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MEDIA RELEASE

Principal Global Investors Australia receives \$400 million fixed income mandate from Australian Reward Investment Alliance (ARIA)

Sydney, 10 May 2007 - Principal Global Investors (Australia) Ltd., today announced the Principal Global Strategic Income Fund has been awarded a \$400 million mandate from Australian Reward Investment Alliance (ARIA), the \$17 billion super fund for Australian Government employees. Principal Global Investors is a diversified asset management organisation with world-class investment expertise in fixed income, equities and real estate.

ARIA provides superannuation services and products to Australian Government employees and employers through three schemes – the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and the PSS Accumulation Plan (PSSap).

Alex François, head of sales and marketing for Principal Global Investors Australia said: “We are delighted to have ARIA join us as a client. The mandate decision shows welcome recognition of the expertise of Principal Global Investors in managing fixed income securities.”

Justin Cowper, Director Institutional Sales, said “The Principal Global Strategic Income Fund continues to gain favour with our institutional clients through its solid track record, a high stable rate of return and low volatility. Our competitive advantage is gained through combining the world-class capabilities of Post Advisory Group’s high yield expertise and Spectrum Asset Management’s preferred securities skills with the depth and strength of the Principal Global Investors fixed income team.”

ARIA’s Chief Executive Officer, Steve Gibbs, commented, “Our focus is on maximising the likelihood of consistently strong returns while keeping risks and cost at an acceptable level for members. With its strong global experience in fixed income securities, we expect Principal Global Strategic Income Fund to provide us with a positive exposure to higher yielding securities going forward.”

The Principal Global Strategic Income Fund is managed locally under the leadership of portfolio manager and managing director, Asia Pacific Fixed Income, Rob da Silva.

“Considering our expected economic environment, we believe the Principal Global Strategic Income Fund is positioned to continue to deliver low volatility and competitive returns over the next 12 months, based on the demonstrated soundness of the fund’s core disciplines: maintaining low duration; diversity at the security level; and diversity at the sector level,” Mr François said.

- Ends more -



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Notes to Editors

Principal Global Strategic Income Fund

The Fund is designed to provide Australian investors access to a diversified fixed income fund that seeks to deliver a high total return by investing in a portfolio of high yielding fixed income securities while minimising risk. The Fund aims to provide investors with performance of three per cent per annum in excess of the UBS Bank Bill Index over rolling three year periods, before fees.

About Principal Global Investors

Principal Global Investors is a diversified asset management organisation and a member of the Principal Financial Group®, with expertise in equities, fixed income and real estate investments, as well as specialised overlay and advisory services. Principal Global Investors manages US\$213.6 billion in assets primarily for retirement plans and other institutional clients.¹

About the Principal Financial Group

The Principal Financial Group® (The Principal®)² is a leader in offering businesses, individuals and institutional clients a wide range of financial products and services, including retirement and investment services, life and health insurance, and banking through its diverse family of financial services companies. A member of the Fortune 500, the Principal Financial Group has US\$270.1 billion in assets under management³ and serves some 17.6 million customers worldwide from offices in Asia, Australia, Europe, Latin America and the United States. Principal Financial Group, Inc. is traded on the New York Stock Exchange under the ticker symbol PFG. For more information, visit www.principal.com.

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³ As of March 31, 2007



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