

## **NOMINATING AND GOVERNANCE COMMITTEE CHARTER**

### **Membership**

The Committee shall consist of three (3) or more members of the Board of Directors. Each member of the Committee shall satisfy the independence requirements of the New York Stock Exchange. The Board shall appoint members of the Committee after considering recommendations of the Nominating and Governance Committee. The members of the Nominating and Governance Committee shall serve until their successors are appointed and qualified. The Board shall have the power at any time to change the members of the Nominating and Governance Committee and to fill vacancies on it.

### **Purpose**

The Committee shall have the responsibility to 1) identify individuals qualified to become Board members, and recommend that the Board select the director nominees for the next annual meeting of shareholders or to fill vacancies; 2) develop and recommend to the Board the Corporate Governance Guidelines applicable to the Company; 3) evaluate and report to the Board on the Board's overall performance and effectiveness; and 4) shall have other such duties and responsibilities as are assigned to it from time to time by the Board.

### **Authority and Responsibilities**

1. The Committee shall develop qualification criteria and processes and practices for recruitment of potential candidates for Board members, and shall actively seek, interview and screen individuals to become Board members for recommendation to the Board. Candidates recommended to the Board shall meet the qualifications set forth in the Company's Corporate Governance Guidelines.
2. The Committee shall have the responsibility to review and report to the Board with respect to:
  - a. Orientation of new Directors and Director Education.
  - b. The optimum size of the Board.
  - c. Nomination and election procedures and proxy materials specifically relating to candidates for Director.
  - d. Board tenure guidelines.
  - e. Conflicts of interest, including direct and indirect material transactions and relationships with Directors, and material interests, affiliations and relationships of officers of the Principal Financial Group.
  - f. The independence of members of the Board and Board candidates.
  - g. The performance of individual members of the Board.
  - h. Recommendations for Board committee assignments.
  - i. Information about the Company's stockholders, their relationship with the Company and their major priorities.

- j. The Company's Directors' and Officers' insurance program.
  - k. Board compensation and stock ownership by Directors.
  - l. The content of the Company's Statement of Business Practices.
3. The Committee shall review and reassess at least annually the adequacy of the Corporate Governance Guidelines of the Company and recommend any proposed changes to the Board for approval.
  4. The Committee shall develop and regularly review the process for the Board's overall performance and effectiveness and make recommendations to the Board and Board committees on governance matters.
  5. The Committee shall regularly review the process for self-evaluations by the Audit, Human Resources and Nominating and Governance Committees of the Board.
  6. The Committee shall have the sole authority to retain and terminate any search firm to be used to identify Director candidates, and shall have the sole authority to approve the search firms fees and other retention terms.
  7. The Committee shall have access to any members of management and such other external advisors as it deems appropriate in discharging its responsibilities.
  8. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall annually review its own performance.
  9. The Committee shall recommend independent Directors for election by the Board as Presiding Director and Alternate Presiding Director.
  10. The Committee may form and delegate authority to subcommittees or the Chair of the Committee where appropriate in its judgment.

#### **Procedures**

1. The members of the Committee/Board of Directors shall appoint the Chair of the Committee. In the absence of the Chair, the Chairman of the Board or acting Chairman of the Board may appoint an acting Chair of the Committee. The Chair of the Committee may invite any other member of the Board to serve as an alternate if needed to constitute a quorum.
2. Meetings shall be held as determined by the Committee or upon call of the Chair or acting Chair of the Committee. A majority of the number of the Committee members shall constitute a quorum for the transaction of business.
3. The Committee shall meet in executive session without the presence of any members of management as often as it deems appropriate.

Adopted November 25, 2003, to  
be effective January 1, 2004