

GERSIE MICHAEL H
 Form 5
 February 14, 2006

FORM 5

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

OMB APPROVAL

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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(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person *
GERSIE MICHAEL H

2. Issuer Name and Ticker or Trading Symbol
PRINCIPAL FINANCIAL GROUP INC [PFG]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)
 Director 10% Owner
 Officer (give title below) Other (specify below)
 Executive Vice President & CFO

(Last) (First) (Middle)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
 12/31/2005

711 HIGH STREET
 (Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Reporting
 (check applicable line)

DES MOINES, IA 50392

Form Filed by One Reporting Person
 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. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	(A) or (D)	Price	5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Stock	10/26/2001	Â	J ⁽¹⁾	219	A	\$ 0 ⁽²⁾	219	I	By Spouse's 401(k) Plan
Common Stock	02/24/2004	Â	A ⁽⁵⁾	1,045	A	\$ 0 ⁽⁹⁾	3,668 ⁽¹⁰⁾	I	By Spouse
Common Stock	12/17/2004	Â	A ⁽⁵⁾	14	A	\$ 0 ⁽⁹⁾	4,464 ⁽¹²⁾	I	By Spouse
	02/28/2005	Â	A ⁽⁵⁾	1,069	A		5,533 ⁽¹²⁾	I	By Spouse

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Common Stock \$ 0
(9)

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

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(9-02)

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction 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 (Month/Day/Year)		7. Title and Amount of Underlying Security (Instr. 3 and 4)	Amount or Number of Shares
					(A)	(D)	Date Exercisable	Expiration Date	Title	
Phantom Stock Units	Â	10/26/2001	Â	J ⁽¹⁾	1	Â	Â ⁽⁴⁾	Â ⁽⁴⁾	Common Stock	1
Employee Stock Option (Right to Buy)	\$ 27.48	04/29/2002	Â	A ⁽⁵⁾	3,675	Â	Â ⁽⁶⁾	04/29/2012	Common Stock	3,675
Performance Units	Â	02/25/2003	Â	A ⁽⁵⁾	943	Â	Â ⁽⁷⁾	Â ⁽⁷⁾	Common Stock	943
Employee Stock Option (Right to Buy)	\$ 27.57	02/25/2003	Â	A ⁽⁵⁾	5,220	Â	Â ⁽⁸⁾	02/25/2013	Common Stock	5,220
Employee Stock Option (Right to Buy)	\$ 36.3	02/24/2004	Â	A ⁽⁵⁾	3,145	Â	Â ⁽¹¹⁾	02/24/2014	Common Stock	3,145
Employee Stock Option (Right to Buy)	\$ 39.02	02/28/2005	Â	A ⁽⁵⁾	4,310	Â	Â ⁽¹³⁾	02/28/2015	Common Stock	4,310

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer

Other

GERSIE MICHAEL H
711 HIGH STREET
DES MOINES, IA 50392

Â Â Â Executive Vice President & CFO Â

Signatures

Joyce N. Hoffman, by Power of
Attorney

02/14/2006

 **Signature of Reporting Person

 Date

Explanation of Responses:

- * 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).
- (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. 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.
- (2) 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.
- (3) Delinquent report of reporting person's spouse's holdings that should have been reported on Form 4 for the period indicated.
- (4) The option vested in three annual installments beginning on April 29, 2003.
- (5) 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.
- (6) The option vests in three annual installments beginning on February 25, 2004.
- (7) Grant of restricted stock units.
- (8) Includes 898 shares acquired pursuant to the Principal Financial Group, Inc. Employee Stock Purchase Plan.
- (9) The option vests in three annual installments beginning on February 24, 2005.
- (10) Includes 1,680 shares acquired pursuant to the Principal Financial Group, Inc. Employee Stock Purchase Plan.
- (11) The option vests in three annual installments beginning on February 28, 2006.
- (12) The option vests in three annual installments beginning on February 28, 2006.
- (13) The option vests in three annual installments beginning on February 28, 2006.

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