

PRINCIPAL FINANCIAL GROUP INC
 Form 4
 August 15, 2006

FORM 4

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

OMB APPROVAL

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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

(Print or Type Responses)

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)

(Last) (First) (Middle)
 711 HIGH STREET
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 08/11/2006

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 Executive Vice President/CFO

DES MOINES, IA 50392

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

6. Individual or Joint/Group Filing(Check Applicable Line)
 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)	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)
			Code	V Amount (A) or (D) Price			
Common Stock	08/11/2006		M	28,000 A \$ 27.57	65,305 ⁽²⁾	D	
Common Stock	08/11/2006		S	800 D \$ 53.37	64,505	D	
Common Stock	08/11/2006		S	100 D \$ 53.45	64,405	D	
Common Stock	08/11/2006		S	200 D \$ 53.46	64,205	D	
Common Stock	08/11/2006		S	100 D \$ 53.47	64,105	D	

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Common Stock	08/11/2006	S	500	D	\$ 53.48	63,605	D
Common Stock	08/11/2006	S	300	D	\$ 53.49	63,305	D
Common Stock	08/11/2006	S	500	D	\$ 53.5	62,805	D
Common Stock	08/11/2006	S	800	D	\$ 53.51	62,005	D
Common Stock	08/11/2006	S	4,000	D	\$ 53.52	58,005	D
Common Stock	08/11/2006	S	1,400	D	\$ 53.53	56,605	D
Common Stock	08/11/2006	S	800	D	\$ 53.54	55,805	D
Common Stock	08/11/2006	S	2,500	D	\$ 53.55	53,305	D
Common Stock	08/11/2006	S	1,500	D	\$ 53.56	51,805	D
Common Stock	08/11/2006	S	1,200	D	\$ 53.57	50,605	D
Common Stock	08/11/2006	S	2,600	D	\$ 53.58	48,005	D
Common Stock	08/11/2006	S	1,600	D	\$ 53.59	46,405	D
Common Stock	08/11/2006	S	1,600	D	\$ 53.6	44,805	D
Common Stock	08/11/2006	S	400	D	\$ 53.61	44,405	D
Common Stock	08/11/2006	S	1,000	D	\$ 53.62	43,405	D
Common Stock	08/11/2006	S	500	D	\$ 53.64	42,905	D
Common Stock	08/11/2006	S	1,000	D	\$ 53.65	41,905	D
Common Stock	08/11/2006	S	700	D	\$ 53.66	41,205	D
Common Stock	08/11/2006	S	200	D	\$ 53.69	41,005	D
Common Stock	08/11/2006	S	100	D	\$ 53.71	40,905	D
	08/11/2006	S	600	D		40,305	D

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Common Stock					\$									
					53.74									
Common Stock	08/11/2006		S	400	D	\$	39,905	D						
						53.75								
Common Stock	08/11/2006		S	1,000	D	\$	38,905	D						
						53.77								
Common Stock	08/11/2006		S	1,600	D	\$	37,305	D						
						53.78								
Common Stock							3,453 ⁽³⁾	I					By Spouse	

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

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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 Securities (Instr. 3 and 4)	Amount or Number of Shares	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 27.57	08/11/2006 ⁽¹⁾		M		⁽⁴⁾	02/25/2013	Common Stock	28,000

Reporting Owners

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

Signatures

Joyce N. Hoffman, by Power of
Attorney

08/15/2006

__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) Pursuant to 10b5-1 plan adopted August 9, 2006.
 - (2) Includes 2,850 shares acquired pursuant to the Principal Financial Group, Inc. Employee Stock Purchase Plan.
 - (3) Includes 1,701 shares acquired pursuant to the Principal Financial Group, Inc. Employee Stock Purchase Plan.
 - (4) The option vested in three equal annual installments ending on February 25, 2006.

Remarks:

This is the first of two Form 4s filed by the reporting person on the same date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.