017</td>
<td>✓ Expand our real estate investment capabilities in Europe</td>
</tr>
<tr>
<td>MetLife Afore</td>
<td>2017</td>
<td>✓ Strengthen position in Mexico Afore market by becoming the 5th largest provider</td>
</tr>
<tr>
<td>AXA Hong Kong Pension</td>
<td>2014</td>
<td>✓ 15 year exclusive distribution with 4,440 agents</td>
</tr>
<tr>
<td>Cuprum AFP</td>
<td>2012</td>
<td>✓ Complete offering in Chile with marquee pension and savings franchise</td>
</tr>
<tr>
<td>CLARITAS</td>
<td>2012</td>
<td>✓ Entry into Brazil mutual fund and asset management market</td>
</tr>
<tr>
<td>Origin</td>
<td>2011</td>
<td>✓ Enhance global equity investment capabilities</td>
</tr>
<tr>
<td>FINISTERRE CAPITAL LLF</td>
<td>2011</td>
<td>✓ Establish leadership in emerging markets fixed income investing</td>
</tr>
</tbody>
</table>
Capital deployment

$ in millions

2015
Deployed $1.1 billion

2016
Deployed $856 million

2017
Deployed $913 million

2018
Deployed $1.4 billion

89% of Net Income
$355

65% of Net Income
$465

40% of Net Income
$180

90% of Net Income
$599

65% of Net Income
$441

$257
$40
$94

$193
$540
$650
$140

Common Stock Dividends
Share Repurchases
Strategic Acquisition
Debt reduction

12017 net income included benefits from a large real estate transaction and the U.S. Tax Cuts and Jobs Act
Financials

Capital deployment - 2019

$2.1B total capital committed in 2019

$1.2B
M&A
• $4M - 4Q19
• $5M - 3Q19
• $1.2B - 2Q19

$606M
Common stock dividends paid
• $153M - 4Q19 ($0.55 per share)
• $153M - 3Q19 ($0.55 per share)
• $150M - 2Q19 ($0.54 per share)
• $150M - 1Q19 ($0.54 per share)

$257M
Share repurchases
• $83M - 4Q19
• $44M - 3Q19
• $130M - 1Q19

• Deployed above our guided range of $1.0B to $1.4B of capital in 2019

• Announced 1Q20 common stock dividend of $0.56 per share, or $2.20 for 1Q20 TTM; a 3% increase compared to 1Q19 TTM
2020 capital deployment strategy

• 2020 external capital deployments: $1.2B - $1.7B

• Continue to take a balanced approach to capital deployment to enhance long-term shareholder value:

- **Growth**
  - Organic
  - Mergers and acquisitions (M&A)

- **Return capital**
  - Common stock dividends
  - Share repurchases

- **Optimize capital structure**
  - Financial flexibility
## Total company long-term targets

### Profitability
- **9-12%** annual growth in OE\(^1\) and EPS\(^2\)
- **15-17%** long-term targeted ROE\(^3\)

Prior ROE target: 30-60 bps improvement per year

### Free cash flow
- **70-80%** of net income

Prior target: 65-70% of net income

### Capital and liquidity
- **20-25%** targeted debt-to-capital ratio
- **~400%** targeted RBC ratio

Target Holdco capital to cover 12 months of obligations

No debt maturities until 2022

---

\(^1\) Non-GAAP operating earnings
\(^2\) Non-GAAP operating earnings per diluted share
\(^3\) Return on equity excluding accumulated other comprehensive income, other than foreign currency translation
What if things don’t go as expected?

Estimated impacts of changes in key macroeconomic conditions on annual non-GAAP pre-tax operating earnings

<table>
<thead>
<tr>
<th>If macroeconomics change by...</th>
<th>Equity market return +/- 10%</th>
<th>Interest rates +/- 100 bps</th>
<th>Interest Rate on Excess Reserves (IOER) rate +/- 50 bps</th>
<th>FX: US dollar +/- 2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Then Principal’s annual non-GAAP pre-tax operating earnings will change by...</td>
<td>+/- 5-7%&lt;sup&gt;1&lt;/sup&gt;</td>
<td>+/- &lt; 1%&lt;sup&gt;2&lt;/sup&gt;</td>
<td>+/- &lt; 0.5%</td>
<td>-/+ &lt; 1%&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

And the primary businesses impacted are...

- RIS - Fee
- PGI
- RIS – Spread
- Individual Life
- SBD
- PI

<sup>1</sup> Assumes an immediate 10% change in the S&P 500 followed by 2% growth per quarter thereafter.  
<sup>2</sup> Excludes the impact of actuarial unlockings.  
<sup>3</sup> Principal is primarily impacted by changes in Latin American and Asian currencies. Inverse relationship between movement of the US dollar and impact to Operating Earnings.

Note: The impact to net income attributable to Principal Financial Group, Inc. is materially consistent with the impact to pre-tax operating earnings.
### Key business drivers outlook

<table>
<thead>
<tr>
<th>Retirement and Income Solutions</th>
<th>2020 outlook</th>
<th>Long-term outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RIS-Fee</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net revenue growth CAGR</td>
<td>10-15%</td>
<td>1-5%</td>
</tr>
<tr>
<td>Pre-tax return on net revenue</td>
<td>23-26%</td>
<td>28-32%</td>
</tr>
<tr>
<td><strong>RIS-Spread</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net revenue growth CAGR</td>
<td>5-15%</td>
<td>5-15%</td>
</tr>
<tr>
<td>Pre-tax return on net revenue</td>
<td>65-70%</td>
<td>65-70%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Principal International</th>
<th>2020 outlook</th>
<th>Long-term outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined net revenue growth CAGR (at PFG share, in reported USD)</td>
<td>3-7%</td>
<td>9-12%</td>
</tr>
<tr>
<td>Combined pre-tax return on net revenue (at PFG share, reported USD)</td>
<td>35-39%</td>
<td>38-43%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Principal Global Investors</th>
<th>2020 outlook</th>
<th>Long-term outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues less pass-through commissions growth CAGR</td>
<td>4-10%</td>
<td>4-7%</td>
</tr>
<tr>
<td>Pre-tax return on operating revenues less pass-through commissions</td>
<td>34-38%</td>
<td>34-37%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>U.S. Insurance Solutions</th>
<th>2020 outlook</th>
<th>Long-term outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialty Benefits</td>
<td>Premium &amp; fees growth CAGR</td>
<td>6-9%</td>
</tr>
<tr>
<td>Pre-tax return on premium &amp; fees</td>
<td>12-14%</td>
<td>11-14%</td>
</tr>
<tr>
<td>Loss ratio</td>
<td>60-66%</td>
<td>60-66%</td>
</tr>
<tr>
<td>Individual Life</td>
<td>Premium &amp; fees growth CAGR</td>
<td>4-8%</td>
</tr>
<tr>
<td>Pre-tax return on premium &amp; fees</td>
<td>15-20%</td>
<td>16-20%</td>
</tr>
</tbody>
</table>

Net revenue = operating revenues less benefits, claims & settlement expenses less dividends to policyholders.
RONR = Return on Net Revenue.
## 2020 outlook assumptions

| Equity markets | 2020 S&P 500 daily average between 3,240 and 3,260, based on levels as of Nov. 29, 2019  
8% annual total return (6% price appreciation + 2% dividend yield) |
|----------------|----------------------------------------------------------------------------------------------------------------------------------|
| Interest rates | 1.75% – 2.25% 10-year Treasury rate at year-end 2020  
Assuming no change to Interest on Excess Reserves (IOER) rate in 2020 |
| Foreign exchange rates | Rates follow external consensus\(^1\) as of Nov. 2019 |
| Total company operating earnings effective tax rate\(^2\) | 16% - 19% |
| Weighted average diluted shares outstanding | 275M – 280M |
| Corporate pre-tax operating losses | $(360)M - $(390)M |

---

\(^1\) Latin America uses local Central Bank estimates; Asia uses Bloomberg  
\(^2\) The operating earnings effective tax rate is a non-GAAP measure and, on a total company basis, is approximately 4% higher than the U.S. GAAP effective tax rate primarily due to net realized capital gains and losses (NRCG)
### Non-GAAP financial measure reconciliations

<table>
<thead>
<tr>
<th>Pre-tax Operating Earnings (Losses)</th>
<th>Trailing Twelve Months, 31-Dec-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-GAAP pre-tax operating earnings, excluding Corporate</td>
<td>$2,269.6</td>
</tr>
<tr>
<td>Corporate</td>
<td>(380.3)</td>
</tr>
<tr>
<td>Non-GAAP pre-tax operating earnings (losses)</td>
<td>$1,889.3</td>
</tr>
<tr>
<td>Pre-tax net realized capital gains (losses)</td>
<td>(140.9)</td>
</tr>
<tr>
<td>Certain adjustments related to equity method investments and noncontrolling interest</td>
<td>(55.1)</td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>$1,693.3</td>
</tr>
</tbody>
</table>