

HARBOURVEST PARTNERS LLC  
 Form 4  
 August 18, 2017

**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 \*  
 HARBOURVEST PARTNERS 2007  
 DIRECT ASSOCIATES L.P.

(Last) (First) (Middle)

C/O HARBOURVEST PARTNERS  
 LLC, ONE FINANCIAL CENTER

(Street)

BOSTON, MA 02111

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
 Wayfair Inc. [W]

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 08/16/2017

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_ 10% Owner  
 \_\_\_ Officer (give title below) \_\_\_X\_\_\_ Other (specify below)

See Remarks

6. Individual or Joint/Group Filing(Check Applicable Line)

\_\_\_ Form filed by One Reporting Person  
 \_\_\_X\_\_\_ Form filed by More than One Reporting Person

**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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Class A Common Stock	08/16/2017		S		15,159	D	<u>(9)</u> 379,437
Class A Common Stock	08/16/2017		S		13,325	D	<u>(9)</u> 371,013
Class A Common Stock	08/16/2017		S		26,651	D	<u>(9)</u> 742,047
Class A Common	08/16/2017		S		2,532	D	<u>(9)</u> 11,633

Stock

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

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SEC 1474  
(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 Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Beneficially (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director    10% Owner    Officer    Other

HARBOURVEST PARTNERS 2007 DIRECT ASSOCIATES L.P.  
C/O HARBOURVEST PARTNERS LLC  
ONE FINANCIAL CENTER  
BOSTON, MA 02111

See Remarks

HARBOURVEST PARTNERS 2007 DIRECT ASSOCIATES LLC  
C/O HARBOURVEST PARTNERS LLC  
ONE FINANCIAL CENTER  
BOSTON, MA 02111

(see remarks)

HARBOURVEST PARTNERS 2007 DIRECT FUND L.P.  
C/O HARBOURVEST PARTNERS LLC  
ONE FINANCIAL CENTER  
BOSTON, MA 02111

(see remarks)

HARBOURVEST PARTNERS LLC  
C/O HARBOURVEST PARTNERS LLC  
ONE FINANCIAL CENTER  
BOSTON, MA 02111

(see remarks)

(see remarks)

HARBOURVEST PARTNERS VIII-VENTURE ASSOCIATES L.P.  
C/O HARBOURVEST PARTNERS LLC  
ONE FINANCIAL CENTER  
BOSTON, MA 02111

HARBOURVEST PARTNERS VIII-VENTURE ASSOCIATES LLC  
C/O HARBOURVEST PARTNERS LLC  
ONE FINANCIAL CENTER  
BOSTON, MA 02111

(see remarks)

HarbourVest Partners VIII-Venture Fund L.P.  
C/O HARBOURVEST PARTNERS LLC  
ONE FINANCIAL CENTER  
BOSTON, MA 02111

(see remarks)

HarbourVest Partners/NYSTRS Co-Investment Fund L.P.  
C/O HARBOURVEST PARTNERS LLC  
ONE FINANCIAL CENTER  
BOSTON, MA 02111

(see remarks)

HIPEP VI Select Associates L.P.  
C/O HARBOURVEST PARTNERS LLC  
ONE FINANCIAL CENTER  
BOSTON, MA 02111

(see remarks)

HIPEP VI Select Associates LLC  
C/O HARBOURVEST PARTNERS LLC  
ONE FINANCIAL CENTER  
BOSTON, MA 02111

(see remarks)

## Signatures

HarbourVest 2007 Direct Associates L.P., By: HarbourVest 2007 Direct Associates LLC, its GP; By: HarbourVest Partners, LLC, its Managing Member; By: /s/ Danielle Green, Chief Compliance Officer

08/18/2017

\_\_Signature of Reporting Person

Date

HarbourVest 2007 Direct Associates LLC, By: HarbourVest Partners, LLC, its Managing Member; By: /s/ Danielle Green, Chief Compliance Officer

08/18/2017

\_\_Signature of Reporting Person

Date

HarbourVest Partners 2007 Direct Fund L.P., By: HarbourVest 2007 Direct Associates L.P., its GP; By: HarbourVest 2007 Direct Associates LLC, its GP; By: HarbourVest Partners, LLC, its Managing Member; By: /s/ Danielle Green, Chief Compliance Officer

08/18/2017

\_\_Signature of Reporting Person

Date

HarbourVest Partners, LLC, By: /s/ Danielle Green, Chief Compliance Officer

08/18/2017

\_\_Signature of Reporting Person

Date

HarbourVest VIII-Venture Associates L.P., By: HarbourVest VIII-Venture Associates LLC, its GP; By: HarbourVest Partners, LLC, its Managing Member; By: /s/ Danielle Green, Chief Compliance Officer

08/18/2017

\_\_Signature of Reporting Person

Date

## Edgar Filing: HARBOURVEST PARTNERS LLC - Form 4

HarbourVest VIII-Venture Associates LLC, By: HarbourVest Partners, LLC, its Managing Member; By: /s/ Danielle Green, Chief Compliance Officer	08/18/2017
__Signature of Reporting Person	Date
HarbourVest Partners VIII-Venture Fund, L.P., By: HarbourVest VIII-Venture Associates L.P., its GP; By: HarbourVest VIII-Venture Associates LLC, its GP; By: HarbourVest Partners, LLC, its Managing Member; By: /s/ Danielle Green, Chief Compliance Officer	08/18/2017
__Signature of Reporting Person	Date
HarbourVest/NYSTRS Co-Invest Fund L.P.: By: HIPEP VI Select Associates L.P., its GP; By: HIPEP VI Select Associates LLC, its GP; By: HarbourVest Partners, LLC, its Managing Member; By: /s/ Danielle Green, Chief Compliance Officer	08/18/2017
__Signature of Reporting Person	Date
HIPEP VI Select Associates L.P., By: HIPEP VI Select Associates LLC, its GP; By: HarbourVest Partners, LLC, its Managing Member; By: /s/ Danielle Green, Chief Compliance Officer	08/18/2017
__Signature of Reporting Person	Date
HIPEP VI Select Associates LLC, By: HarbourVest Partners, LLC, its Managing Member; By: /s/ Danielle Green, Chief Compliance Officer	08/18/2017
__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) These securities are owned solely by HarbourVest Partners VIII-Venture Fund, L.P. ("HV Ventures"). HarbourVest Partners, LLC is the managing member of HarbourVest VIII-Venture Associates LLC, which is the general partner of HarbourVest VIII-Venture Associates L.P., which is the general partner of HV Ventures. Each of HarbourVest Partners, LLC, HarbourVest VIII-Venture Associates LLC and HarbourVest VIII-Venture Associates L.P. may be deemed to have a beneficial interest in the securities held by HV Ventures and each disclaims beneficial ownership of the securities held by HV Ventures, except to the extent of its pecuniary interest which is subject to indeterminable future events.

(2) Each of HV Co-Invest (as defined below), HIPEP VI Select Associates LLC, HIPEP VI Select Associates L.P., HV Direct (as defined below), HarbourVest 2007 Direct Associates LLC, HarbourVest 2007 Direct Associates L.P., HV9 (as defined below), HarbourVest IX-Venture Associates LLC, and HarbourVest IX-Venture Associates L.P., disclaims beneficial ownership of the securities held by HV Ventures and this report shall not be deemed an admission that any such reporting person is the beneficial owner of such securities for purposes of Section 16 of the Securities Exchange Act or for any other purpose.

(3) These securities are owned solely by HarbourVest/NYSTRS Co-Invest Fund L.P. ("HV Co-Invest"). HarbourVest Partners, LLC is the managing member of HIPEP VI Select Associates LLC, which is the general partner of HIPEP VI Select Associates L.P., which is the general partner of HV Co-Invest. Each of HarbourVest Partners, LLC, HIPEP VI Select Associates LLC and HIPEP VI Select Associates L.P. may be deemed to have a beneficial interest in the securities held by HV Co-Invest and each disclaims beneficial ownership of the securities held by HV Co-Invest, except to the extent of its pecuniary interest which is subject to indeterminable future events.

(4) Each of HV Ventures, HarbourVest VIII-Venture Associates LLC, HarbourVest VIII-Venture Associates L.P., HV Direct, HarbourVest 2007 Direct Associates LLC, HarbourVest 2007 Direct Associates L.P., HV9 (as defined below), HarbourVest IX-Venture Associates LLC, and HarbourVest IX-Venture Associates L.P. disclaims beneficial ownership of the securities held by HV Co-Invest and this report shall not be deemed an admission that any such reporting person is the beneficial owner of such securities for purposes of Section 16 of the Securities Exchange Act or for any other purpose.

(5) These securities are owned solely by HarbourVest Partners 2007 Direct Fund L.P. ("HV Direct"). HarbourVest Partners, LLC is the managing member of HarbourVest 2007 Direct Associates LLC, which is the general partner of HarbourVest 2007 Direct Associates L.P., which is the general partner of HV Direct. Each of HarbourVest Partners, LLC, HarbourVest 2007 Direct Associates LLC and HarbourVest 2007 Direct Associates L.P. may be deemed to have a beneficial interest in the securities held by HV Direct and each disclaims beneficial ownership of the securities held by HV Direct, except to the extent of its pecuniary interest which is subject to indeterminable future events.

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(6) Each of HV Co-Invest, HIPEP VI Select Associates LLC, HIPEP VI Select Associates L.P., HV Ventures, HarbourVest VIII-Venture Associates LLC, HarbourVest VIII-Venture Associates L.P., HV9 (as defined below), HarbourVest IX-Venture Associates LLC, and HarbourVest IX-Venture Associates L.P. disclaims beneficial ownership of the securities held by HV Direct and this report shall not be deemed an admission that any such reporting person is the beneficial owner of such securities for purposes of Section 16 of the Securities Exchange Act or for any other purpose.

(7) The securities are owned solely by HarbourVest Partners IX-Venture Fund L.P. ("HV9"). HarbourVest Partners LLC which is the Managing Member of HarbourVest IX-Venture Associates LLC, which is the general partner of HarbourVest IX-Venture Associates L.P. which is the general partner of HarbourVest Partners IX-Venture Fund L.P. may be deemed to have a beneficial interest in the securities held by HV9 and each disclaims beneficial ownership of the securities held by HV Direct, except to the extent of its pecuniary interest which is subject to indeterminable future events.

(8) Each of HV Co-Invest, HIPEP VI Select Associates LLC, HIPEP VI Select Associates L.P., HV Ventures, HarbourVest VIII-Venture Associates LLC, HarbourVest VIII-Venture Associates L.P., HV Direct, HarbourVest 2007 Direct Associates LLC and HarbourVest 2007 Direct Associates L.P. disclaims beneficial ownership of the securities held by HV9 and this report shall not be deemed an admission that any such reporting person is the beneficial owner of such securities for purposes of Section 16 of the Securities Exchange Act or for any other purpose.

(9) This transaction was executed in multiple trades at prices ranging from \$70.70 to \$71.18 per share inclusive. The price reported above reflects the weighted average sale price. The reporting persons hereby undertake to provide upon request to the SEC staff, the issuer or a security holder of the issuer full information regarding the number of shares and the prices at which the transaction was effected.

### Remarks:

The reporting persons beneficially own less than 10% of the Issuer's Class A Common Stock, which is the class of equity security

Form 1 of 2.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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Total fixed maturities, available-for-sale

**378.8 (10.8) 8.3 143.2 51.1 (53.2) 517.4 (10.8)**

Fixed maturities, trading

**135.5 0.5 (43.1) 92.9 0.1**

Equity securities, available-for-sale

**4.1 (1.3) (0.1) 2.7 (1.4)**

Derivative assets

**47.2 (15.1) 1.8 33.9 (12.8)**

Other investments

**35.1 1.5 0.3 36.9 1.5**

Separate account assets (2)

**7,013.9 718.9 (382.5) 5.3 (0.8) 7,354.8 669.7**

**Liabilities**

Explanation of Responses:

Investment contracts

(177.4) (5.9) 6.8 (176.5) (12.6)

Derivative liabilities

(50.5) 26.4 0.5 1.0 (22.6) 23.2

Other liabilities

(68.1) (9.2) 17.4 (59.9) (7.5)

For the year ended December 31, 2015

	Total realized/unrealized gains (losses)						Changes in unrealized gains (losses) included in net income relating to positions still held	
	Beginning asset/ (liability) balance as of December 31, 2014	Included in net income (1)	Included in other comprehensive income	Net purchases, sales, and issuances and settlements (3)	Transfers into Level 3	Transfers out of Level 3	Ending asset/ (liability) balance as of December 31, 2015	in net income relating to positions still held (1)
<i>(in millions)</i>								
<b>Assets</b>								
Fixed maturities, available-for-sale:								
Non-U.S. governments	\$ 38.7	\$ (0.2)	\$ (0.4)	\$ 41.0	\$	\$	\$ 79.1	\$ (0.2)
Corporate	245.6	(0.3)	(4.4)	27.7	42.8	(87.5)	223.9	(0.4)
Commercial mortgage-backed securities		0.1		12.3		(7.6)	4.8	
Collateralized debt obligations	64.2		(0.1)	(0.6)			63.5	
Other debt obligations	63.7		0.8	7.0		(64.0)	7.5	
Total fixed maturities, available-for-sale	412.2	(0.4)	(4.1)	87.4	42.8	(159.1)	378.8	(0.6)
Fixed maturities, trading	139.7	(4.0)		(0.2)			135.5	(4.2)
Equity securities, available-for-sale	4.1						4.1	
Derivative assets	53.7	(8.7)		2.2			47.2	(8.5)
Other investments	127.2	7.3		(64.4)		(35.0)	35.1	7.2
Separate account assets (2)	5,891.4	1,054.8		59.5	8.5	(0.3)	7,013.9	850.3
<b>Liabilities</b>								
Investment contracts	(176.4)	(13.4)		12.4			(177.4)	(17.8)
Derivative liabilities	(35.5)	(17.4)	2.2	0.2			(50.5)	(18.0)
Other liabilities	(66.3)	(1.8)					(68.1)	(1.9)

Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****14. Fair Value Measurements (continued)**

	For the year ended December 31, 2014						Ending asset/ (liability) balance as of December 31, 2014	Changes in unrealized gains (losses) included in net income relating to positions still held (1)
	Beginning asset/ (liability) balance as of December 31, 2013	Total realized/unrealized gains (losses)		Net purchases, sales, issuances and settlements (3)	Transfers into Level 3	Transfers out of Level 3		
	Included in net income (1)	Included in other comprehensive income					(1)	
<i>(in millions)</i>								
<b>Assets</b>								
Fixed maturities, available-for-sale:								
Non-U.S. governments	\$ 47.5	\$ (0.3)	\$	\$ (8.5)	\$	\$	\$ 38.7	\$ (0.2)
States and political subdivisions	1.8			(0.1)		(1.7)		
Corporate	164.0	(1.8)	(1.3)	56.0	46.6	(17.9)	245.6	(1.6)
Commercial mortgage-backed securities	1.6	(1.2)	1.3	(6.0)	6.8	(2.5)		
Collateralized debt obligations	37.8		0.4	46.1	3.9	(24.0)	64.2	
Other debt obligations	84.1		1.4	7.9		(29.7)	63.7	
Total fixed maturities, available-for-sale	336.8	(3.3)	1.8	95.4	57.3	(75.8)	412.2	(1.8)
Fixed maturities, trading	169.9	9.9		(40.1)			139.7	1.2
Equity securities, available-for-sale	16.9	4.2	2.8	(20.0)	0.2		4.1	(0.3)
Derivative assets	74.2	(32.0)		11.5			53.7	(32.0)
Other investments	142.9	15.7		(31.4)			127.2	15.7
Separate account assets (2)	5,265.2	649.6		(13.9)	4.4	(13.9)	5,891.4	608.4
<b>Liabilities</b>								
Investment contracts	(6.9)	(196.0)		26.5			(176.4)	(196.5)
Derivative liabilities	(39.6)	3.9	(0.4)	0.6			(35.5)	(0.9)
Other liabilities	(73.9)	(1.4)		9.0			(66.3)	(0.8)

- (1) Both realized gains (losses) and mark-to-market unrealized gains (losses) are generally reported in net realized capital gains (losses) within the consolidated statements of operations. Realized and unrealized gains (losses) on certain fixed maturities, trading and certain derivatives used in relation to certain trading portfolios are reported in net investment income within the consolidated statements of operations.
- (2) Gains and losses for separate account assets do not impact net income as the change in value of separate account assets is offset by a change in value of separate account liabilities. Foreign currency translation adjustments related to the Principal International segment separate account assets are recorded in AOCI and are offset by foreign currency translation adjustments of the corresponding separate account liabilities.

Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****14. Fair Value Measurements (continued)**

(3)

Gross purchases, sales, issuances and settlements were:

	For the year ended December 31, 2016				Net purchases, sales, issuances and settlements
	Purchases	Sales	Issuances	Settlements	
	<i>(in millions)</i>				
<b>Assets</b>					
Fixed maturities, available-for-sale:					
Non-U.S. governments	\$ 19.3	\$ (3.4)	\$	\$ (1.4)	\$ 14.5
Corporate	66.0	(13.7)		(25.7)	26.6
Commercial mortgage-backed securities	35.7			(3.0)	32.7
Collateralized debt obligations				(30.7)	(30.7)
Other debt obligations	105.0	(2.3)		(2.6)	100.1
Total fixed maturities, available-for-sale	226.0	(19.4)		(63.4)	143.2
Fixed maturities, trading		(18.0)		(25.1)	(43.1)
Derivative assets	0.5	1.3			1.8
Other investments	0.7	(0.4)			0.3
Separate account assets (4)	528.0	(654.5)	(345.4)	89.4	(382.5)
<b>Liabilities</b>					
Investment contracts			1.8	5.0	6.8
Derivative liabilities		1.0			1.0
Other liabilities		17.4			17.4

	For the year ended December 31, 2015				Net purchases, sales, issuances and settlements
	Purchases	Sales	Issuances	Settlements	
	<i>(in millions)</i>				
<b>Assets</b>					
Fixed maturities, available-for-sale:					
Non-U.S. governments	\$ 42.4	\$ (0.1)	\$	\$ (1.3)	\$ 41.0
Corporate	52.8	(7.7)		(17.4)	27.7
Commercial mortgage-backed securities	12.4			(0.1)	12.3
Collateralized debt obligations				(0.6)	(0.6)
Other debt obligations	16.5			(9.5)	7.0
Total fixed maturities, available-for-sale	124.1	(7.8)		(28.9)	87.4
Fixed maturities, trading		(0.2)			(0.2)
Derivative assets	2.5	(0.3)			2.2
Other investments	4.4	(68.8)			(64.4)
Separate account assets (4)	796.9	(436.5)	(323.4)	22.5	59.5
<b>Liabilities</b>					
Investment contracts			5.1	7.3	12.4
Derivative liabilities		0.2			0.2



Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****14. Fair Value Measurements (continued)****For the year ended December 31, 2014**

	<b>Purchases</b>	<b>Sales</b>	<b>Issuances</b>	<b>Settlements</b>	<b>Net purchases, sales, issuances and settlements</b>
	<i>(in millions)</i>				
<b>Assets</b>					
Fixed maturities, available-for-sale:					
Non-U.S. governments	\$ 12.1	\$ (19.4)	\$	\$ (1.2)	\$ (8.5)
States and political subdivisions				(0.1)	(0.1)
Corporate	118.5	(54.8)		(7.7)	56.0
Commercial mortgage-backed securities		(5.8)		(0.2)	(6.0)
Collateralized debt obligations	61.3			(15.2)	46.1
Other debt obligations	19.2			(11.3)	7.9
<b>Total fixed maturities, available-for-sale</b>	<b>211.1</b>	<b>(80.0)</b>		<b>(35.7)</b>	<b>95.4</b>
Fixed maturities, trading		(10.0)		(30.1)	(40.1)
Equity securities, available-for-sale		(20.0)			(20.0)
Derivative assets	11.8	(0.3)			11.5
Other investments	0.2			(31.6)	(31.4)
Separate account assets (4)	705.9	(500.2)	(331.8)	112.2	(13.9)
<b>Liabilities</b>					
Investment contracts			20.7	5.8	26.5
Derivative liabilities	(1.5)	2.1			0.6
Other liabilities		9.0			9.0

(4)

Issuances and settlements include amounts related to mortgage encumbrances associated with real estate in our separate accounts.

**Transfers**

Transfers of assets and liabilities measured at fair value on a recurring basis between fair value hierarchy levels were as follows:

	<b>For the year ended December 31, 2016</b>					
	<b>Transfers out of Level 1 into Level 2</b>	<b>Transfers out of Level 1 into Level 3</b>	<b>Transfers out of Level 2 into Level 1</b>	<b>Transfers out of Level 2 into Level 3</b>	<b>Transfers out of Level 3 into Level 1</b>	<b>Transfers out of Level 3 into Level 2</b>
	<i>(in millions)</i>					
<b>Assets</b>						
Fixed maturities, available-for-sale:						
Non-U.S. governments	\$	\$	\$	\$	\$	\$ 32.6
Corporate				15.7		1.7
Commercial mortgage-backed securities				35.4		2.3
Other debt obligations						16.6

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Total fixed maturities, available-for-sale			<b>51.1</b>	<b>53.2</b>
Separate account assets	<b>45.4</b>		<b>4.9</b>	<b>5.3</b>

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Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****14. Fair Value Measurements (continued)**

	<b>For the year ended December 31, 2015</b>					
	<b>Transfers out of Level 1 into Level 2</b>	<b>Transfers out of Level 1 into Level 3</b>	<b>Transfers out of Level 2 into Level 1</b>	<b>Transfers out of Level 2 into Level 3</b>	<b>Transfers out of Level 3 into Level 1</b>	<b>Transfers out of Level 3 into Level 2</b>
	<i>(in millions)</i>					
<b>Assets</b>						
Fixed maturities, available-for-sale:						
Corporate	\$	\$	\$	\$ 42.8	\$	\$ 87.5
Commercial mortgage-backed securities						7.6
Other debt obligations						64.0
Total fixed maturities, available-for-sale				42.8		159.1
Other investments			141.4			35.0
Separate account assets	26.9		8.1	8.5		0.3

	<b>For the year ended December 31, 2014</b>					
	<b>Transfers out of Level 1 into Level 2</b>	<b>Transfers out of Level 1 into Level 3</b>	<b>Transfers out of Level 2 into Level 1</b>	<b>Transfers out of Level 2 into Level 3</b>	<b>Transfers out of Level 3 into Level 1</b>	<b>Transfers out of Level 3 into Level 2</b>
	<i>(in millions)</i>					
<b>Assets</b>						
Fixed maturities, available-for-sale:						
States and political subdivisions	\$	\$	\$	\$	\$	\$ 1.7
Corporate				46.6		17.9
Commercial mortgage-backed securities				6.8		2.5
Collateralized debt obligations				3.9		24.0
Other debt obligations						29.7
Total fixed maturities, available-for-sale				57.3		75.8
Equity securities, available-for-sale				0.2		
Separate account assets	33.0		71.3	4.4		13.9

Transfers between fair value hierarchy levels are recognized at the beginning of the reporting period.

Separate account assets transferred between Level 1 and Level 2 during 2016, 2015 and 2014, primarily related to foreign equity securities. When these securities are valued at the close price of the local exchange where the assets traded, they are reflected in Level 1. When events materially affecting the value occur between the close of the local exchange and the New York Stock Exchange, we use adjusted prices determined by a third party pricing vendor to update the foreign market closing prices and the fair value is reflected in Level 2.

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Other investments transferred from Level 2 into Level 1 during 2015, primarily included assets valued using a NAV with a quoted price in an active market for identical assets as a result of additional analysis to clarify the source of the quoted price.

Assets transferred into Level 3 during 2016, 2015 and 2014, primarily included those assets for which we are now unable to obtain pricing from a recognized third party pricing vendor as well as assets that were previously priced using a matrix valuation approach that may no longer be relevant when applied to asset-specific situations.

Assets transferred out of Level 3 during 2016, 2015 and 2014, included those for which we are now able to obtain pricing from a recognized third party pricing vendor or from internal models using substantially all market observable information. Additionally, for the year ended December 31, 2015, assets transferred out of Level 3 included assets valued using the measurement alternative for CCFEs for which the corresponding liabilities have the more observable fair value and are reflected in Level 2.

Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****14. Fair Value Measurements (continued)****Quantitative Information about Level 3 Fair Value Measurements**

The following table provides quantitative information about the significant unobservable inputs used for recurring fair value measurements categorized within Level 3, excluding assets and liabilities for which significant quantitative unobservable inputs are not developed internally, which primarily consists of those valued using broker quotes or the measurement alternative for CCFEs. Refer to "Assets and liabilities measured at fair value on a recurring basis" for a complete valuation hierarchy summary.

		<b>December 31, 2016</b>			
	<b>Assets / (liabilities) measured at fair value <i>(in millions)</i></b>	<b>Valuation technique(s)</b>	<b>Unobservable input description</b>	<b>Input/range of inputs</b>	<b>Weighted average</b>
<b>Assets</b>					
Fixed maturities, available-for-sale:					
Non-U.S. governments	<b>\$ 7.6</b>	Discounted cash flow	Discount rate (1)	2.3%	2.3%
			Illiquidity premium	50 basis points ("bps")	50bps
			Comparability adjustment	(25)bps	(25)bps
Corporate	<b>49.8</b>	Discounted cash flow	Discount rate (1)	1.5% - 7.6%	4.0%
			Illiquidity premium	0bps - 60bps	27bps
			Comparability adjustment	0bps - 20bps	6bps
Commercial mortgage-backed securities	<b>49.3</b>	Discounted cash flow	Discount rate (1)	3.1% - 12.8%	10.2%
			Probability of default	0.0% - 10.0%	7.8%
			Potential loss severity	0.0% - 99.5%	39.5%
Collateralized debt obligations	<b>0.2</b>	Discounted cash flow	Discount rate (1)	95.1%	95.1%
			Probability of default	100.0%	100.0%
			Potential loss severity	91.2%	91.2%
Other debt obligations	<b>6.8</b>	Discounted cash flow	Discount rate (1)	5.0%	5.0%
			Illiquidity premium	500bps	500bps
Fixed maturities, trading	<b>10.5</b>	Discounted cash flow	Discount rate (1)	2.3% - 9.0%	2.7%
			Illiquidity premium	0bps - 300bps	240bps
Other investments	<b>36.9</b>	Discounted cash flow method real estate investments	Discount rate (1)	7.6%	7.6%
			Terminal capitalization rate	6.8%	6.8%

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		Average market rent growth rate	2.9%	2.9%
Discounted cash flow method real estate investments	equity	Loan to value	52.5%	52.5%
		Credit spread rate	2.1%	2.1%
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## Principal Financial Group, Inc.

## Notes to Consolidated Financial Statements (continued)

December 31, 2016

## 14. Fair Value Measurements (continued)

December 31, 2016					
	Assets / (liabilities) measured at fair value <i>(in millions)</i>	Valuation technique(s)	Unobservable input description	Input/range of inputs	Weighted average
Separate account assets	7,225.4	Discounted cash flow mortgage loans	Discount rate (1)	1.4% - 5.3%	3.7%
			Illiquidity premium	0bps - 60bps	13bps
			Credit spread rate	83bps - 472bps	227bps
		Discounted cash flow real estate	Discount rate (1)	5.8% - 16.2%	7.0%
			Terminal capitalization rate	4.3% - 9.3%	6.1%
			Average market rent growth rate	1.8% - 4.3%	2.9%
		Discounted cash flow real estate debt	Loan to value	6.3% - 69.7%	47.0%
			Credit spread rate	3.3% - 4.6%	3.9%
<b>Liabilities</b>					
Investment contracts	(176.5)	Discounted cash flow	Long duration interest rate	2.6% - 2.7% (2)	
			Long-term equity market volatility	16.0% - 45.9%	
			Non-performance risk	0.3% - 1.7%	
			Utilization rate	See note (3)	
			Lapse rate	0.5% - 14.1%	
			Mortality rate	See note (4)	

December 31, 2015					
	Assets / (liabilities) measured at fair value <i>(in millions)</i>	Valuation technique(s)	Unobservable input description	Input/range of inputs	Weighted average
<b>Assets</b>					
Fixed maturities, available-for-sale:					
Non-U.S. governments	\$ 8.9	Discounted cash flow	Discount rate (1)	2.2%	2.2%
			Illiquidity premium	50bps	50bps
Corporate	43.2	Discounted cash flow	Discount rate (1)	0.0% - 7.5%	5.1%
			Comparability adjustment		

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				(4)bps - 7bps	0bps
			Illiquidity premium		
				0bps - 60bps	33bps
Collateralized debt obligations	3.1	Discounted cash flow	Discount rate (1)	28.0%	28.0%
			Probability of default	100.0%	100.0%
			Potential loss severity	67.0%	67.0%

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Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****14. Fair Value Measurements (continued)**

		<b>December 31, 2015</b>			
	<b>Assets / (liabilities) measured at fair value  (in millions)</b>	<b>Valuation technique(s)</b>	<b>Unobservable input description</b>	<b>Input/range of inputs</b>	<b>Weighted average</b>
Other debt obligations	7.5	Discounted cash flow	Discount rate (1) Illiquidity premium	5.0% 750bps	5.0% 750bps
Fixed maturities, trading	10.5	Discounted cash flow	Discount rate (1) Illiquidity premium	1.1% - 2.7% 0bps - 300bps	2.6% 240bps
Other investments	35.1	Discounted cash flow equity method real estate investments	Discount rate (1) Terminal capitalization rate Average market rent growth rate	7.8% 6.8% 3.2%	7.8% 6.8% 3.2%
		Discounted cash flow equity method real estate investments debt	Loan to value Credit spread rate	52.3% 2.3%	52.3% 2.3%
Separate account assets	6,881.8	Discounted cash flow mortgage loans	Discount rate (1) Illiquidity premium Credit spread rate	1.4% - 8.2% 0bps - 60bps 81bps - 750bps	3.9% 7bps 241bps
		Discounted cash flow real estate	Discount rate (1) Terminal capitalization rate Average market rent growth rate	5.3% - 16.4% 4.3% - 9.8% 2.0% - 4.3%	7.2% 6.2% 3.0%
		Discounted cash flow real estate debt	Loan to value Credit spread rate	7.8% - 63.1% 1.4% - 4.6%	47.4% 2.2%
<b>Liabilities</b>					
Investment contracts	(177.4)	Discounted cash flow	Long duration interest rate Long-term equity market volatility Non-performance risk Utilization rate Lapse rate Mortality rate	2.5% - 2.6% (2) 14.9% - 44.4% 0.4% - 1.9% See note (3) 0.5% - 14.1% See note (4)	

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- (1) Represents market comparable interest rate or an index adjusted rate used as the base rate in the discounted cash flow analysis prior to any credit spread, illiquidity or other adjustments, where applicable.
- (2) Represents the range of rate curves used in the valuation analysis that we have determined market participants would use when pricing the instrument. Derived from interpolation between various observable swap rates.

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**Principal Financial Group, Inc.**

**Notes to Consolidated Financial Statements (continued)**

**December 31, 2016**

**14. Fair Value Measurements (continued)**

- (3) This input factor is the number of contractholders taking withdrawals as well as the amount and timing of the withdrawals and a range does not provide a meaningful presentation.
- (4) This input is based on an appropriate industry mortality table and a range does not provide a meaningful presentation.

Market comparable discount rates are used as the base rate in the discounted cash flows used to determine the fair value of certain assets. Increases or decreases in the credit spreads on the comparable assets could cause the fair value of the assets to significantly decrease or increase, respectively. Additionally, we may adjust the base discount rate or the modeled price by applying an illiquidity premium given the highly structured nature of certain assets. Increases or decreases in this illiquidity premium could cause significant decreases or increases, respectively, in the fair value of the asset.

Embedded derivatives can be either assets or liabilities within the investment contracts line item, depending on certain inputs at the reporting date. Increases to an asset or decreases to a liability are described as increases to fair value. Increases or decreases in market volatilities could cause significant decreases or increases, respectively, in the fair value of embedded derivatives in investment contracts. Long duration interest rates are used as the mean return when projecting the growth in the value of associated account value and impact the discount rate used in the discounted future cash flows valuation. The amount of claims will increase if account value is not sufficient to cover guaranteed withdrawals. Increases or decreases in risk free rates could cause the fair value of the embedded derivative to significantly increase or decrease, respectively. Increases or decreases in our own credit risks, which impact the rates used to discount future cash flows, could significantly increase or decrease, respectively, the fair value of the embedded derivative. All of these changes in fair value would impact net income.

Decreases or increases in the mortality rate assumption could cause the fair value of the embedded derivative to decrease or increase, respectively. Decreases or increases in the overall lapse rate assumption could cause the fair value of the embedded derivative to decrease or increase, respectively. The lapse rate assumption varies dynamically based on the relationship of the guarantee and associated account value. A stronger or weaker dynamic lapse rate assumption could cause the fair value of the embedded derivative to decrease or increase, respectively. The utilization rate assumption includes how many contractholders will take withdrawals, when they will take them and how much of their benefit they will take. Increases or decreases in the assumption of the number of contractholders taking withdrawals could cause the fair value of the embedded derivative to decrease or increase, respectively. Assuming contractholders take withdrawals earlier or later could cause the fair value of the embedded derivative to decrease or increase, respectively. Assuming contractholders take more or less of their benefit could cause the fair value of the embedded derivative to decrease or increase, respectively.

**Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis**

Certain assets are measured at fair value on a nonrecurring basis. During 2016, certain mortgage loans had been marked to fair value of \$2.7 million. The net impact of write-downs of loans reclassified to held-for-sale, impairments and improvements in estimated fair value of previously impaired loans resulted in a net loss of \$2.4 million that was recorded in net realized capital gains (losses) as part of the mortgage loan valuation allowance. This includes the impact of certain loans no longer on our books. These collateral-dependent mortgage loans are a Level 3 fair value measurement, as fair value is based on the fair value of the underlying real estate collateral, which is estimated using appraised values that involve significant unobservable inputs.

During 2016, certain real estate had been written down to fair value of \$13.9 million. This write down resulted in a loss of \$5.3 million, of which \$4.5 million was a lower of cost or market adjustment on held-for-sale real estate recorded in net investment income and the remaining \$0.8 million was recorded in net realized capital gains (losses). This is a Level 3 fair value measurement, as the fair value of real estate is estimated based on a discounted cash flow valuation from an internal model. Significant inputs used in the discounted cash flow calculation include a discount rate, terminal capitalization rate and average market rent growth. The ranges of inputs used in the fair value measurements for the real estate marked to fair value during 2016 were:

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Discount rate = 10.3%

Terminal capitalization rate = 9.0%

Average market rent growth = 0.0%

During 2015, certain mortgage loans had been marked to fair value of \$9.4 million. The net impact of write-downs of loans reclassified to held-for-sale, impairments and improvements in estimated fair value of previously impaired loans resulted in a net loss of \$3.0 million that was recorded in net realized capital gains (losses) as part of the mortgage loan valuation allowance. This includes the impact of certain loans no longer on our books. These collateral-dependent

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**Principal Financial Group, Inc.**

**Notes to Consolidated Financial Statements (continued)**

**December 31, 2016**

**14. Fair Value Measurements (continued)**

mortgage loans are a Level 3 fair value measurement, as fair value is based on the fair value of the underlying real estate collateral, which is estimated using appraised values that involve significant unobservable inputs.

During 2015, certain real estate had been written down to fair value of \$30.9 million. This write down resulted in a loss of \$2.9 million that was recorded in net realized capital gains (losses). This is a Level 3 fair value measurement, as the fair value of real estate is estimated based on a discounted cash flow valuation from an internal model. Significant inputs used in the discounted cash flow calculation include a discount rate, terminal capitalization rate and average market rent growth. The ranges of inputs used in the fair value measurements for the real estate marked to fair value during 2015 were:

Discount rate = 8.6% - 10.5%  
Terminal capitalization rate = 7.3% - 8.5%  
Average market rent growth = 2.7% - 3.0%

During 2015, identified intangibles that originated from the acquisition of our mutual fund company in Brazil were deemed to be impaired, and were marked to fair value of zero. These impairments were driven by the current macroeconomic and market conditions in Brazil, including higher discount rates and change in the mix of business. The fair value calculation for intangibles is a Level 3 fair value measurement, as the fair value is determined by calculating the present value of future cash flows that are expected to emerge from the identified intangibles. The net impact of impairments of identified intangibles resulted in a loss of \$23.0 million that was recorded in operating expenses.

During 2014, certain mortgage loans had been marked to fair value of \$68.9 million. The net impact of write-downs of loans reclassified to held-for-sale, impairments and improvements in estimated fair value of previously impaired loans resulted in a net loss of \$10.0 million that was recorded in net realized capital gains (losses) as part of the mortgage loan valuation allowance. This includes the impact of certain loans no longer on our books. These collateral-dependent mortgage loans are a Level 3 fair value measurement, as fair value is based on the fair value of the underlying real estate collateral, which is estimated using appraised values that involve significant unobservable inputs. The fair value of the underlying collateral is determined based on a discounted cash flow valuation either from an external broker opinion of value or an internal model. Significant inputs used in the discounted cash flow calculation include: a discount rate, terminal capitalization rate and average market rent growth. The ranges of inputs used in the fair value measurements for the mortgage loans marked to fair value during 2014 were:

Discount rate = 8.8% - 11.0%  
Terminal capitalization rate = 7.3% - 9.0%  
Average market rent growth = 2.0% - 10.9%

During 2014, certain real estate had been written down to fair value of \$22.3 million. This write down resulted in a loss of \$6.2 million that was recorded in net realized capital gains (losses). This is a Level 3 fair value measurement, as the fair value of real estate is estimated based on a discounted cash flow valuation from an internal model. Significant inputs used in the discounted cash flow calculation include a discount rate, terminal capitalization rate and average market rent growth. The ranges of inputs used in the fair value measurements for the real estate marked to fair value during 2014 were:

Discount rate = 9.6% - 11.8%  
Terminal capitalization rate = 8.3% - 8.5%  
Average market rent growth = 3.0% - 3.6%

**Fair Value Option**

We elected fair value accounting for:

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Certain commercial mortgage loans and obligations of consolidated VIEs for which it was not practicable for us to determine the carrying value.

Certain real estate ventures that are subject to the equity method of accounting because the nature of the investments is to add value to the properties and generate income from the operations of the properties. Other equity method real estate investments are not fair valued because the investments mainly generate income from the operations of the underlying properties.

Certain investment funds for which we do not have enough influence to account for under the equity method in order to reflect the economics of the investment in the financial statements. We do not elect the fair value option for other similar investments as these investments are generally accounted for under the equity method of accounting.

Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****14. Fair Value Measurements (continued)**

The following tables present information regarding the assets and liabilities for which the fair value option was elected.

	December 31, 2016	December 31, 2015
	<i>(in millions)</i>	
<b>Commercial mortgage loans of consolidated VIEs (1)(2)</b>		
Fair value	\$ 12.4	\$ 18.3
Aggregate contractual principal	12.0	17.8
<b>Obligations of consolidated VIEs (3)</b>		
Fair value	59.9	68.1
Aggregate unpaid principal	60.0	78.0
<b>Real estate ventures (1)</b>		
Fair value	36.9	35.1
<b>Investment funds (1)(4)</b>		
Fair value	36.9	

- (1) Reported with other investments in the consolidated statements of financial position.
- (2) None of the loans were more than 90 days past due or in non-accrual status.
- (3) Reported with other liabilities in the consolidated statements of financial position.
- (4) We did not have any material investment funds for which we elected the fair value option for the year ended December 31, 2015.

	For the year ended December 31,		
	2016	2015	2014
<b>Commercial mortgage loans of consolidated VIEs</b>			
Change in fair value pre-tax loss (1)(2)	\$ (0.1)	\$ (2.0)	\$ (1.5)
Interest income (3)	1.2	3.6	6.2
<b>Obligations of consolidated VIEs</b>			
Change in fair value pre-tax loss instrument specific credit risk (2)(4)	(9.8)	(1.9)	(2.4)
Change in fair value pre-tax loss (2)	(9.8)	(2.1)	(0.7)
Interest expense (5)	1.1	1.1	3.0
<b>Real estate</b>			
Change in fair value pre-tax gain (6)	1.5	7.2	17.3
<b>Investment funds</b>			
Change in fair value pre-tax gain (6)(7)	2.8		
Dividend income (6)	0.3		

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- (1) None of the change in fair value related to instrument-specific credit risk.
- (2) Reported in net realized capital gains (losses) on the consolidated statements of operations.
- (3) Reported in net investment income on the consolidated statements of operations and recorded based on the effective interest rates as determined at the closing of the loan.
- (4) Estimated based on credit spreads and quality ratings.
- (5) Reported in operating expenses on the consolidated statements of operations.
- (6) Reported in net investment income on the consolidated statements of operations.
- (7) Absent the fair value election, the change in fair value on the investments would be reported in OCI.



Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****14. Fair Value Measurements (continued)****Financial Instruments Not Reported at Fair Value**

The carrying value and estimated fair value of financial instruments not recorded at fair value on a recurring basis but required to be disclosed at fair value were as follows:

**December 31, 2016**

	Carrying amount	Fair value	Fair value hierarchy level		
			Level 1	Level 2	Level 3
			<i>(in millions)</i>		
<b>Assets (liabilities)</b>					
Mortgage loans	\$ 13,230.2	\$ 13,453.2	\$	\$	\$ 13,453.2
Policy loans	823.8	1,011.0			1,011.0
Other investments	230.3	236.8		157.7	79.1
Cash and cash equivalents	772.5	772.5	731.4	41.1	
Investment contracts	(31,089.4)	(30,622.6)		(5,400.8)	(25,221.8)
Short-term debt	(51.4)	(51.4)		(51.4)	
Long-term debt	(3,125.7)	(3,242.0)		(3,242.0)	
Separate account liabilities	(127,452.1)	(126,282.0)			(126,282.0)
Bank deposits	(2,199.8)	(2,204.1)	(1,585.1)	(619.0)	
Cash collateral payable	(575.7)	(575.7)	(575.7)		

**December 31, 2015**

	Carrying amount	Fair value	Fair value hierarchy level		
			Level 1	Level 2	Level 3
			<i>(in millions)</i>		
<b>Assets (liabilities)</b>					
Mortgage loans	\$ 12,339.4	\$ 12,653.5	\$	\$	\$ 12,653.5
Policy loans	817.1	1,023.1			1,023.1
Other investments	185.0	197.8		118.9	78.9
Cash and cash equivalents	961.6	961.6	961.6		
Investment contracts	(29,063.6)	(28,703.2)		(4,925.0)	(23,778.2)
Short-term debt	(181.1)	(181.1)		(181.1)	
Long-term debt	(3,265.2)	(3,411.9)		(3,369.1)	(42.8)
Separate account liabilities	(125,265.0)	(124,005.9)			(124,005.9)
Bank deposits	(2,070.8)	(2,074.4)	(1,457.4)	(617.0)	
Cash collateral payable	(216.3)	(216.3)	(216.3)		

**Mortgage Loans**

Fair values of commercial and residential mortgage loans are primarily determined by discounting the expected cash flows at current treasury rates plus an applicable risk spread, which reflects credit quality and maturity of the loans. The risk spread is based on market clearing levels for loans with comparable credit quality, maturities and risk. The fair value of mortgage loans may also be based on the fair value of the underlying real estate collateral less cost to sell, which is estimated using appraised values. These are reflected in Level 3.

**Policy Loans**

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Fair values of policy loans are estimated by discounting expected cash flows using a risk-free rate based on the Treasury curve. The expected cash flows reflect an estimate of timing of the repayment of the loans. These are reflected in Level 3.

### ***Other Investments***

The fair value of commercial loans and certain consumer loans included in other investments is calculated by discounting expected cash flows through the estimated maturity date using market interest rates that reflect the credit and interest rate risk inherent in the loans. The estimate of term to maturity is based on historical experience, adjusted as required, for current economic and lending conditions. The effect of non-performing loans is considered in assessing the credit risk inherent in the fair value estimate. These are reflected in Level 3. The fair value of certain tax credit investments are estimated by discounting expected future tax benefits using estimated investment return rates. These are reflected in Level 3. The carrying value of the remaining investments reported in this line item approximate their fair value. These are reflected in Level 2.

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**Principal Financial Group, Inc.**

**Notes to Consolidated Financial Statements (continued)**

**December 31, 2016**

**14. Fair Value Measurements (continued)**

***Cash and Cash Equivalents***

Certain cash equivalents not reported at fair value include short-term investments with maturities of three months or less for which public quotations are not available to use in determining fair value. Because of the highly liquid nature of these assets, carrying amounts are used to approximate fair value, which are reflected in Level 2. The carrying amount of the remaining cash approximates its fair value, which is reflected in Level 1 given the nature of cash.

***Investment Contracts***

The fair values of our reserves and liabilities for investment contracts are determined via a third party pricing vendor or using discounted cash flow analyses when we are unable to find a price from third party pricing vendors. Third party pricing on various outstanding medium-term notes and funding agreements is based on observable inputs such as benchmark yields and spreads based on reported trades for our medium-term notes and funding agreement issuances. These are reflected in Level 2. The discounted cash flow analyses for the remaining contracts is based on current interest rates, including non-performance risk, being offered for similar contracts with maturities consistent with those remaining for the investment contracts being valued. These are reflected in Level 3. Investment contracts include insurance, annuity and other policy contracts that do not involve significant mortality or morbidity risk and are only a portion of the policyholder liabilities appearing in the consolidated statements of financial position. Insurance contracts include insurance, annuity and other policy contracts that do involve significant mortality or morbidity risk. The fair values for our insurance contracts, other than investment contracts, are not required to be disclosed.

***Short-Term Debt***

The carrying amount of short-term debt approximates its fair value because of the relatively short time between origination of the debt instrument and its maturity, which is reflected in Level 2.

***Long-Term Debt***

Long-term debt primarily includes senior note issuances for which the fair values are determined using inputs that are observable in the market or that can be derived from or corroborated with observable market data. These are reflected in Level 2. Additionally, our long-term debt includes non-recourse mortgages and notes payable that are primarily financings for real estate developments for which the fair values are estimated using discounted cash flow analysis based on our incremental borrowing rate for similar borrowing arrangements. These are reflected in Level 3.

***Separate Account Liabilities***

Fair values of separate account liabilities, excluding insurance-related elements, are estimated based on market assumptions around what a potential acquirer would pay for the associated block of business, including both the separate account assets and liabilities. As the applicable separate account assets are already reflected at fair value, any adjustment to the fair value of the block is an assumed adjustment to the separate account liabilities. To compute fair value, the separate account liabilities are originally set to equal separate account assets because these are pass-through contracts. The separate account liabilities are reduced by the amount of future fees expected to be collected that are intended to offset upfront acquisition costs already incurred that a potential acquirer would not have to pay. The estimated future fees are adjusted by an adverse deviation discount and the amount is then discounted at a risk-free rate as measured by the yield on Treasury securities at maturities aligned with the estimated timing of fee collection. These are reflected in Level 3.

***Bank Deposits***

The fair value of deposits of our Principal Bank subsidiary with no stated maturity is equal to the amount payable on demand (i.e., their carrying amounts). These are reflected in Level 1. The fair value of certificates of deposit is based on the discounted value of contractual cash flows. The discount is estimated using the rates currently offered for deposits of similar remaining maturities. These are reflected in Level 2.

*Cash Collateral Payable*

The carrying amount of the payable associated with our obligation to return the cash collateral received under derivative credit support annex (collateral) agreements approximates its fair value, which is reflected in Level 1.

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Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****15. Statutory Insurance Financial Information**

Principal Life, the largest indirect subsidiary of PFG, prepares statutory financial statements in accordance with the accounting practices prescribed or permitted by the Insurance Division of the Department of Commerce of the State of Iowa (the "State of Iowa"). The State of Iowa recognizes only statutory accounting practices prescribed or permitted by the State of Iowa for determining and reporting the financial condition and results of operations of an insurance company to determine its solvency under the Iowa Insurance Law. The National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual has been adopted as a component of prescribed practices by the State of Iowa. The Commissioner has the right to permit other specific practices that deviate from prescribed practices. For the years ended, December 31, 2016, 2015 and 2014, Principal Life's use of prescribed statutory accounting practices resulted in higher (lower) statutory net income of \$3.8 million, \$(2.1) million and \$6.4 million, respectively, relative to the accounting practices and procedures of the NAIC due to its accounting for derivatives that hedge some of its equity indexed products. In addition, as of December 31, 2016 and 2015, Principal Life's permitted statutory accounting practice relating to variable annuities with a guaranteed living benefit rider resulted in lower statutory surplus of \$180.5 million and \$158.1 million, respectively, relative to carrying certain interest rate swaps at book value rather than fair value, as if they received hedge accounting treatment for statutory. Statutory accounting practices differ from U.S. GAAP primarily due to charging policy acquisition costs to expense as incurred, establishing reserves using different actuarial assumptions, valuing investments on a different basis and not admitting certain assets, including certain net deferred income tax assets.

Principal Life cedes certain term and universal life insurance statutory reserves to our affiliated reinsurance subsidiaries on a funds withheld coinsurance basis. The reserves are secured by cash, invested assets and financing provided by highly rated third parties. As of December 31, 2016 and 2015, our affiliated reinsurance subsidiaries assumed statutory reserves of \$4,734.0 million and \$3,934.2 million from Principal Life, respectively. In the states of Vermont and Delaware, the affiliated reinsurers had permitted and prescribed practices allowing for the admissibility of certain assets backing these reserves. As of December 31, 2016 and 2015, assets admitted under these practices totaled \$1,809.0 million and \$1,447.0 million, respectively.

Life and health insurance companies are subject to certain risk-based capital ("RBC") requirements as specified by the NAIC. Under those requirements, the amount of capital and surplus maintained by a life and health insurance company is to be determined based on the various risk factors related to it. As of December 31, 2016, Principal Life met the minimum RBC requirements.

Statutory net income and statutory capital and surplus of Principal Life were as follows:

	As of or for the year ended December 31,		
	2016	2015	2014
	<i>(in millions)</i>		
Statutory net income	\$ 996.7	\$ 948.6	\$ 535.5
Statutory capital and surplus	4,643.8	4,496.7	4,202.1

**16. Segment Information**

We provide financial products and services through the following segments: Retirement and Income Solutions, Principal Global Investors, Principal International and U.S. Insurance Solutions. In addition, we have a Corporate segment. The segments are managed and reported separately because they provide different products and services, have different strategies or have different markets and distribution channels.

During fourth quarter 2016, we decided to move long-term care, a business we exited and fully reinsured in 1997, from the U.S. Insurance Solutions segment to the Corporate segment to align it with the management of other exited businesses in the Corporate segment. This change has been applied retrospectively to our segment financial information but did not impact our consolidated financial statements.

The Retirement and Income Solutions segment provides retirement and related financial products and services primarily to businesses, their employees and other individuals.

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The Principal Global Investors segment provides asset management services to our asset accumulation business, our insurance operations, the Corporate segment and third party clients. This segment also includes our mutual fund business.

The Principal International segment has operations in Latin America (Brazil, Chile and Mexico) and Asia (China, Hong Kong Special Administrative Region, India and Southeast Asia). We focus on locations with large middle classes,

Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****16. Segment Information (continued)**

favorable demographics and growing long-term savings, ideally with voluntary or mandatory pension markets. We entered these locations through acquisitions, start-up operations and joint ventures.

The U.S. Insurance Solutions segment provides specialty benefits insurance, which consists of group dental and vision insurance, individual and group disability insurance, group life insurance and non-medical fee-for-service claims administration, and individual life insurance throughout the United States.

Our Corporate segment manages the assets representing capital that has not been allocated to any other segment. Financial results of the Corporate segment primarily reflect our financing activities (including financing costs and preferred stock dividends), income on capital not allocated to other segments, inter-segment eliminations, income tax risks and certain income, expenses and other adjustments not allocated to the segments based on the nature of such items. Results of Principal Securities, Inc., our retail broker-dealer and registered investment advisor, and our exited group medical and long-term care insurance businesses are reported in this segment.

Management uses segment pre-tax operating earnings in evaluating performance, which is consistent with the financial results provided to and discussed with securities analysts. We determine segment pre-tax operating earnings by adjusting U.S. GAAP income before income taxes for pre-tax net realized capital gains (losses), as adjusted, pre-tax other adjustments that management believes are not indicative of overall operating trends and certain adjustments related to equity method investments and noncontrolling interest. Pre-tax net realized capital gains (losses), as adjusted, are net of related changes in the amortization pattern of DAC and related actuarial balances, recognition of deferred front-end fee revenues for sales charges on retirement and life insurance products and services, amortization of hedge accounting book value adjustments for certain discontinued hedges, net realized capital gains and losses distributed, certain adjustments related to equity method investments, certain adjustments related to sponsored investment funds and certain market value adjustments to fee revenues. Pre-tax net realized capital gains (losses), as adjusted, exclude periodic settlements and accruals on derivative instruments not designated as hedging instruments and exclude certain market value adjustments of embedded derivatives and realized capital gains (losses) associated with our exited group medical insurance business. Segment operating revenues exclude net realized capital gains (losses) (except periodic settlements and accruals on derivatives not designated as hedging instruments), including their impact on recognition of front-end fee revenues, certain market value adjustments to fee revenues, certain adjustments related to equity method investments, certain adjustments related to sponsored investment funds and amortization of hedge accounting book value adjustments for certain discontinued hedges; certain adjustments related to equity method investments, pre-tax other adjustments management believes are not indicative of overall operating trends and revenue from our exited group medical insurance business. While these items may be significant components in understanding and assessing the consolidated financial performance, management believes the presentation of segment pre-tax operating earnings enhances the understanding of our results of operations by highlighting pre-tax earnings attributable to the normal, ongoing operations of the business.

The accounting policies of the segments are consistent with the accounting policies for the consolidated financial statements, with the exception of: (1) pension and other postretirement employee benefit cost allocations and (2) income tax allocations. For purposes of determining operating earnings, the segments are allocated the service component of pension and other postretirement benefit costs. The Corporate segment reflects the non-service components of pension and other postretirement benefit costs as assumptions are established and funding decisions are managed from a company-wide perspective. The Corporate segment functions to absorb the risk inherent in interpreting and applying tax law. For purposes of determining operating earnings, the segments are allocated tax adjustments consistent with the positions we took on tax returns. The Corporate segment results reflect any differences between the tax returns and the estimated resolution of any disputes.

The following tables summarize select financial information by segment, including operating revenues for our products and services, and reconcile segment totals to those reported in the consolidated financial statements:

	<b>December 31, 2016</b>		<b>December 31, 2015</b>
	<i>(in millions)</i>		
<b>Assets:</b>			
Retirement and Income Solutions	\$ 152,721.7	\$	139,678.5
Principal Global Investors	1,952.1		1,880.4

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Principal International	<b>45,118.3</b>	50,588.6
U.S. Insurance Solutions	<b>23,144.2</b>	21,961.4
Corporate	<b>5,078.0</b>	4,551.4
Total consolidated assets	<b>\$ 228,014.3</b>	\$ 218,660.3



Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****16. Segment Information (continued)**

	<b>For the year ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>(in millions)</i>		
<b>Operating revenues by segment:</b>			
Retirement and Income Solutions:			
Retirement and Income Solutions Fee	\$ 1,743.2	\$ 1,774.0	\$ 1,778.9
Retirement and Income Solutions Spread	4,407.5	4,392.9	3,020.8
<b>Total Retirement and Income Solutions (1)</b>	<b>6,150.7</b>	6,166.9	4,799.7
Principal Global Investors (2)	1,387.1	1,343.5	1,257.4
Principal International	1,252.0	1,220.6	1,329.8
U.S. Insurance Solutions:			
Specialty benefits insurance	2,011.4	1,868.1	1,727.1
Individual life insurance	1,626.1	1,572.7	1,535.7
Eliminations	(0.2)	(0.2)	(0.2)
<b>Total U.S. Insurance Solutions</b>	<b>3,637.3</b>	3,440.6	3,262.6
Corporate	(46.3)	(50.5)	(40.3)
<b>Total segment operating revenues</b>	<b>12,380.8</b>	12,121.1	10,609.2
Net realized capital gains (losses), net of related revenue adjustments	80.9	(162.7)	(77.4)
Certain adjustments related to equity method investments	(67.6)	(55.5)	(54.4)
Other income on a tax indemnification		60.2	
Exited group medical insurance business		1.3	0.2
<b>Total revenues per consolidated statements of operations</b>	<b>\$ 12,394.1</b>	\$ 11,964.4	\$ 10,477.6
<b>Pre-tax operating earnings (losses) by segment:</b>			
Retirement and Income Solutions	\$ 794.5	\$ 740.1	\$ 851.2
Principal Global Investors	443.8	388.5	350.1
Principal International	288.1	271.3	352.7
U.S. Insurance Solutions	361.2	429.5	344.1
Corporate	(218.9)	(192.3)	(175.0)
<b>Total segment pre-tax operating earnings</b>	<b>1,668.7</b>	1,637.1	1,723.1
Pre-tax net realized capital gains (losses), as adjusted (3)	46.3	(170.7)	(143.1)
Pre-tax other adjustments (4)	(86.4)	11.7	(63.1)
Certain adjustments related to equity method investments and noncontrolling interest	(36.9)	(47.3)	(22.0)
<b>Income before income taxes per consolidated statements of operations</b>	<b>\$ 1,591.7</b>	\$ 1,430.8	\$ 1,494.9

(1) Reflects inter-segment revenues of \$373.3 million, \$424.5 million and \$440.1 million for the years ended December 31, 2016, 2015 and 2014, respectively.

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(2) Reflects inter-segment revenues of \$235.7 million, \$220.6 million and \$206.3 million for the years ended December 31, 2016, 2015 and 2014, respectively.

(3) Pre-tax net realized capital gains (losses), as adjusted, is derived as follows:

	For the year ended December 31,		
	2016	2015	2014
	<i>(in millions)</i>		
Net realized capital gains (losses)	\$ 171.1	\$ (51.1)	\$ 14.7
Certain derivative and hedging-related adjustments	(94.1)	(111.7)	(92.8)
Certain market value adjustments to fee revenues	(2.5)	(1.1)	
Certain adjustments related to equity method investments	0.1		
Certain adjustments related to sponsored investment funds	6.1	1.3	
Recognition of front-end fee revenue	0.2	(0.1)	0.7
Net realized capital gains (losses), net of related revenue adjustments	80.9	(162.7)	(77.4)
Amortization of deferred acquisition costs and other actuarial balances	(77.4)	(14.0)	(49.3)
Capital (gains) losses distributed	(7.2)	6.2	(21.2)
Certain market value adjustments of embedded derivatives	50.0	(0.2)	4.8
Pre-tax net realized capital gains (losses), as adjusted (a)	\$ 46.3	\$ (170.7)	\$ (143.1)

(a) As adjusted before noncontrolling interest capital gains (losses) and net realized capital gains (losses) associated with exited group medical insurance business.

Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****16. Segment Information (continued)**

(4)

For the year ended December 31, 2016, pre-tax other adjustments included the negative effect of one-time costs incurred to extinguish long-term debt.

For the year ended December 31, 2015, pre-tax other adjustments included the positive effect of the impact of a court ruling on some uncertain tax positions (\$15.1 million) and the negative effect of losses associated with our exited group medical insurance business that did not qualify for discontinued operations accounting treatment under U.S. GAAP (\$3.4 million).

For the year ended December 31, 2014, pre-tax other adjustments included the negative effect of the impact of (a) a court ruling on some uncertain tax positions (\$62.2 million) and (b) the effect of losses associated with our exited group medical insurance business that did not qualify for discontinued operations accounting treatment under U.S. GAAP (\$0.9 million).

The following is a summary of income tax expense (benefit) allocated to our segments for purposes of determining operating earnings. Segment income taxes are reconciled to income taxes reported on our consolidated statements of operations.

	<b>For the year ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>(in millions)</i>		
<b>Income tax expense (benefit) by segment:</b>			
Retirement and Income Solutions	\$ 98.6	\$ 76.1	\$ 128.5
Principal Global Investors	166.8	148.4	132.9
Principal International	62.7	51.5	84.7
U.S. Insurance Solutions	118.8	143.1	112.8
Corporate	(109.3)	(77.2)	(86.7)
Total segment income taxes from operating earnings	337.6	341.9	372.2
Tax benefit related to net realized capital losses, as adjusted	(6.6)	(45.6)	(43.6)
Tax expense (benefit) related to other after-tax adjustments	(34.4)	(63.2)	44.3
Certain adjustments related to equity method investments and noncontrolling interest	(66.7)	(55.5)	(54.4)
Total income taxes per consolidated statements of operations	\$ 229.9	\$ 177.6	\$ 318.5

The following is a summary of depreciation and amortization expense allocated to our segments for purposes of determining pre-tax operating earnings. Segment depreciation and amortization is reconciled to depreciation and amortization included in operating expenses in our consolidated statements of operations.

	<b>For the year ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>(in millions)</i>		
<b>Depreciation and amortization expense by segment:</b>			
Retirement and Income Solutions	\$ 30.4	\$ 28.3	\$ 27.5
Principal Global Investors	18.8	16.5	17.1
Principal International	50.1	69.3	51.6
U.S. Insurance Solutions	26.8	23.1	21.2
Corporate	7.4	6.5	5.3
Total depreciation and amortization expense included in our consolidated statements of operations	\$ 133.5	\$ 143.7	\$ 122.7

**17. Stock-Based Compensation Plans**

As of December 31, 2016, we had the 2014 Stock Incentive Plan, the Employee Stock Purchase Plan, the 2014 Directors Stock Plan, the Long-Term Performance Plan, the Amended and Restated 2010 Stock Incentive Plan, the 2005 Directors Stock Plan, the Stock Incentive Plan and the Directors Stock Plan ("Stock-Based Compensation Plans"). As of May 20, 2014, no new grants will be made under the Amended and Restated 2010 Stock Incentive Plan or the 2005 Directors Stock Plan. No grants have been made under the Stock Incentive Plan, the Directors Stock Plan or the Long-Term Performance Plan since at least 2005. Under the terms of the 2014 Stock Incentive Plan, grants may be nonqualified stock options, incentive stock options qualifying under Section 422 of the Internal Revenue Code, restricted stock, restricted stock units, stock appreciation rights, performance shares, performance units or other stock-based awards. The 2014 Directors Stock Plan provides for the grant of nonqualified stock options, restricted stock, restricted stock units or other stock-based awards to our nonemployee directors. To date, we have not granted any incentive stock options, restricted stock or performance units under any plans.

Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****17. Stock-Based Compensation Plans (continued)**

As of December 31, 2016, the maximum number of new shares of common stock available for grant under the 2014 Stock Incentive Plan and the 2014 Directors Stock Plan was 9.9 million.

For awards with graded vesting, we use an accelerated expense attribution method. The compensation cost that was charged against income for stock-based awards granted under the Stock-Based Compensation Plans was as follows:

	For the year ended December 31,		
	2016	2015	2014
	<i>(in millions)</i>		
Compensation cost	\$ 73.8	\$ 69.7	\$ 66.2
Related income tax benefit	21.5	22.5	21.6
Capitalized as part of an asset	2.8	2.2	2.5

**Nonqualified Stock Options**

Nonqualified stock options were granted to certain employees under the 2014 Stock Incentive Plan, the Amended and Restated 2010 Stock Incentive Plan and the Stock Incentive Plan. Options outstanding were granted at an exercise price equal to the fair market value of our common stock on the date of grant, and expire ten years after the grant date. These options have graded vesting over a three-year period, except in the case of specific types of terminations. Total options granted were 1.1 million, 0.6 million and 0.6 million during 2016, 2015 and 2014, respectively.

The following is a summary of the status of all of our stock option plans:

	Number of options <i>(in millions)</i>	Weighted- average exercise price	Intrinsic value <i>(in millions)</i>
Options outstanding as of January 1, 2016	7.7	\$ 43.71	
Granted	1.1	37.38	
Exercised	0.7	20.52	
Expired	0.6	49.31	
Options outstanding as of December 31, 2016	7.5	\$ 44.61	\$ 108.9
Options vested or expected to vest as of December 31, 2016	7.4	\$ 44.62	\$ 108.6
Options exercisable as of December 31, 2016	5.9	\$ 45.64	\$ 82.6

The total intrinsic value of stock options exercised was \$25.7 million, \$17.4 million and \$25.4 million during 2016, 2015, and 2014, respectively.

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The following is a summary of weighted-average remaining contractual lives for stock options outstanding and the range of exercise prices on the stock options as of December 31, 2016:

Range of exercise prices	Number of options outstanding <i>(in millions)</i>	Weighted- average remaining contractual life
\$11.07 - \$21.69	0.4	2.2
\$21.70 - \$32.32	1.5	5.2
\$32.33 - \$42.95	1.5	8.0
\$42.96 - \$53.58	1.2	7.7
\$53.59 - \$64.22	2.9	0.7
\$11.07 - \$64.22	7.5	4.2

The weighted-average remaining contractual lives for stock options exercisable is approximately 3.0 years as of December 31, 2016.

Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****17. Stock-Based Compensation Plans (continued)**

The fair value of stock options is estimated using the Black-Scholes option pricing model. The following is a summary of the assumptions used in this model for the stock options granted during the period:

Options	For the year ended December 31,		
	2016	2015	2014
Expected volatility	31.7%	52.2%	53.2%
Expected term (in years)	6.5	6.5	6.5
Risk-free interest rate	1.5%	1.8%	2.0%
Expected dividend yield	4.07%	2.81%	2.50%
Weighted average estimated fair value	\$ 8.91	\$ 20.43	\$ 18.89

We determine expected volatility based on a combination of historical volatility using daily price observations and implied volatility from traded options on our common stock. We believe that incorporating both historical and implied volatility into our expected volatility assumption calculation better reflects market expectations. The expected term represents the period of time that options granted are expected to be outstanding. We determine expected term using historical exercise and employee termination data. The risk-free rate for periods within the expected term of the option is based on the U.S. Treasury risk-free interest rate in effect at the time of grant. The dividend yield is based on historical dividend distributions compared to the closing price of our common shares on the grant date.

As of December 31, 2016, we had \$2.9 million of total unrecognized compensation costs related to nonvested stock options. The cost is expected to be recognized over a weighted-average service period of approximately 1.7 years.

Cash received from stock options exercised under these share-based payment arrangements during 2016, 2015 and 2014 was \$15.3 million, \$52.7 million and \$56.1 million, respectively. The actual tax benefits realized for the tax deductions for options exercised under these share-based payment arrangements during 2016, 2015 and 2014 was \$9.0 million, \$6.0 million and \$8.6 million, respectively.

**Performance Share Awards**

We granted performance share awards to certain employees under the 2014 Stock Incentive Plan and the Amended and Restated 2010 Stock Incentive Plan. The performance share awards are treated as an equity award and are paid in shares. Whether the performance shares are earned depends upon the participant's continued employment through the performance period (except in the case of specific types of terminations) and our performance against three-year goals set at the beginning of the performance period. Performance goals based on various factors must be achieved for any of the performance shares to be earned. If the performance requirements are not met, the performance shares will be forfeited, no compensation cost will be recognized and any previously recognized compensation cost will be reversed. These awards have no maximum contractual term. Dividend equivalents are credited on performance shares outstanding as of the record date. These dividend equivalents are only paid on the shares released. Total performance share awards granted were 0.3 million, 0.3 million and 0.3 million in 2016, 2015 and 2014, respectively.

The following is a summary of activity for the nonvested performance share awards:

	Number of performance share awards <i>(in millions)</i>	Weighted- average grant-date fair value
Nonvested performance share awards as of January 1, 2016	0.9	\$ 41.57
Granted	0.3	37.38
Vested	0.3	30.70
Nonvested performance share awards as of December 31, 2016	0.9	\$ 44.23

[REDACTED]

The total intrinsic value of performance share awards vested was \$18.1 million, \$20.1 million and \$11.4 million during 2016, 2015 and 2014, respectively.

Performance share awards above represent initial target awards and do not reflect potential increases or decreases resulting from the final performance objectives to be determined at the end of the respective performance period. The actual number of shares to be awarded at the end of each performance period will range between 0% and 150% of the initial target awards.



Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****17. Stock-Based Compensation Plans (continued)**

The fair value of performance share awards is determined based on the closing stock price of our common shares on the grant date. The weighted-average grant-date fair value of performance share awards granted during 2016, 2015 and 2014 was \$37.38, \$51.33 and \$44.88, respectively.

As of December 31, 2016, we had \$4.5 million of total unrecognized compensation cost related to nonvested performance share awards granted. The cost is expected to be recognized over a weighted-average service period of approximately 1.5 years.

Actual tax benefits realized for the tax deductions for performance share awards paid out under these share-based payment arrangements for 2016, 2015 and 2014 was \$4.8 million, \$7.4 million and \$4.0 million, respectively.

**Restricted Stock Units**

We issue restricted stock units under the 2014 Stock Incentive Plan, the 2014 Directors Stock Plan, the Amended and Restated 2010 Stock Incentive Plan, the 2005 Directors Stock Plan, the Stock Incentive Plan, and the Directors Stock Plan. Restricted stock units are treated as an equity award and are paid in shares. These awards have no maximum contractual term. Dividend equivalents are credited on restricted stock units outstanding as of the record date. These dividend equivalents are only paid on the shares released. Restricted stock units granted were 1.3 million, 0.9 million and 0.9 million in 2016, 2015 and 2014, respectively.

Restricted stock units were issued to certain employees and agents pursuant to the 2014 Stock Incentive Plan, the Amended and Restated 2010 Stock Incentive Plan and Stock Incentive Plan. Under these plans, awards have graded or cliff vesting over a three-year service period. When service for PFG ceases (except in the case of specific types of terminations), all vesting stops and unvested units are forfeited.

Pursuant to the 2014 Directors Stock Plan and the 2005 Directors Stock Plan, restricted stock units are granted to each non-employee director in office immediately following each annual meeting of stockholders and, at the discretion of the Nominating and Governance Committee, to each person who becomes a member of the Board other than on the date of the annual meeting of stockholders. Under these plans, awards are granted on an annual basis and cliff vest after a one-year service period. When service to PFG ceases, all vesting stops and unvested units are forfeited.

The following is a summary of activity for the nonvested restricted stock units:

	<b>Number of restricted stock units</b>		<b>Weighted- average grant-date fair value</b>
	<i>(in millions)</i>		
Nonvested restricted stock units as of January 1, 2016	<b>3.0</b>	<b>\$</b>	<b>41.32</b>
Granted	<b>1.3</b>		<b>37.59</b>
Vested	<b>1.3</b>		<b>31.23</b>
Nonvested restricted stock units as of December 31, 2016	<b>3.0</b>	<b>\$</b>	<b>43.77</b>

The total intrinsic value of restricted stock units vested was \$46.2 million, \$53.6 million and \$38.5 million during 2016, 2015 and 2014, respectively.

The fair value of restricted stock units is determined based on the closing stock price of our common shares on the grant date. The weighted-average grant-date fair value of restricted stock units granted during 2016, 2015 and 2014 was \$37.59, \$51.35 and \$45.03, respectively.

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As of December 31, 2016, we had \$45.0 million of total unrecognized compensation cost related to nonvested restricted stock unit awards granted under these plans. The cost is expected to be recognized over a weighted-average period of approximately 1.7 years.

The actual tax benefits realized for the tax deductions for restricted stock unit payouts under these share-based payment arrangements for 2016, 2015 and 2014 was \$16.1 million, \$18.8 million and \$12.8 million, respectively.

### **Employee Stock Purchase Plan**

Under our Employee Stock Purchase Plan, participating employees have the opportunity to purchase shares of our common stock on a semi-annual basis. Employees may purchase up to \$25,000 worth of company stock each year. Employees may purchase shares of our common stock at a price equal to 85% of the shares' fair market value as of the

Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****17. Stock-Based Compensation Plans (continued)**

beginning or end of the purchase period, whichever is lower. Under the Employee Stock Purchase Plan, employees purchased 0.7 million, 0.6 million and 0.5 million shares during 2016, 2015 and 2014, respectively.

We recognize compensation expense for the fair value of the discount granted to employees participating in the employee stock purchase plan in the period of grant. Shares of the Employee Stock Purchase Plan are treated as an equity award. The weighted-average fair value of the discount on the stock purchased was \$14.00, \$7.29 and \$8.94 during 2016, 2015 and 2014, respectively. The total intrinsic value of the Employee Stock Purchase Plan shares settled was \$10.2 million, \$4.1 million and \$4.7 million during 2016, 2015 and 2014, respectively.

Cash received from shares issued under these share-based payment arrangements for 2016, 2015 and 2014 was \$25.5 million, \$23.4 million and \$22.2 million, respectively. The actual tax benefit realized for the tax deductions for the settlement of the share-based payment arrangements for 2016, 2015 and 2014 was \$0.6 million, \$0.6 million and \$1.1 million, respectively.

As of December 31, 2016, a total of 3.4 million of new shares were available to be made issuable by us for this plan.

**18. Earnings Per Common Share**

The computations of the basic and diluted per share amounts were as follows:

	<b>For the year ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>(in millions, except per share data)</i>		
Net income	\$ 1,361.8	\$ 1,253.2	\$ 1,176.4
Subtract:			
Net income attributable to noncontrolling interest	45.3	19.2	32.3
Preferred stock dividends		16.5	33.0
Excess of redemption value over carrying value of preferred shares redeemed		8.2	
Adjustments to redemption amounts of redeemable noncontrolling interests			19.7
<b>Total</b>	<b>\$ 1,316.5</b>	<b>\$ 1,209.3</b>	<b>\$ 1,091.4</b>
Weighted-average shares outstanding:			
Basic	289.4	294.4	294.7
Dilutive effects:			
Stock options	1.3	1.5	1.8
Restricted stock units	1.7	1.7	1.8
Performance share awards	0.3	0.4	0.4
Diluted	292.7	298.0	298.7
Net income per common share:			
Basic	\$ 4.55	\$ 4.11	\$ 3.70

Diluted	\$	4.50	\$	4.06	\$	3.65
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The calculation of diluted earnings per share for the years ended December 31, 2016, 2015 and 2014, excludes the incremental effect related to certain outstanding stock-based compensation grants due to their anti-dilutive effect.

Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****19. Quarterly Results of Operations (Unaudited)**

The following is a summary of unaudited quarterly results of operations.

	For the three months ended,			
	December 31	September 30	June 30	March 31
	<i>(in millions, except per share data)</i>			
<b>2016</b>				
Total revenues	\$ 3,513.8	\$ 2,818.0	\$ 3,025.7	\$ 3,036.6
Total expenses	3,132.5	2,447.3	2,625.8	2,596.8
Net income	338.2	327.4	327.0	369.2
Net income available to common stockholders	318.0	308.2	322.3	368.0
Basic earnings per common share for net income available to common stockholders	1.10	1.07	1.11	1.26
Diluted earnings per common share for net income available to common stockholders	1.09	1.06	1.10	1.25
<b>2015</b>				
Total revenues	\$ 2,807.0	\$ 3,240.9	\$ 3,259.2	\$ 2,657.3
Total expenses	2,498.0	2,871.7	2,964.7	2,199.2
Net income	258.3	300.9	264.9	429.1
Net income available to common stockholders	253.6	300.4	241.1	414.2
Basic earnings per common share for net income available to common stockholders	0.87	1.02	0.82	1.41
Diluted earnings per common share for net income available to common stockholders	0.86	1.01	0.81	1.39

**20. Condensed Consolidating Financial Information**

Principal Life has established special purpose entities to issue secured medium-term notes. Under the program, the payment obligations of principal and interest on the notes are secured by funding agreements issued by Principal Life. Principal Life's payment obligations on the funding agreements are fully and unconditionally guaranteed by PFG. All of the outstanding stock of Principal Life is indirectly owned by PFG and PFG is the only guarantor of the payment obligations of the funding agreements.

The following tables set forth condensed consolidating financial information of (i) PFG, (ii) Principal Life, (iii) Principal Financial Services, Inc. ("PFS") and all other direct and indirect subsidiaries of PFG on a combined basis and (iv) the eliminations necessary to arrive at the information for PFG on a consolidated basis as of December 31, 2016 and December 31, 2015, and for the years ended December 31, 2016, 2015 and 2014.

In presenting the condensed consolidating financial statements, the equity method of accounting has been applied to (i) PFG's interest in all direct subsidiaries of PFG, (ii) Principal Life's interest in all direct subsidiaries of Principal Life and (iii) PFS's interest in Principal Life even though all such subsidiaries meet the requirements to be consolidated under U.S. GAAP. Earnings of subsidiaries are, therefore, reflected in the parent's investment and earnings. All intercompany balances and transactions, including elimination of the parent's investment in subsidiaries, between PFG, Principal Life and PFS and all other subsidiaries have been eliminated, as shown in the column "Eliminations." These condensed consolidating financial statements should be read in conjunction with the consolidated financial statements. The financial information may not necessarily be indicative of results of operations, cash flows or financial position had the subsidiaries operated as independent entities.

Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)**

December 31, 2016

**20. Condensed Consolidating Financial Information (continued)****Condensed Consolidating Statements of Financial Position**

December 31, 2016

	Principal Financial Group, Inc. Parent Only	Principal Life Insurance Company Only	Principal Financial Services, Inc. and Other Subsidiaries Combined	Eliminations	Principal Financial Group, Inc. Consolidated
<i>(in millions)</i>					
<b>Assets</b>					
Fixed maturities, available-for-sale	\$	\$ 48,672.1	\$ 6,559.9	\$ (385.9)	\$ 54,846.1
Fixed maturities, trading		135.6	262.8		398.4
Equity securities, available-for-sale		96.3	2.6		98.9
Equity securities, trading		8.2	1,405.2		1,413.4
Mortgage loans		12,460.7	1,289.4	(519.9)	13,230.2
Real estate		4.4	1,364.4		1,368.8
Policy loans		784.8	39.0		823.8
Investment in unconsolidated entities	12,597.9	2,071.1	6,493.7	(20,389.5)	773.2
Other investments	9.8	4,740.0	1,783.0	(3,650.1)	2,882.7
Cash and cash equivalents	882.6	675.1	2,082.8	(920.9)	2,719.6
Accrued investment income		513.7	74.5	(7.6)	580.6
Premiums due and other receivables		1,538.0	2,836.0	(3,012.1)	1,361.9
Deferred acquisition costs		3,184.2	196.0		3,380.2
Property and equipment		610.4	88.6		699.0
Goodwill		54.3	966.5		1,020.8
Other intangibles		23.5	1,301.8		1,325.3
Separate account assets		103,661.9	36,170.7		139,832.6
Other assets	573.7	969.5	3,507.7	(3,792.1)	1,258.8
Total assets	\$ 14,064.0	\$ 180,203.8	\$ 66,424.6	\$ (32,678.1)	\$ 228,014.3
<b>Liabilities</b>					
Contractholder funds	\$	\$ 35,337.7	\$ 2,949.2	\$ (333.3)	\$ 37,953.6
Future policy benefits and claims		24,392.6	5,312.1	(704.0)	29,000.7
Other policyholder funds		780.7	111.0	(1.3)	890.4
Short-term debt			51.4		51.4
Long-term debt	3,126.4		495.1	(495.8)	3,125.7
Income taxes currently payable			124.3	(111.4)	12.9
Deferred income taxes		533.6	1,111.9	(673.1)	972.4
Separate account liabilities		103,661.9	36,170.7		139,832.6
Other liabilities	710.3	7,300.9	7,425.9	(9,653.8)	5,783.3
Total liabilities	3,836.7	172,007.4	53,751.6	(11,972.7)	217,623.0
Redeemable noncontrolling interest			97.5		97.5
<b>Stockholders' equity</b>					
Common stock	4.7	2.5		(2.5)	4.7
Additional paid-in capital	9,686.0	5,305.6	9,010.9	(14,316.5)	9,686.0
Retained earnings	7,720.4	2,139.9	3,724.3	(5,864.2)	7,720.4

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Accumulated other comprehensive income (loss)	(675.2)	748.4	(230.9)	(517.5)	(675.2)
Treasury stock, at cost	(6,508.6)				(6,508.6)
Total stockholders' equity attributable to PFG	10,227.3	8,196.4	12,504.3	(20,700.7)	10,227.3
Noncontrolling interest			71.2	(4.7)	66.5
Total stockholders' equity	10,227.3	8,196.4	12,575.5	(20,705.4)	10,293.8
Total liabilities and stockholders' equity	\$ 14,064.0	\$ 180,203.8	\$ 66,424.6	\$ (32,678.1)	\$ 228,014.3

Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****20. Condensed Consolidating Financial Information (continued)****Condensed Consolidating Statements of Financial Position  
December 31, 2015**

	<b>Principal Financial Group, Inc. Parent Only</b>	<b>Principal Life Insurance Company Only</b>	<b>Principal Financial Services, Inc. and Other Subsidiaries Combined <i>(in millions)</i></b>	<b>Eliminations</b>	<b>Principal Financial Group, Inc. Consolidated</b>
<b>Assets</b>					
Fixed maturities, available-for-sale	\$	\$ 43,862.7	\$ 6,482.5	\$ (378.7)	\$ 49,966.5
Fixed maturities, trading		436.2	250.6		686.8
Equity securities, available-for-sale		101.7	2.8		104.5
Equity securities, trading		0.3	1,202.4		1,202.7
Mortgage loans		11,696.9	1,155.3	(512.8)	12,339.4
Real estate		6.3	1,445.5		1,451.8
Policy loans		786.3	30.8		817.1
Investment in unconsolidated entities	12,223.4	2,220.5	6,229.8	(20,041.0)	632.7
Other investments	9.7	3,944.3	1,636.5	(2,971.5)	2,619.0
Cash and cash equivalents	578.7	1,127.9	1,253.7	(395.5)	2,564.8
Accrued investment income		477.9	76.7	(9.0)	545.6
Premiums due and other receivables		1,512.7	2,465.9	(2,549.3)	1,429.3
Deferred acquisition costs		3,057.3	218.8		3,276.1
Property and equipment		552.0	81.8		633.8
Goodwill		54.3	954.7		1,009.0
Other intangibles		24.6	1,334.6		1,359.2
Separate account assets		94,762.8	42,216.1		136,978.9
Other assets	458.0	878.0	2,995.6	(3,288.5)	1,043.1
<b>Total assets</b>	<b>\$ 13,269.8</b>	<b>\$ 165,502.7</b>	<b>\$ 70,034.1</b>	<b>\$ (30,146.3)</b>	<b>\$ 218,660.3</b>
<b>Liabilities</b>					
Contractholder funds	\$	\$ 33,151.7	\$ 2,885.1	\$ (320.7)	\$ 35,716.1
Future policy benefits and claims		21,914.0	4,479.3	(536.8)	25,856.5
Other policyholder funds		718.1	88.2	(0.9)	805.4
Short-term debt			181.1		181.1
Long-term debt	3,223.8		535.2	(493.8)	3,265.2
Income taxes currently payable			101.9	(83.5)	18.4
Deferred income taxes		415.2	928.9	(646.9)	697.2
Separate account liabilities		94,762.8	42,216.1		136,978.9
Other liabilities	734.4	6,330.1	6,323.6	(7,709.7)	5,678.4
<b>Total liabilities</b>	<b>3,958.2</b>	<b>157,291.9</b>	<b>57,739.4</b>	<b>(9,792.3)</b>	<b>209,197.2</b>
Redeemable noncontrolling interest			85.7		85.7
<b>Stockholders' equity</b>					
Common stock	4.7	2.5		(2.5)	4.7
Additional paid-in capital	9,544.8	5,334.4	9,000.0	(14,334.4)	9,544.8



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Retained earnings	6,875.9	2,232.6	3,522.3	(5,754.9)	6,875.9
Accumulated other comprehensive income (loss)	(882.5)	641.3	(383.6)	(257.7)	(882.5)
Treasury stock, at cost	(6,231.3)				(6,231.3)
Total stockholders' equity attributable to PFG	9,311.6	8,210.8	12,138.7	(20,349.5)	9,311.6
Noncontrolling interest			70.3	(4.5)	65.8
Total stockholders' equity	9,311.6	8,210.8	12,209.0	(20,354.0)	9,377.4
Total liabilities and stockholders' equity	\$ 13,269.8	\$ 165,502.7	\$ 70,034.1	\$ (30,146.3)	\$ 218,660.3

Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)**

December 31, 2016

**20. Condensed Consolidating Financial Information (continued)****Condensed Consolidating Statements of Operations  
For the year ended December 31, 2016**

	Principal Financial Group, Inc. Parent Only	Principal Life Insurance Company Only	Principal Financial Services, Inc. and Other Subsidiaries Combined <i>(in millions)</i>	Eliminations	Principal Financial Group, Inc. Consolidated
<b>Revenues</b>					
Premiums and other considerations	\$	\$ 4,869.0	\$ 430.1	\$	\$ 5,299.1
Fees and other revenues		1,956.1	2,061.1	(389.8)	3,627.4
Net investment income	3.4	2,300.2	2,004.7	(1,011.8)	3,296.5
Net realized capital gains, excluding impairment losses on available-for-sale securities		210.4	48.1	11.0	269.5
Net other-than-temporary impairment losses on available-for-sale securities		(92.2)	(6.6)		(98.8)
Other-than-temporary impairment losses on fixed maturities, available-for-sale reclassified to (from) other comprehensive income		(3.0)	3.4		0.4
Net impairment losses on available-for-sale securities		(95.2)	(3.2)		(98.4)
Net realized capital gains		115.2	44.9	11.0	171.1
Total revenues	3.4	9,240.5	4,540.8	(1,390.6)	12,394.1
<b>Expenses</b>					
Benefits, claims and settlement expenses		6,177.9	746.3	(11.0)	6,913.2
Dividends to policyholders		156.6			156.6
Operating expenses	312.3	2,113.9	1,629.7	(323.3)	3,732.6
Total expenses	312.3	8,448.4	2,376.0	(334.3)	10,802.4
Income (loss) before income taxes	(308.9)	792.1	2,164.8	(1,056.3)	1,591.7
Income taxes (benefits)	(134.9)	97.9	270.0	(3.1)	229.9
Equity in the net income (loss) of subsidiaries	1,490.5	395.9	(366.0)	(1,520.4)	
Net income	1,316.5	1,090.1	1,528.8	(2,573.6)	1,361.8
Net income attributable to noncontrolling interest			45.3		45.3
Net income attributable to PFG	\$ 1,316.5	\$ 1,090.1	\$ 1,483.5	\$ (2,573.6)	\$ 1,316.5
Net income	\$ 1,316.5	\$ 1,090.1	\$ 1,528.8	\$ (2,573.6)	\$ 1,361.8
Other comprehensive income	218.8	116.5	218.1	(332.4)	221.0
Comprehensive income	\$ 1,535.3	\$ 1,206.6	\$ 1,746.9	\$ (2,906.0)	\$ 1,582.8



Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)**

December 31, 2016

**20. Condensed Consolidating Financial Information (continued)****Condensed Consolidating Statements of Operations  
For the year ended December 31, 2015**

	Principal Financial Group, Inc. Parent Only	Principal Life Insurance Company Only	Principal Financial Services, Inc. and Other Subsidiaries Combined <i>(in millions)</i>	Eliminations	Principal Financial Group, Inc. Consolidated
<b>Revenues</b>					
Premiums and other considerations	\$	\$ 4,950.0	\$ 360.3	\$	\$ 5,310.3
Fees and other revenues		2,014.1	2,037.1	(398.1)	3,653.1
Net investment income	1.6	2,164.0	1,632.5	(746.0)	3,052.1
Net realized capital gains (losses), excluding impairment losses on available-for-sale securities		357.2	(378.1)		(20.9)
Net other-than-temporary impairment losses on available-for-sale securities		(0.4)	(0.4)		(0.8)
Other-than-temporary impairment losses on fixed maturities, available-for-sale reclassified from other comprehensive income		(29.4)			(29.4)
Net impairment losses on available-for-sale securities		(29.8)	(0.4)		(30.2)
Net realized capital gains (losses)		327.4	(378.5)		(51.1)
Total revenues	1.6	9,455.5	3,651.4	(1,144.1)	11,964.4
<b>Expenses</b>					
Benefits, claims and settlement expenses		6,047.1	661.9	(11.3)	6,697.7
Dividends to policyholders		163.5			163.5
Operating expenses	175.4	2,189.2	1,643.3	(335.5)	3,672.4
Total expenses	175.4	8,399.8	2,305.2	(346.8)	10,533.6
Income (loss) before income taxes	(173.8)	1,055.7	1,346.2	(797.3)	1,430.8
Income taxes (benefits)	(71.2)	235.7	14.7	(1.6)	177.6
Equity in the net income of subsidiaries	1,336.6	114.6	17.4	(1,468.6)	
Net income	1,234.0	934.6	1,348.9	(2,264.3)	1,253.2
Net income attributable to noncontrolling interest			19.2		19.2
Net income attributable to PFG	1,234.0	934.6	1,329.7	(2,264.3)	1,234.0
Preferred stock dividends	16.5				16.5
Excess of redemption value over carrying value of preferred shares redeemed	8.2				8.2
Net income available to common stockholders	\$ 1,209.3	\$ 934.6	\$ 1,329.7	\$ (2,264.3)	\$ 1,209.3
Net income	\$ 1,234.0	\$ 934.6	\$ 1,348.9	\$ (2,264.3)	\$ 1,253.2

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Other comprehensive loss	(988.0)	(446.9)	(935.0)	1,426.8	(943.1)
Comprehensive income	\$ 246.0	\$ 487.7	\$ 413.9	\$ (837.5)	\$ 310.1

Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)**

December 31, 2016

**20. Condensed Consolidating Financial Information (continued)****Condensed Consolidating Statements of Operations  
For the year ended December 31, 2014**

	Principal Financial Group, Inc. Parent Only	Principal Life Insurance Company Only	Principal Financial Services, Inc. and Other Subsidiaries Combined	Eliminations	Principal Financial Group, Inc. Consolidated
<i>(in millions)</i>					
<b>Revenues</b>					
Premiums and other considerations	\$	\$ 3,329.2	\$ 393.7	\$	\$ 3,722.9
Fees and other revenues		1,892.5	1,981.3	(391.7)	3,482.1
Net investment income	0.5	2,288.3	1,738.2	(769.1)	3,257.9
Net realized capital gains (losses), excluding impairment losses on available-for-sale securities		1,117.6	(1,024.9)		92.7
Net other-than-temporary impairment (losses) recoveries on available-for-sale securities		33.0	(9.2)		23.8
Other-than-temporary impairment losses on fixed maturities, available-for-sale reclassified to (from) other comprehensive income		(102.1)	0.3		(101.8)
Net impairment losses on available-for-sale securities		(69.1)	(8.9)		(78.0)
Net realized capital gains (losses)		1,048.5	(1,033.8)		14.7
Total revenues	0.5	8,558.5	3,079.4	(1,160.8)	10,477.6
<b>Expenses</b>					
Benefits, claims and settlement expenses		4,521.2	721.3	(11.5)	5,231.0
Dividends to policyholders		177.4			177.4
Operating expenses	144.3	2,168.8	1,589.3	(328.1)	3,574.3
Total expenses	144.3	6,867.4	2,310.6	(339.6)	8,982.7
Income (loss) before income taxes	(143.8)	1,691.1	768.8	(821.2)	1,494.9
Income taxes (benefits)	(86.3)	426.8	(19.8)	(2.2)	318.5
Equity in the net income (loss) of subsidiaries	1,201.6	(306.8)	449.6	(1,344.4)	
Net income	1,144.1	957.5	1,238.2	(2,163.4)	1,176.4
Net income attributable to noncontrolling interest			32.3		32.3
Net income attributable to PFG	1,144.1	957.5	1,205.9	(2,163.4)	1,144.1
Preferred stock dividends	33.0				33.0
Net income available to common stockholders	\$ 1,111.1	\$ 957.5	\$ 1,205.9	\$ (2,163.4)	\$ 1,111.1
Net income	\$ 1,144.1	\$ 957.5	\$ 1,238.2	\$ (2,163.4)	\$ 1,176.4
Other comprehensive income (loss)	(198.8)	367.7	180.3	(493.3)	(144.1)

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Comprehensive income	\$	945.3	\$	1,325.2	\$	1,418.5	\$	(2,656.7)	\$	1,032.3
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Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)**

December 31, 2016

**20. Condensed Consolidating Financial Information (continued)****Condensed Consolidating Statements of Cash Flows  
For the year ended December 31, 2016**

	Principal Financial Group, Inc. Parent Only	Principal Life Insurance Company Only	Principal Financial Services, Inc. and Other Subsidiaries Combined <i>(in millions)</i>	Eliminations	Principal Financial Group, Inc. Consolidated
<b>Operating activities</b>					
Net cash provided by (used in) operating activities	\$ (188.6)	\$ 3,657.5	\$ 1,601.1	\$ (1,212.2)	\$ 3,857.8
<b>Investing activities</b>					
Available-for-sale securities:					
Purchases		(12,771.1)	(1,005.8)	13.1	(13,763.8)
Sales		1,312.7	577.8		1,890.5
Maturities		7,097.4	645.4		7,742.8
Mortgage loans acquired or originated		(2,615.7)	(333.5)	60.2	(2,889.0)
Mortgage loans sold or repaid		1,843.6	274.7	(49.6)	2,068.7
Real estate acquired			(109.7)		(109.7)
Net purchases of property and equipment	(0.1)	(113.2)	(41.6)		(154.9)
Dividends and returns of capital received from unconsolidated entities	1,295.3	3.1	1,195.0	(2,493.4)	
Net change in other investments	1.3	317.7	(922.8)	665.3	61.5
Net cash provided by (used in) investing activities	1,296.5	(4,925.5)	279.5	(1,804.4)	(5,153.9)
<b>Financing activities</b>					
Issuance of common stock	37.8				37.8
Acquisition of treasury stock	(277.3)				(277.3)
Proceeds from financing element derivatives		0.4			0.4
Payments for financing element derivatives		(87.7)			(87.7)
Excess tax benefits from share-based payment arrangements	0.7	4.7	6.6		12.0
Purchase of subsidiary shares from noncontrolling interest			(4.3)	1.9	(2.4)
Sale of subsidiary shares to noncontrolling interest			1.9	(1.9)	
Dividends to common stockholders	(464.9)				(464.9)
Issuance of long-term debt	644.2		6.8	5.1	656.1
Principal repayments of long-term debt	(744.5)		(47.5)	(7.3)	(799.3)
Net repayments of short-term borrowings			(131.4)		(131.4)
Dividends and capital paid to parent		(1,195.0)	(1,298.4)	2,493.4	
Investment contract deposits		10,465.8	305.1		10,770.9
Investment contract withdrawals		(8,373.3)	(19.4)		(8,392.7)
Net increase in banking operation deposits			129.0		129.0
Other		0.3	0.1		0.4
Net cash provided by (used in) financing activities	(804.0)	815.2	(1,051.5)	2,491.2	1,450.9
Net increase (decrease) in cash and cash equivalents	303.9	(452.8)	829.1	(525.4)	154.8
Cash and cash equivalents at beginning of period	578.7	1,127.9	1,253.7	(395.5)	2,564.8
Cash and cash equivalents at end of period	\$ 882.6	\$ 675.1	\$ 2,082.8	\$ (920.9)	\$ 2,719.6



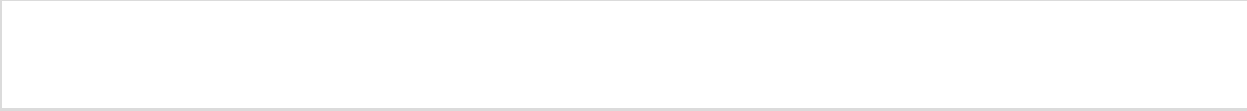


Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)**

December 31, 2016

**20. Condensed Consolidating Financial Information (continued)****Condensed Consolidating Statements of Cash Flows  
For the year ended December 31, 2015**

	Principal Financial Group, Inc. Parent Only	Principal Life Insurance Company Only	Principal Financial Services, Inc. and Other Subsidiaries Combined <i>(in millions)</i>	Eliminations	Principal Financial Group, Inc. Consolidated
<b>Operating activities</b>					
Net cash provided by (used in) operating activities	\$ (85.1)	\$ 3,803.0	\$ 317.0	\$ 342.2	\$ 4,377.1
<b>Investing activities</b>					
Available-for-sale securities:					
Purchases		(8,835.2)	(1,085.1)		(9,920.3)
Sales		1,017.2	546.4	(0.6)	1,563.0
Maturities		5,847.9	778.0		6,625.9
Mortgage loans acquired or originated		(2,177.1)	(325.8)	227.8	(2,275.1)
Mortgage loans sold or repaid		1,441.8	307.6	(62.1)	1,687.3
Real estate acquired		(0.3)	(321.7)		(322.0)
Net purchases of property and equipment		(109.3)	(27.1)		(136.4)
Purchase of interests in subsidiaries, net of cash acquired			(291.2)		(291.2)
Dividends and returns of capital received from (contributed to) unconsolidated entities	685.5	(1.5)	485.6	(1,169.6)	
Net change in other investments	5.4	555.0	(319.8)	(339.4)	(98.8)
Net cash provided by (used in) investing activities	690.9	(2,261.5)	(253.1)	(1,343.9)	(3,167.6)
<b>Financing activities</b>					
Issuance of common stock	76.1				76.1
Acquisition of treasury stock	(300.6)				(300.6)
Proceeds from financing element derivatives		0.3			0.3
Payments for financing element derivatives		(82.0)			(82.0)
Excess tax benefits from share-based payment arrangements	0.7	5.7	9.3		15.7
Purchase of subsidiary shares from noncontrolling interest			(23.4)	0.9	(22.5)
Sale of subsidiary shares to noncontrolling interest			0.9	(0.9)	
Dividends to common stockholders	(441.0)				(441.0)
Dividends to preferred stockholders	(16.5)				(16.5)
Preferred stock redemption	(550.0)				(550.0)
Issuance of long-term debt	791.8		235.5	(222.4)	804.9
Principal repayments of long-term debt			(116.4)	63.8	(52.6)
Net proceeds from short-term borrowings			157.0		157.0
Dividends and capital paid to parent		(485.6)	(684.0)	1,169.6	
Investment contract deposits		6,214.8	277.5		6,492.3
Investment contract withdrawals		(6,655.5)	(11.3)		(6,666.8)
Net increase in banking operation deposits			91.1		91.1
Other		(14.0)			(14.0)
Net cash used in financing activities	(439.5)	(1,016.3)	(63.8)	1,011.0	(508.6)
Net increase in cash and cash equivalents	166.3	525.2	0.1	9.3	700.9
Cash and cash equivalents at beginning of period	412.4	602.7	1,253.6	(404.8)	1,863.9
Cash and cash equivalents at end of period	\$ 578.7	\$ 1,127.9	\$ 1,253.7	\$ (395.5)	\$ 2,564.8

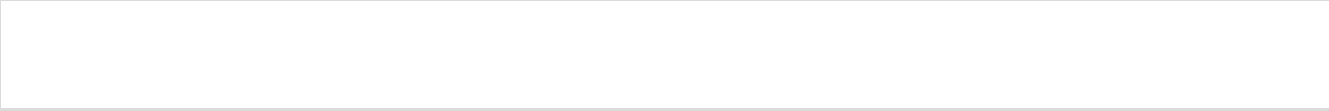


Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)**

December 31, 2016

**20. Condensed Consolidating Financial Information (continued)****Condensed Consolidating Statements of Cash Flows  
For the year ended December 31, 2014**

	Principal Financial Group, Inc. Parent Only	Principal Life Insurance Company Only	Principal Financial Services, Inc. and Other Subsidiaries Combined <i>(in millions)</i>	Eliminations	Principal Financial Group, Inc. Consolidated
<b>Operating activities</b>					
Net cash provided by (used in) operating activities	\$ (81.6)	\$ 2,461.0	\$ 1,205.0	\$ (481.5)	\$ 3,102.9
<b>Investing activities</b>					
Available-for-sale securities:					
Purchases		(8,038.3)	(1,025.9)	10.2	(9,054.0)
Sales		2,066.1	445.9		2,512.0
Maturities		5,696.6	548.1		6,244.7
Mortgage loans acquired or originated		(2,141.0)	(188.6)	160.0	(2,169.6)
Mortgage loans sold or repaid		1,658.3	254.8	(119.5)	1,793.6
Real estate acquired		(0.8)	(280.9)		(281.7)
Net purchases of property and equipment		(115.1)	(20.9)		(136.0)
Dividends and returns of capital received from unconsolidated entities	917.7	255.2	867.7	(2,040.6)	
Net change in other investments	(0.7)	175.7	(290.7)	34.0	(81.7)
Net cash provided by (used in) investing activities	917.0	(443.3)	309.5	(1,955.9)	(1,172.7)
<b>Financing activities</b>					
Issuance of common stock	77.5				77.5
Acquisition of treasury stock	(222.7)				(222.7)
Proceeds from financing element derivatives		15.1			15.1
Payments for financing element derivatives		(58.0)			(58.0)
Excess tax benefits from share-based payment arrangements	0.3	4.2	5.2		9.7
Purchase of subsidiary shares from noncontrolling interest			(227.5)	0.5	(227.0)
Sale of subsidiary shares to noncontrolling interest			0.5	(0.5)	
Dividends to common stockholders	(376.6)				(376.6)
Dividends to preferred stockholders	(33.0)				(33.0)
Issuance of long-term debt			140.9	(102.4)	38.5
Principal repayments of long-term debt		(100.0)	(81.1)	80.8	(100.3)
Net repayments of short-term borrowings			(118.3)		(118.3)
Dividends and capital paid to parent		(867.7)	(1,172.9)	2,040.6	
Investment contract deposits		5,349.1	289.3		5,638.4
Investment contract withdrawals		(7,088.8)	(10.4)		(7,099.2)
Net increase in banking operation deposits			30.7		30.7
Other		(1.1)	(11.8)		(12.9)
Net cash used in financing activities	(554.5)	(2,747.2)	(1,155.4)	2,019.0	(2,438.1)
Net increase (decrease) in cash and cash equivalents	280.9	(729.5)	359.1	(418.4)	(507.9)
Cash and cash equivalents at beginning of period	131.5	1,332.2	894.5	13.6	2,371.8

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Cash and cash equivalents at end of period	\$	412.4	\$	602.7	\$	1,253.6	\$	(404.8)	\$	1,863.9
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**Principal Financial Group, Inc.**

**Notes to Consolidated Financial Statements (continued)**

**December 31, 2016**

**20. Condensed Consolidating Financial Information (continued)**

On May 7, 2014, our shelf registration statement was filed with the SEC and became effective, replacing the shelf registration that had been in effect since May 2011. Under our current shelf registration, we have the ability to issue, in unlimited amounts, unsecured senior debt securities or subordinated debt securities, junior subordinated debt, preferred stock, common stock, warrants, depository shares, stock purchase contracts and stock purchase units of PFG, trust preferred securities of three subsidiary trusts and guarantees by PFG of these trust preferred securities. Our wholly owned subsidiary, PFS, may guarantee, fully and unconditionally or otherwise, our obligations with respect to any non-convertible securities, other than common stock, described in the shelf registration.

The following tables set forth condensed consolidating financial information of (i) PFG, (ii) PFS, (iii) Principal Life and all other direct and indirect subsidiaries of PFG on a combined basis and (iv) the eliminations necessary to arrive at the information for PFG on a consolidated basis as of December 31, 2016 and December 31, 2015, and for the years ended December 31, 2016, 2015 and 2014.

In presenting the condensed consolidating financial statements, the equity method of accounting has been applied to (i) PFG's interest in all direct subsidiaries of PFG and (ii) PFS's interest in Principal Life and all other subsidiaries, where applicable, even though all such subsidiaries meet the requirements to be consolidated under U.S. GAAP. Earnings of subsidiaries are, therefore, reflected in the parent's investment and earnings. All intercompany balances and transactions, including elimination of the parent's investment in subsidiaries, between PFG, PFS and Principal Life and all other subsidiaries have been eliminated, as shown in the column "Eliminations." These condensed consolidating financial statements should be read in conjunction with the consolidated financial statements. The financial information may not necessarily be indicative of results of operations, cash flows or financial position had the subsidiaries operated as independent entities.

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## Principal Financial Group, Inc.

## Notes to Consolidated Financial Statements (continued)

December 31, 2016

## 20. Condensed Consolidating Financial Information (continued)

Condensed Consolidating Statements of Financial Position  
December 31, 2016

	Principal Financial Group, Inc. Parent Only	Principal Financial Services, Inc. Only	Principal Life Insurance Company and Other Subsidiaries Combined <i>(in millions)</i>	Eliminations	Principal Financial Group, Inc. Consolidated
<b>Assets</b>					
Fixed maturities, available-for-sale	\$	\$	\$ 54,846.1	\$	\$ 54,846.1
Fixed maturities, trading			398.4		398.4
Equity securities, available-for-sale			98.9		98.9
Equity securities, trading			1,413.4		1,413.4
Mortgage loans			13,230.2		13,230.2
Real estate			1,368.8		1,368.8
Policy loans			823.8		823.8
Investment in unconsolidated entities	12,597.9	12,532.4	697.5	(25,054.6)	773.2
Other investments	9.8	135.9	2,737.0		2,882.7
Cash and cash equivalents	882.6	1,203.4	2,114.8	(1,481.2)	2,719.6
Accrued investment income		0.1	580.5		580.6
Premiums due and other receivables		0.3	1,503.1	(141.5)	1,361.9
Deferred acquisition costs			3,380.2		3,380.2
Property and equipment			699.0		699.0
Goodwill			1,020.8		1,020.8
Other intangibles			1,325.3		1,325.3
Separate account assets			139,832.6		139,832.6
Other assets	573.7	185.6	1,200.9	(701.4)	1,258.8
Total assets	\$ 14,064.0	\$ 14,057.7	\$ 227,271.3	\$ (27,378.7)	\$ 228,014.3
<b>Liabilities</b>					
Contractholder funds	\$	\$	\$ 37,953.6	\$	\$ 37,953.6
Future policy benefits and claims			29,000.7		29,000.7
Other policyholder funds			890.4		890.4
Short-term debt			127.9	(76.5)	51.4
Long-term debt	3,126.4	142.1	(0.8)	(142.0)	3,125.7
Income taxes currently payable			68.3	(55.4)	12.9
Deferred income taxes			1,619.3	(646.9)	972.4
Separate account liabilities			139,832.6		139,832.6
Other liabilities	710.3	1,411.3	4,962.1	(1,300.4)	5,783.3
Total liabilities	3,836.7	1,553.4	214,454.1	(2,221.2)	217,623.0
Redeemable noncontrolling interest			97.5		97.5
<b>Stockholders' equity</b>					
Common stock	4.7		17.8	(17.8)	4.7
Additional paid-in capital	9,686.0	9,010.9	10,045.9	(19,056.8)	9,686.0

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Retained earnings	7,720.4	3,724.3	2,940.2	(6,664.5)	7,720.4
Accumulated other comprehensive loss	(675.2)	(230.9)	(348.7)	579.6	(675.2)
Treasury stock, at cost	(6,508.6)		(2.0)	2.0	(6,508.6)
Total stockholders' equity attributable to PFG	10,227.3	12,504.3	12,653.2	(25,157.5)	10,227.3
Noncontrolling interest			66.5		66.5
Total stockholders' equity	10,227.3	12,504.3	12,719.7	(25,157.5)	10,293.8
Total liabilities and stockholders' equity	\$ 14,064.0	\$ 14,057.7	\$ 227,271.3	\$ (27,378.7)	\$ 228,014.3



Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****20. Condensed Consolidating Financial Information (continued)****Condensed Consolidating Statements of Financial Position  
December 31, 2015**

	<b>Principal Financial Group, Inc. Parent Only</b>	<b>Principal Financial Services, Inc. Only</b>	<b>Principal Life Insurance Company and Other Subsidiaries Combined <i>(in millions)</i></b>	<b>Eliminations</b>	<b>Principal Financial Group, Inc. Consolidated</b>
<b>Assets</b>					
Fixed maturities, available-for-sale	\$	\$	\$ 49,966.5	\$	\$ 49,966.5
Fixed maturities, trading			686.8		686.8
Equity securities, available-for-sale			104.5		104.5
Equity securities, trading			1,202.7		1,202.7
Mortgage loans			12,339.4		12,339.4
Real estate			1,451.8		1,451.8
Policy loans			817.1		817.1
Investment in unconsolidated entities	12,223.4	12,209.1	583.2	(24,383.0)	632.7
Other investments	9.7	185.9	2,423.4		2,619.0
Cash and cash equivalents	578.7	730.5	2,413.3	(1,157.7)	2,564.8
Accrued investment income			545.6		545.6
Premiums due and other receivables		0.1	1,584.6	(155.4)	1,429.3
Deferred acquisition costs			3,276.1		3,276.1
Property and equipment			633.8		633.8
Goodwill			1,009.0		1,009.0
Other intangibles			1,359.2		1,359.2
Separate account assets			136,978.9		136,978.9
Other assets	458.0	205.2	1,065.4	(685.5)	1,043.1
<b>Total assets</b>	<b>\$ 13,269.8</b>	<b>\$ 13,330.8</b>	<b>\$ 218,441.3</b>	<b>\$ (26,381.6)</b>	<b>\$ 218,660.3</b>
<b>Liabilities</b>					
Contractholder funds	\$	\$	\$ 35,716.1	\$	\$ 35,716.1
Future policy benefits and claims			25,856.5		25,856.5
Other policyholder funds			805.4		805.4
Short-term debt			290.0	(108.9)	181.1
Long-term debt	3,223.8	156.0	41.4	(156.0)	3,265.2
Income taxes currently payable		3.2	69.6	(54.4)	18.4
Deferred income taxes			1,325.2	(628.0)	697.2
Separate account liabilities			136,978.9		136,978.9
Other liabilities	734.4	1,032.9	4,912.9	(1,001.8)	5,678.4
<b>Total liabilities</b>	<b>3,958.2</b>	<b>1,192.1</b>	<b>205,996.0</b>	<b>(1,949.1)</b>	<b>209,197.2</b>
Redeemable noncontrolling interest			85.7		85.7
<b>Stockholders' equity</b>					
Common stock	4.7		17.8	(17.8)	4.7
Additional paid-in capital	9,544.8	9,000.0	9,888.7	(18,888.7)	9,544.8

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Retained earnings	6,875.9	3,522.3	2,905.9	(6,428.2)	6,875.9
Accumulated other comprehensive loss	(882.5)	(383.6)	(516.6)	900.2	(882.5)
Treasury stock, at cost	(6,231.3)		(2.0)	2.0	(6,231.3)
Total stockholders' equity attributable to PFG	9,311.6	12,138.7	12,293.8	(24,432.5)	9,311.6
Noncontrolling interest			65.8		65.8
Total stockholders' equity	9,311.6	12,138.7	12,359.6	(24,432.5)	9,377.4
Total liabilities and stockholders' equity	\$ 13,269.8	\$ 13,330.8	\$ 218,441.3	\$ (26,381.6)	\$ 218,660.3

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## Principal Financial Group, Inc.

## Notes to Consolidated Financial Statements (continued)

December 31, 2016

## 20. Condensed Consolidating Financial Information (continued)

Condensed Consolidating Statements of Operations  
For the year ended December 31, 2016

	Principal Financial Group, Inc. Parent Only	Principal Financial Services, Inc. Only	Principal Life Insurance Company and Other Subsidiaries Combined <i>(in millions)</i>	Eliminations	Principal Financial Group, Inc. Consolidated
<b>Revenues</b>					
Premiums and other considerations	\$	\$	\$ 5,299.1	\$	\$ 5,299.1
Fees and other revenues		0.9	3,634.0	(7.5)	3,627.4
Net investment income	3.4	25.2	3,260.4	7.5	3,296.5
Net realized capital gains (losses), excluding impairment losses on available-for-sale securities		(4.5)	273.9	0.1	269.5
Net other-than-temporary impairment losses on available-for-sale securities			(98.8)		(98.8)
Other-than-temporary impairment losses on fixed maturities, available-for-sale reclassified to other comprehensive income			0.4		0.4
Net impairment losses on available-for-sale securities			(98.4)		(98.4)
Net realized capital gains (losses)		(4.5)	175.5	0.1	171.1
Total revenues	3.4	21.6	12,369.0	0.1	12,394.1
<b>Expenses</b>					
Benefits, claims and settlement expenses			6,913.2		6,913.2
Dividends to policyholders			156.6		156.6
Operating expenses	312.3	9.7	3,417.5	(6.9)	3,732.6
Total expenses	312.3	9.7	10,487.3	(6.9)	10,802.4
Income (loss) before income taxes	(308.9)	11.9	1,881.7	7.0	1,591.7
Income taxes (benefits)	(134.9)	(24.3)	389.1		229.9
Equity in the net income of subsidiaries	1,490.5	1,447.3		(2,937.8)	
Net income	1,316.5	1,483.5	1,492.6	(2,930.8)	1,361.8
Net income attributable to noncontrolling interest			45.3		45.3
Net income attributable to PFG	\$ 1,316.5	\$ 1,483.5	\$ 1,447.3	\$ (2,930.8)	\$ 1,316.5
Net income	\$ 1,316.5	\$ 1,483.5	\$ 1,492.6	\$ (2,930.8)	\$ 1,361.8
Other comprehensive income	218.8	174.3	191.7	(363.8)	221.0
Comprehensive income	\$ 1,535.3	\$ 1,657.8	\$ 1,684.3	\$ (3,294.6)	\$ 1,582.8



Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)****December 31, 2016****20. Condensed Consolidating Financial Information (continued)****Condensed Consolidating Statements of Operations  
For the year ended December 31, 2015**

	Principal Financial Group, Inc. Parent Only	Principal Financial Services, Inc. Only	Principal Life Insurance Company and Other Subsidiaries Combined <i>(in millions)</i>	Eliminations	Principal Financial Group, Inc. Consolidated
<b>Revenues</b>					
Premiums and other considerations	\$	\$	\$ 5,310.3	\$	\$ 5,310.3
Fees and other revenues		0.3	3,653.6	(0.8)	3,653.1
Net investment income	1.6	15.6	3,027.5	7.4	3,052.1
Net realized capital losses, excluding impairment losses on available-for-sale securities		(0.7)	(20.2)		(20.9)
Net other-than-temporary impairment losses on available-for-sale securities			(0.8)		(0.8)
Other-than-temporary impairment losses on fixed maturities, available-for-sale reclassified from other comprehensive income			(29.4)		(29.4)
Net impairment losses on available-for-sale securities			(30.2)		(30.2)
Net realized capital losses		(0.7)	(50.4)		(51.1)
Total revenues	1.6	15.2	11,941.0	6.6	11,964.4
<b>Expenses</b>					
Benefits, claims and settlement expenses			6,697.7		6,697.7
Dividends to policyholders			163.5		163.5
Operating expenses	175.4	10.8	3,486.5	(0.3)	3,672.4
Total expenses	175.4	10.8	10,347.7	(0.3)	10,533.6
Income (loss) before income taxes	(173.8)	4.4	1,593.3	6.9	1,430.8
Income taxes (benefits)	(71.2)	(0.9)	249.7		177.6
Equity in the net income of subsidiaries	1,336.6	1,324.4		(2,661.0)	
Net income	1,234.0	1,329.7	1,343.6	(2,654.1)	1,253.2
Net income attributable to noncontrolling interest			19.2		19.2
Net income attributable to PFG	1,234.0	1,329.7	1,324.4	(2,654.1)	1,234.0
Preferred stock dividends	16.5				16.5
Excess of redemption value over carrying value of preferred shares redeemed	8.2				8.2
Net income available to common stockholders	\$ 1,209.3	\$ 1,329.7	\$ 1,324.4	\$ (2,654.1)	\$ 1,209.3

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Net income	\$	1,234.0	\$	1,329.7	\$	1,343.6	\$	(2,654.1)	\$	1,253.2
Other comprehensive loss		(988.0)		(923.4)		(1,007.0)		1,975.3		(943.1)
Comprehensive income	\$	246.0	\$	406.3	\$	336.6	\$	(678.8)	\$	310.1

Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)**

December 31, 2016

**20. Condensed Consolidating Financial Information (continued)****Condensed Consolidating Statements of Operations  
For the year ended December 31, 2014**

	Principal Financial Group, Inc. Parent Only	Principal Financial Services, Inc. Only	Principal Life Insurance Company and Other Subsidiaries Combined <i>(in millions)</i>	Eliminations	Principal Financial Group, Inc. Consolidated
<b>Revenues</b>					
Premiums and other considerations	\$	\$	\$ 3,722.9	\$	\$ 3,722.9
Fees and other revenues		0.3	3,482.4	(0.6)	3,482.1
Net investment income	0.5	0.7	3,256.8	(0.1)	3,257.9
Net realized capital gains, excluding impairment losses on available-for-sale securities		3.8	93.0	(4.1)	92.7
Net other-than-temporary impairment recoveries on available-for-sale securities			23.8		23.8
Other-than-temporary impairment losses on fixed maturities, available-for-sale reclassified from other comprehensive income			(101.8)		(101.8)
Net impairment losses on available-for-sale securities			(78.0)		(78.0)
Net realized capital gains		3.8	15.0	(4.1)	14.7
Total revenues	0.5	4.8	10,477.1	(4.8)	10,477.6
<b>Expenses</b>					
Benefits, claims and settlement expenses			5,231.0		5,231.0
Dividends to policyholders			177.4		177.4
Operating expenses	144.3	12.2	3,418.3	(0.5)	3,574.3
Total expenses	144.3	12.2	8,826.7	(0.5)	8,982.7
Income (loss) before income taxes	(143.8)	(7.4)	1,650.4	(4.3)	1,494.9
Income taxes (benefits)	(86.3)	(8.5)	413.3		318.5
Equity in the net income of subsidiaries	1,201.6	1,204.8		(2,406.4)	
Net income	1,144.1	1,205.9	1,237.1	(2,410.7)	1,176.4
Net income attributable to noncontrolling interest			32.3		32.3
Net income attributable to PFG	1,144.1	1,205.9	1,204.8	(2,410.7)	1,144.1
Preferred stock dividends	33.0				33.0
Net income available to common stockholders	\$ 1,111.1	\$ 1,205.9	\$ 1,204.8	\$ (2,410.7)	\$ 1,111.1
Net income	\$ 1,144.1	\$ 1,205.9	\$ 1,237.1	\$ (2,410.7)	\$ 1,176.4
Other comprehensive income (loss)	(198.8)	101.3	64.4	(111.0)	(144.1)

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Comprehensive income	\$	945.3	\$	1,307.2	\$	1,301.5	\$	(2,521.7)	\$	1,032.3
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Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)**

December 31, 2016

**20. Condensed Consolidating Financial Information (continued)****Condensed Consolidating Statements of Cash Flows  
For the year ended December 31, 2016**

	Principal Financial Group, Inc. Parent Only	Principal Financial Services, Inc. Only	Principal Life Insurance Company and Other Subsidiaries Combined <i>(in millions)</i>	Eliminations	Principal Financial Group, Inc. Consolidated
<b>Operating activities</b>					
Net cash provided by (used in) operating activities	\$ (188.6)	\$ 255.7	\$ 3,983.8	\$ (193.1)	\$ 3,857.8
<b>Investing activities</b>					
Available-for-sale securities:					
Purchases			(13,763.8)		(13,763.8)
Sales			1,890.5		1,890.5
Maturities			7,742.8		7,742.8
Mortgage loans acquired or originated			(2,889.0)		(2,889.0)
Mortgage loans sold or repaid			2,068.7		2,068.7
Real estate acquired			(109.7)		(109.7)
Net purchases of property and equipment	(0.1)		(154.8)		(154.9)
Dividends and returns of capital received from unconsolidated entities	1,295.3	1,583.3		(2,878.6)	
Net change in other investments	1.3	(56.8)	293.7	(176.7)	61.5
Net cash provided by (used in) investing activities	1,296.5	1,526.5	(4,921.6)	(3,055.3)	(5,153.9)
<b>Financing activities</b>					
Issuance of common stock	37.8				37.8
Acquisition of treasury stock	(277.3)				(277.3)
Proceeds from financing element derivatives			0.4		0.4
Payments for financing element derivatives			(87.7)		(87.7)
Excess tax benefits from share-based payment arrangements	0.7		11.3		12.0
Purchase of subsidiary shares from noncontrolling interest			(2.4)		(2.4)
Dividends to common stockholders	(464.9)				(464.9)
Issuance of long-term debt	644.2	6.0	11.9	(6.0)	656.1
Principal repayments of long-term debt	(744.5)	(20.0)	(54.8)	20.0	(799.3)
Net repayments of short-term borrowings			(163.7)	32.3	(131.4)
Dividends and capital paid to parent		(1,295.3)	(1,583.3)	2,878.6	
Investment contract deposits			10,770.9		10,770.9
Investment contract withdrawals			(8,392.7)		(8,392.7)
Net increase in banking operation deposits			129.0		129.0
Other			0.4		0.4
Net cash provided by (used in) financing activities	(804.0)	(1,309.3)	639.3	2,924.9	1,450.9
Net increase (decrease) in cash and cash equivalents	303.9	472.9	(298.5)	(323.5)	154.8
Cash and cash equivalents at beginning of period	578.7	730.5	2,413.3	(1,157.7)	2,564.8
Cash and cash equivalents at end of period	\$ 882.6	\$ 1,203.4	\$ 2,114.8	\$ (1,481.2)	\$ 2,719.6



Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)**

December 31, 2016

**20. Condensed Consolidating Financial Information (continued)****Condensed Consolidating Statements of Cash Flows  
For the year ended December 31, 2015**

	Principal Financial Group, Inc. Parent Only	Principal Financial Services, Inc. Only	Principal Life Insurance Company and Other Subsidiaries Combined <i>(in millions)</i>	Eliminations	Principal Financial Group, Inc. Consolidated
<b>Operating activities</b>					
Net cash provided by (used in) operating activities	\$ (85.1)	\$ 338.5	\$ 4,615.2	\$ (491.5)	\$ 4,377.1
<b>Investing activities</b>					
Available-for-sale securities:					
Purchases			(9,920.3)		(9,920.3)
Sales			1,563.0		1,563.0
Maturities			6,625.9		6,625.9
Mortgage loans acquired or originated			(2,275.1)		(2,275.1)
Mortgage loans sold or repaid			1,687.3		1,687.3
Real estate acquired			(322.0)		(322.0)
Net purchases of property and equipment			(136.4)		(136.4)
Purchase of interests in subsidiaries, net of cash acquired			(291.2)		(291.2)
Dividends and returns of capital received from unconsolidated entities	685.5	499.5		(1,185.0)	
Net change in other investments	5.4	(485.2)	(116.8)	497.8	(98.8)
Net cash provided by (used in) investing activities	690.9	14.3	(3,185.6)	(687.2)	(3,167.6)
<b>Financing activities</b>					
Issuance of common stock	76.1				76.1
Acquisition of treasury stock	(300.6)				(300.6)
Proceeds from financing element derivatives			0.3		0.3
Payments for financing element derivatives			(82.0)		(82.0)
Excess tax benefits from share-based payment arrangements	0.7		15.0		15.7
Purchase of subsidiary shares from noncontrolling interest			(22.5)		(22.5)
Dividends to common stockholders	(441.0)				(441.0)
Dividends to preferred stockholders	(16.5)				(16.5)
Preferred stock redemption	(550.0)				(550.0)
Issuance of long-term debt	791.8	156.0	77.0	(219.9)	804.9
Principal repayments of long-term debt			(116.5)	63.9	(52.6)
Net proceeds from short-term borrowings			111.3	45.7	157.0
Dividends and capital paid to parent		(685.5)	(499.5)	1,185.0	
Investment contract deposits			6,492.3		6,492.3
Investment contract withdrawals			(6,666.8)		(6,666.8)
Net increase in banking operation deposits			91.1		91.1
Other			(14.0)		(14.0)
Net cash used in financing activities	(439.5)	(529.5)	(614.3)	1,074.7	(508.6)
Net increase (decrease) in cash and cash equivalents	166.3	(176.7)	815.3	(104.0)	700.9
Cash and cash equivalents at beginning of period	412.4	907.2	1,598.0	(1,053.7)	1,863.9

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Cash and cash equivalents at end of period	\$	578.7	\$	730.5	\$	2,413.3	\$	(1,157.7)	\$	2,564.8
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Table of Contents**Principal Financial Group, Inc.****Notes to Consolidated Financial Statements (continued)**

December 31, 2016

**20. Condensed Consolidating Financial Information (continued)****Condensed Consolidating Statements of Cash Flows  
For the year ended December 31, 2014**

	Principal Financial Group, Inc. Parent Only	Principal Financial Services, Inc. Only	Principal Life Insurance Company and Other Subsidiaries Combined <i>(in millions)</i>	Eliminations	Principal Financial Group, Inc. Consolidated
<b>Operating activities</b>					
Net cash provided by (used in) operating activities	\$ (81.6)	\$ (16.6)	\$ 3,456.7	\$ (255.6)	\$ 3,102.9
<b>Investing activities</b>					
Available-for-sale securities:					
Purchases			(9,054.0)		(9,054.0)
Sales			2,512.0		2,512.0
Maturities			6,244.7		6,244.7
Mortgage loans acquired or originated			(2,169.6)		(2,169.6)
Mortgage loans sold or repaid			1,793.6		1,793.6
Real estate acquired			(281.7)		(281.7)
Net purchases of property and equipment			(136.0)		(136.0)
Dividends and returns of capital received from unconsolidated entities	917.7	1,133.8		(2,051.5)	
Net change in other investments	(0.7)	19.0	3.6	(103.6)	(81.7)
Net cash provided by (used in) investing activities	917.0	1,152.8	(1,087.4)	(2,155.1)	(1,172.7)
<b>Financing activities</b>					
Issuance of common stock	77.5				77.5
Acquisition of treasury stock	(222.7)				(222.7)
Proceeds from financing element derivatives			15.1		15.1
Payments for financing element derivatives			(58.0)		(58.0)
Excess tax benefits from share-based payment arrangements	0.3		9.4		9.7
Purchase of subsidiary shares from noncontrolling interest			(227.0)		(227.0)
Dividends to common stockholders	(376.6)				(376.6)
Dividends to preferred stockholders	(33.0)				(33.0)
Issuance of long-term debt			38.5		38.5
Principal repayments of long-term debt			(100.3)		(100.3)
Net repayments of short-term borrowings			(256.2)	137.9	(118.3)
Dividends and capital paid to parent		(917.7)	(1,133.8)	2,051.5	
Investment contract deposits			5,638.4		5,638.4
Investment contract withdrawals			(7,099.2)		(7,099.2)
Net increase in banking operation deposits			30.7		30.7
Other			(12.9)		(12.9)
Net cash used in financing activities	(554.5)	(917.7)	(3,155.3)	2,189.4	(2,438.1)
Net increase (decrease) in cash and cash equivalents	280.9	218.5	(786.0)	(221.3)	(507.9)
Cash and cash equivalents at beginning of period	131.5	688.7	2,384.0	(832.4)	2,371.8
Cash and cash equivalents at end of period	\$ 412.4	\$ 907.2	\$ 1,598.0	\$ (1,053.7)	\$ 1,863.9

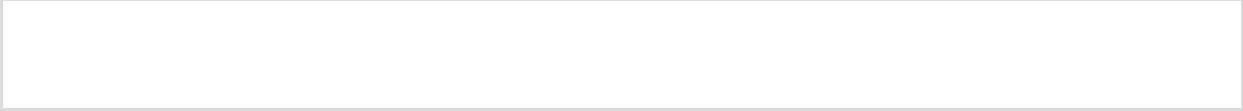


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**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

**Management's Report on Internal Control Over Financial Reporting**

Management of Principal Financial Group, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our Chief Executive Officer, Daniel J. Houston, and our Chief Financial Officer, Terrance J. Lillis, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on criteria established in the *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on our evaluation, management has concluded that Principal Financial Group, Inc.'s internal control over financial reporting was effective as of December 31, 2016.

Ernst & Young LLP, the independent registered public accounting firm that audited our financial statements included in this annual report on Form 10-K, has issued its report on the effectiveness of our internal control over financial reporting. The report is included in Item 8. "Financial Statements and Supplementary Data."

**Changes in Internal Control Over Financial Reporting**

We had no change in our internal control over financial reporting during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Disclosure Controls and Procedures**

In order to ensure the information we must disclose in our filings with the SEC is recorded, processed, summarized and reported on a timely basis, we have adopted disclosure controls and procedures. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure information required to be disclosed by us in the reports we file with or submit to the SEC is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Our Chief Executive Officer, Daniel J. Houston, and our Chief Financial Officer, Terrance J. Lillis, have reviewed and evaluated our disclosure controls and procedures as of December 31, 2016, and have concluded that our disclosure controls and procedures are effective.

**Item 9B. Other Information**

None

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

The information called for by Item 10 pertaining to directors is set forth in Principal Financial Group, Inc.'s proxy statement relating to the 2017 annual stockholders meeting (the "Proxy Statement"), which will be filed with the SEC on or about April 6, 2017, under the captions, "Election of Directors," "Corporate Governance," and "Security Ownership of Certain Beneficial Owners and Management Section 16(a) Beneficial Ownership Reporting Compliance." Such information is incorporated herein by reference. The information called for by Item 10 pertaining to executive officers can be found in Part I of this Form 10-K under the caption, "Executive Officers of the Registrant." The Company has adopted a code of ethics that applies to our principal executive officer, principal financial officer and principal accounting officer. The code of ethics has been posted on our internet website, found at [www.principal.com](http://www.principal.com). We intend to satisfy disclosure requirements regarding amendments to, or waivers from, any provision of our code of ethics on our website.



Table of Contents**Item 11. Executive Compensation**

The information called for by Item 11 pertaining to executive compensation is set forth in the Proxy Statement under the caption, "Executive Compensation," and is incorporated herein by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information called for by Item 12 pertaining to security ownership of certain beneficial owners and management is set forth in the Proxy Statement under the caption, "Security Ownership of Certain Beneficial Owners and Management," and is incorporated herein by reference.

***Equity Compensation Plan Information***

In general, we have three compensation plans under which our equity securities are authorized for issuance to employees or directors (not including our tax qualified pension plans): the Principal Financial Group, Inc. 2014 Stock Incentive Plan, the Principal Financial Group, Inc. Employee Stock Purchase Plan and the Principal Financial Group, Inc. 2014 Directors Stock Plan. The following table shows the number of shares of common stock issuable upon exercise of options outstanding as of December 31, 2016, the weighted average exercise price of those options and the number of shares of common stock remaining available for future issuance as of December 31, 2016, excluding shares issuable upon exercise of outstanding options.

Plan Category	(a) to be issued upon exercise of outstanding options, warrants and rights	(b) exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by our stockholders (1)	11,947,708 (2)	\$ 44.61 (3)	13,308,521 (4)
Equity compensation plans not approved by our stockholders		n/a	

- (1) The Principal Financial Group, Inc. Employee Stock Purchase Plan, the Principal Financial Group, Inc. Stock Incentive Plan and the Principal Financial Group, Inc. Directors Stock Plan were each approved by our sole stockholder, Principal Mutual Holding Company, prior to our initial public offering of common stock on October 22, 2001. Subsequently, the Principal Financial Group, Inc. 2005 Stock Incentive Plan and the Principal Financial Group, Inc. 2005 Directors Stock Plan were each approved by our stockholders on May 17, 2005. An amendment to the Principal Financial Group, Inc. Employee Stock Purchase Plan to increase the number of shares available for issuance under the plan was approved on May 19, 2009. On May 18, 2010, our shareholders approved the 2010 Stock Incentive Plan, which replaced the 2005 Stock Incentive Plan. The 2010 Stock Incentive Plan was subsequently renamed the Amended and Restated 2010 Stock Incentive Plan. On May 20, 2014, our shareholders approved the Principal Financial Group, Inc. 2014 Stock Incentive Plan and the Principal Financial Group, Inc. 2014 Directors Stock Plan.
- (2) Includes 7,460,051 options outstanding under the employee stock incentive plans, 947,553 performance shares under the employee stock incentive plans, 3,197,932 restricted stock units under the employee stock incentive plans, 278,054 restricted stock units under the directors stock plans and 64,118 other stock-based awards under the 2014 Directors Stock Plan for obligations under the Deferred Compensation Plan for Non-Employee Directors of Principal Financial Group, Inc.
- (3) The weighted-average exercise price relates only to outstanding stock options, not to outstanding performance shares, restricted stock units or other stock-based awards.
- (4) This number includes 3,421,478 shares remaining for issuance under the Employee Stock Purchase Plan, 9,644,114 shares available for issuance in respect of future awards of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units and other stock-based awards under the 2014 Stock Incentive Plan and 242,929 shares available for issuance in respect of future awards of stock options, restricted stock, restricted stock units and other stock-based awards under the 2014 Directors Stock Plan.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

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The information called for by Item 13 pertaining to certain relationships and related transactions is set forth in the Proxy Statement under the captions, "Corporate Governance Director Independence," and "Corporate Governance Certain Relationships and Related Transactions," and is incorporated herein by reference.

### **Item 14. Principal Accounting Fees and Services**

The information called for by Item 14 pertaining to principal accounting fees and services is set forth in the Proxy Statement under the caption, "Ratification of Appointment of Independent Registered Public Accountants," and is incorporated herein by reference.

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**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

a.

Documents filed as part of this report.

1.

Financial Statements (see Item 8. Financial Statements and Supplementary Data)  
Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting  
Report of Independent Registered Public Accounting Firm  
Audited Consolidated Financial Statements

Consolidated Statements of Financial Position  
Consolidated Statements of Operations  
Consolidated Statements of Comprehensive Income  
Consolidated Statements of Stockholders' Equity  
Consolidated Statements of Cash Flows  
Notes to Consolidated Financial Statements

2.

Schedule I Summary of Investments Other Than Investments in Related Parties  
Schedule II Condensed Financial Information of Registrant (Parent Only)  
Schedule III Supplementary Insurance Information  
Schedule IV Reinsurance

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

3.

Exhibits Please refer to the Exhibit Index on page 222.

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**Signatures**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PRINCIPAL FINANCIAL GROUP, INC.

Dated: February 8, 2017

By /s/ TERRANCE J. LILLIS

Terrance J. Lillis  
Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Dated: February 8, 2017

By /s/ DANIEL J. HOUSTON

Daniel J. Houston  
Chairman, President, Chief Executive Officer and Director

By /s/ C. DANIEL GELATT, JR.

C. Daniel Gelatt, Jr.  
Director

By /s/ TERRANCE J. LILLIS

Terrance J. Lillis  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer and  
Principal Accounting Officer)

By /s/ SANDRA L. HELTON

Sandra L. Helton  
Director

By /s/ BETSY J. BERNARD

Betsy J. Bernard  
Director

By /s/ ROGER C. HOCHSCHILD

Roger C. Hochschild  
Director

By /s/ JOCELYN CARTER-MILLER

Jocelyn Carter-Miller  
Director

By /s/ SCOTT M. MILLS

Scott M. Mills  
Director

By /s/ MICHAEL T. DAN

Michael T. Dan  
Director

By /s/ BLAIR C. PICKERELL

Blair C. Pickerell  
Director

By /s/ DENNIS H. FERRO

Dennis H. Ferro  
Director

By /s/ ELIZABETH E. TALLETT

Elizabeth E. Tallett  
Director

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**Schedule I Summary of Investments Other Than Investments in Related Parties**  
**December 31, 2016**

Type of Investment	Cost	Fair value <i>(in millions)</i>	Amount as shown in the consolidated statement of financial position
Fixed maturities, available-for-sale:			
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 1,426.7	\$ 1,433.0	\$ 1,433.0
States, municipalities and political subdivisions	5,463.9	5,569.2	5,569.2
Foreign governments	781.7	893.6	893.6
Public utilities	4,412.6	3,963.8	3,963.8
Redeemable preferred stock	33.8	37.0	37.0
All other corporate bonds	28,253.3	30,191.6	30,191.6
Residential mortgage-backed securities	2,798.0	2,834.7	2,834.7
Commercial mortgage-backed securities	4,153.2	4,096.5	4,096.5
Collateralized debt obligations	780.1	758.6	758.6
Other debt obligations	5,080.9	5,068.1	5,068.1
Total fixed maturities, available-for-sale	53,184.2	54,846.1	54,846.1
Fixed maturities, trading	398.4	398.4	398.4
Equity securities, available-for-sale:			
Banks, trust and insurance companies	48.3	38.5	38.5
Industrial, miscellaneous and all other	1.2	2.5	2.5
Non-redeemable preferred stock	55.4	57.9	57.9
Total equity securities, available-for-sale	104.9	98.9	98.9
Equity securities, trading	1,413.4	1,413.4	1,413.4
Mortgage loans	13,230.2	XXXX	13,230.2
Real estate, net:			
Real estate acquired in satisfaction of debt	88.9	XXXX	88.9
Other real estate	1,279.9	XXXX	1,279.9
Policy loans	823.8	XXXX	823.8
Other investments	3,655.9	XXXX	3,655.9
Total investments	\$ 74,179.6	XXXX	\$ 75,835.5

Table of Contents**Schedule II Condensed Financial Information of Registrant (Parent Only)****Statements of Financial Position**

	December 31,	
	2016	2015
	<i>(in millions)</i>	
<b>Assets</b>		
Cash and cash equivalents	\$ 882.6	\$ 578.7
Other investments	9.8	9.7
Income taxes receivable	85.6	21.3
Deferred income taxes	473.2	427.4
Amounts receivable from subsidiaries	4.5	8.9
Other assets	10.4	0.4
Investment in subsidiaries	12,597.9	12,223.4
<b>Total assets</b>	<b>\$ 14,064.0</b>	<b>\$ 13,269.8</b>
<b>Liabilities</b>		
Long-term debt	\$ 3,126.4	\$ 3,223.8
Accrued investment payable	23.4	25.8
Pension liability	686.4	708.6
Other liabilities	0.5	
<b>Total liabilities</b>	<b>3,836.7</b>	<b>3,958.2</b>
<b>Stockholders' equity</b>		
Common stock, par value \$.01 per share 2,500 million shares authorized, 469.2 million and 466.2 million shares issued, and 287.7 million and 291.4 million shares outstanding in 2016 and 2015	4.7	4.7
Additional paid-in capital	9,686.0	9,544.8
Retained earnings	7,720.4	6,875.9
Accumulated other comprehensive loss	(675.2)	(882.5)
Treasury stock, at cost (181.5 million and 174.8 million shares in 2016 and 2015)	(6,508.6)	(6,231.3)
<b>Total stockholders' equity attributable to Principal Financial Group, Inc.</b>	<b>10,227.3</b>	<b>9,311.6</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 14,064.0</b>	<b>\$ 13,269.8</b>

See accompanying notes.

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## Statements of Operations

	For the year ended December 31,		
	2016	2015	2014
	<i>(in millions)</i>		
<b>Revenues</b>			
Net investment income	\$ 3.4	\$ 1.6	\$ 0.5
Total revenues	3.4	1.6	0.5
<b>Expenses</b>			
Other operating costs and expenses	312.3	175.4	144.3
Total expenses	312.3	175.4	144.3
Losses before income taxes	(308.9)	(173.8)	(143.8)
Income tax benefits	(134.9)	(71.2)	(86.3)
Equity in the net income of subsidiaries	1,490.5	1,336.6	1,201.6
Net income attributable to Principal Financial Group, Inc.	1,316.5	1,234.0	1,144.1
Less:			
Preferred stock dividends		16.5	33.0
Excess of redemption value over carrying value of preferred shares redeemed		8.2	
Net income available to common stockholders	\$ 1,316.5	\$ 1,209.3	\$ 1,111.1

See accompanying notes.

Table of Contents**Statements of Cash Flows**

	<b>For the year ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>(in millions)</i>		
<b>Operating activities</b>			
Net income	\$ 1,316.5	\$ 1,234.0	\$ 1,144.1
Adjustments to reconcile net income to net cash used in operating activities:			
Equity in the net income of subsidiaries	(1,490.5)	(1,336.6)	(1,201.6)
Current and deferred income tax benefits	(60.3)	(20.9)	(225.9)
Stock-based compensation	3.6	3.9	3.1
Other	42.1	34.5	198.7
Net cash used in operating activities	(188.6)	(85.1)	(81.6)
<b>Investing activities</b>			
Net purchases of property and equipment	(0.1)		
Net change in other investments	1.3	5.4	(0.7)
Dividends and returns of capital received from unconsolidated entity	1,295.3	685.5	917.7
Net cash provided by investing activities	1,296.5	690.9	917.0
<b>Financing activities</b>			
Issuance of common stock	37.8	76.1	77.5
Acquisition of treasury stock	(277.3)	(300.6)	(222.7)
Excess tax benefits from share-based payment arrangements	0.7	0.7	0.3
Dividends to common stockholders	(464.9)	(441.0)	(376.6)
Dividends to preferred stockholders		(16.5)	(33.0)
Preferred stock redemption		(550.0)	
Principal repayments of long-term debt	(744.5)		
Issuance of long-term debt	644.2	791.8	
Net cash used in financing activities	(804.0)	(439.5)	(554.5)
Net increase in cash and cash equivalents	303.9	166.3	280.9
Cash and cash equivalents at beginning of year	578.7	412.4	131.5
Cash and cash equivalents at end of year	\$ 882.6	\$ 578.7	\$ 412.4

See accompanying notes.



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**(1) Basis of Presentation**

The accompanying condensed financial information should be read in conjunction with the consolidated financial statements and notes thereto of Principal Financial Group, Inc.

In the parent company only financial statements, our investments in subsidiaries are stated as cost plus equity in undistributed earnings of subsidiaries.

During November 2016, the parent company became the sponsor of the defined contribution plans and deferred compensation plans discussed in Item 8. "Financial Statements and Supplementary Data, Notes to Consolidated Financial Statements, Note 11, Employee and Agent Benefits." Prior to November 2016, Principal Life Insurance Company, an indirect wholly owned subsidiary of the parent company, was the sponsor of these plans.

**(2) Dividends and Returns of Capital Received from (Contributions to) Unconsolidated Entity**

The parent company received cash dividends and returns of capital totaling \$1,295.3 million, \$685.5 million and \$917.7 million from subsidiaries in 2016, 2015 and 2014, respectively.

**(3) Supplemental Disclosures of Non-Cash Investing Activity**

The parent company's assumption of the deferred income tax asset and net plan assets associated with the defined contribution plans and deferred compensation plans previously sponsored by Principal Life Insurance Company resulted in a non-cash increase in the parent company's investment in subsidiary of \$74.6 million in 2016.

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**Schedule III Supplementary Insurance Information**  
**As of December 31, 2016 and 2015 and for each of the years ended December 31, 2016, 2015 and 2014**

Segment	Deferred acquisition costs	Future policy benefits and claims <i>(in millions)</i>	Contractholder and other policyholder funds
<b>2016:</b>			
Retirement and Income Solutions	\$ 812.7	\$ 15,455.0	\$ 30,796.8
Principal Global Investors			
Principal International	196.0	4,182.2	1,316.9
U.S. Insurance Solutions	2,371.5	9,171.5	7,060.7
Corporate		192.0	(330.4)
<b>Total</b>	<b>\$ 3,380.2</b>	<b>\$ 29,000.7</b>	<b>\$ 38,844.0</b>
<b>2015:</b>			
Retirement and Income Solutions	\$ 854.0	\$ 13,229.8	\$ 28,651.5
Principal Global Investors			
Principal International	218.8	3,634.9	1,403.9
U.S. Insurance Solutions	2,203.3	8,757.2	6,783.5
Corporate		234.6	(317.4)
<b>Total</b>	<b>\$ 3,276.1</b>	<b>\$ 25,856.5</b>	<b>\$ 36,521.5</b>

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**Schedule III Supplementary Insurance Information (continued)**  
**As of December 31, 2016 and 2015 and for each of the years ended December 31, 2016, 2015 and 2014**

Segment	Premiums and other considerations	Net investment income (1)	Benefits, claims and settlement expenses <i>(in millions)</i>	Amortization of deferred acquisition costs	Other operating expenses (1)
<b>2016:</b>					
Retirement and Income Solutions	\$ 2,860.9	\$ 1,931.2	\$ 4,108.3	\$ 161.4	\$ 1,114.3
Principal Global Investors		12.6			935.8
Principal International	274.6	491.4	584.6	22.5	365.5
U.S. Insurance Solutions	2,163.6	751.2	2,221.4	101.2	796.4
Corporate		110.1	(1.1)		235.5
<b>Total</b>	<b>\$ 5,299.1</b>	<b>\$ 3,296.5</b>	<b>\$ 6,913.2</b>	<b>\$ 285.1</b>	<b>\$ 3,447.5</b>
<b>2015:</b>					
Retirement and Income Solutions	\$ 3,011.4	\$ 1,749.0	\$ 4,158.4	\$ 158.2	\$ 1,126.8
Principal Global Investors		8.1			943.4
Principal International	252.9	495.9	573.9	19.1	368.9
U.S. Insurance Solutions	2,045.9	717.8	1,963.5	93.5	788.1
Corporate	0.1	81.3	1.9		174.4
<b>Total</b>	<b>\$ 5,310.3</b>	<b>\$ 3,052.1</b>	<b>\$ 6,697.7</b>	<b>\$ 270.8</b>	<b>\$ 3,401.6</b>
<b>2014:</b>					
Retirement and Income Solutions	\$ 1,584.5	\$ 1,857.7	\$ 2,766.9	\$ 163.6	\$ 1,056.9
Principal Global Investors		10.5			895.3
Principal International	225.7	591.0	622.9	18.7	342.8
U.S. Insurance Solutions	1,913.8	714.8	1,847.9	184.9	714.7
Corporate	(1.1)	83.9	(6.7)		197.4
<b>Total</b>	<b>\$ 3,722.9</b>	<b>\$ 3,257.9</b>	<b>\$ 5,231.0</b>	<b>\$ 367.2</b>	<b>\$ 3,207.1</b>

(1)

Allocations of net investment income and certain operating expenses are based on a number of assumptions and estimates, and reported operating results would change by segment if different methods were applied.

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**Schedule IV Reinsurance**  
**As of December 31, 2016, 2015 and 2014 and for each of the years then ended**

	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	Percentage of amount assumed to net
	(\$ in millions)				
<b>2016:</b>					
Life insurance in force	\$ 437,977.4	\$ 242,777.7	\$ 1,087.8	\$ 196,287.5	0.6%
Premiums:					
Life insurance and annuities	\$ 4,137.1	\$ 285.2	\$ 1.7	\$ 3,853.6	%
Accident and health insurance	1,616.7	171.2		1,445.5	%
Total	\$ 5,753.8	\$ 456.4	\$ 1.7	\$ 5,299.1	%
<b>2015:</b>					
Life insurance in force	\$ 390,603.3	\$ 184,588.9	\$ 1,187.1	\$ 207,201.5	0.6%
Premiums:					
Life insurance and annuities	\$ 4,208.7	\$ 255.3	\$ 1.9	\$ 3,955.3	%
Accident and health insurance	1,502.1	147.1		1,355.0	%
Total	\$ 5,710.8	\$ 402.4	\$ 1.9	\$ 5,310.3	%
<b>2014:</b>					
Life insurance in force	\$ 354,951.9	\$ 177,418.6	\$ 1,317.7	\$ 178,851.0	0.7%
Premiums:					
Life insurance and annuities	\$ 2,725.4	\$ 228.1	\$ 2.1	\$ 2,499.4	0.1%
Accident and health insurance	1,398.3	174.8		1,223.5	%
Total	\$ 4,123.7	\$ 402.9	\$ 2.1	\$ 3,722.9	0.1%

Table of Contents**Exhibit Index**

<b>Exhibit Number</b>	<b>Description</b>
2.1	Plan of Conversion (1)
2.2	Stock Purchase Agreement among Washington Mutual, Inc., New American Capital, Inc., Principal Financial Group, Inc., and Principal Management Corporation for the purchase and sale of the outstanding capital stock of WM Advisors, Inc., dated as of July 25, 2006 (2)
2.2.1	Amendment No. 1 and Waiver, dated as of December 29, 2006, to the Stock Purchase Agreement, dated as of July 25, 2006, by and among Washington Mutual, Inc., New American Capital, Inc., Principal Financial Group, Inc., and Principal Management Corporation for the purchase and sale of the outstanding capital stock of WM Advisors, Inc. (3)
2.2.2	Memorandum of Understanding dated as of December 29, 2006, amending and modifying the Stock Purchase Agreement by and among Washington Mutual, Inc., New American Capital, Inc., Principal Financial Group, Inc., and Principal Management Corporation for the purchase and sale of the outstanding capital stock of WM Advisors, Inc. (3)
2.3	Sale and Purchase Promise Agreement, dated October 5, 2012, among Principal Financial Services, Inc., Empresas Penta S.A. and Inversiones Banpenta Limitada (4)
3.1	Amended and Restated Certificate of Incorporation of Principal Financial Group, Inc. (included in Exhibit 2.1) (5)
3.2	Amended and Restated By-Laws of Principal Financial Group, Inc. (6)
4.1	Form of Certificate for the Common Stock of Principal Financial Group, Inc., par value \$0.01 per share (1)
4.2	Senior Indenture, dated as of October 11, 2006, between Principal Financial Group, Inc. and The Bank of New York, as Trustee (7)
4.2.1	First Supplemental Indenture, dated as of October 16, 2006, among Principal Financial Group, Inc., Principal Financial Services, Inc. and The Bank of New York, as Trustee (7)
4.2.2	6.05% Senior Note (\$500,000,000) due October 15, 2036 (7)
4.2.3	6.05% Senior Note (\$100,000,000) due October 15, 2036 (8)
4.2.4	Guarantee, dated as of October 16, 2006, by Principal Financial Services, Inc. (7)
4.3	Senior Indenture, dated as of May 21, 2009, among Principal Financial Group, Inc., as issuer, Principal Financial Services, Inc., as guarantor, and The Bank of New York, as Trustee (9)
4.3.1	Third Supplemental Indenture (including the form of 2022 Notes), dated as of September 10, 2012, among Principal Financial Group, Inc., as issuer, Principal Financial Services, Inc., as guarantor, and The Bank of New York Mellon Trust Company, as trustee (10)
4.3.2	Fourth Supplemental Indenture (including the form of 2042 Notes), dated as of September 10, 2012, among Principal Financial Group, Inc., as issuer, Principal Financial Services, Inc., as guarantor, and The Bank of New York Mellon Trust Company, as trustee (10)
4.3.3	Sixth Supplemental Indenture (including the form of 2023 Notes), dated as of November 16, 2012, among Principal Financial Group, Inc., as issuer, Principal Financial Services, Inc., as guarantor, and The Bank of New York Mellon Trust Company, as trustee (11)
4.3.4	Seventh Supplemental Indenture (including the form of 2043 Notes), dated as of November 16, 2012, among Principal Financial Group, Inc., as issuer, Principal Financial Services, Inc., as guarantor, and The Bank of New York Mellon Trust Company, as trustee (11)
4.3.5	Eighth Supplemental Indenture (including the form of 3.400% Senior Note due 2025), dated as of May 7, 2015, among Principal Financial Group, Inc., as issuer, Principal Financial Services, Inc., as guarantor, and The Bank of New York Mellon Trust Company, as trustee, relating to the 3.400% Senior Notes due 2025 (12)
4.3.6	Ninth Supplemental Indenture (including the form of 3.100% Senior Note due 2026), dated as of November 10, 2016, among Principal Financial Group, Inc., as issuer, Principal Financial Services, Inc., as guarantor, and The Bank of New York Mellon Trust Company, as trustee, relating to the 3.100% Senior Notes due 2026 (35)
4.3.7	Tenth Supplemental Indenture (including the form of 4.300% Senior Note due 2046), dated as of November 10, 2016, among Principal Financial Group, Inc., as issuer, Principal Financial Services, Inc., as guarantor, and The Bank of New York Mellon Trust Company, as trustee, relating to the 4.300% Senior Notes due 2046 (35)
4.3.8	Guarantee from Principal Financial Services, Inc. with respect to the 3.300% Senior Notes due 2022 (10)
4.3.9	Guarantee from Principal Financial Services, Inc. with respect to the 4.625% Senior Notes due 2042 (10)
4.3.10	Guarantee from Principal Financial Services, Inc. with respect to the 3.125% Senior Notes due 2023 (11)
4.3.11	Guarantee from Principal Financial Services, Inc. with respect to the 4.350% Senior Notes due 2043 (11)
4.3.12	Guarantee from Principal Financial Services, Inc. with respect to the 3.400% Senior Notes due 2025 (12)
4.3.13	Guarantee from Principal Financial Services, Inc. with respect to the 3.100% Senior Notes due 2026 (35)
4.3.14	Guarantee from Principal Financial Services, Inc. with respect to the 4.300% Senior Notes due 2046 (35)
4.4	Junior Subordinated Indenture, dated as of May 7, 2015, among Principal Financial Group, Inc., as issuer, Principal Financial Services, Inc., as guarantor, and The Bank of New York Mellon Trust Company, as trustee (12)
4.4.1	First Supplemental Indenture (including the form of 4.700% Fixed-to-Floating Rate Junior Subordinated Note due 2055), dated as of May 7, 2015, among Principal Financial Group, Inc., as issuer, Principal Financial Services, Inc., as guarantor, and The Bank of New York Mellon Trust Company, as trustee, relating to the 4.700% Fixed-to-Floating Rate Junior Subordinated Notes due 2055 (12)
4.4.2	Guarantee from Principal Financial Services, Inc. with respect to the 4.700% Fixed-to-Floating Rate Junior Subordinated Notes due 2055 (12)
10.1	Principal Financial Group, Inc. Stock Incentive Plan (13)
10.1.1	Form of Restricted Stock Unit Award Agreement (14)
10.1.2	Form of Stock Option Award Agreement (14)
10.1.3	Principal Financial Group, Inc. 2005 Stock Incentive Plan (15)
10.1.4	Principal Financial Group, Inc. 2010 Stock Incentive Plan (16)
10.1.5	Amended and Restated Principal Financial Group, Inc. 2010 Stock Incentive Plan (17)
10.1.6	Principal Financial Group, Inc. 2014 Stock Incentive Plan (18)
10.2	Principal Financial Group Long-Term Performance Plan (1)
10.3	

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Resolution of Human Resources Committee of the Board of Directors of Principal Financial Group, Inc. amending the Principal Financial Group Long-Term Performance Plan as of October 31, 2002 (19)

10.4 Principal Financial Group Incentive Pay Plan (PrinPay), amended and restated effective January 1, 2002 (20)

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Exhibit Number	Description
10.5	Principal Financial Group, Inc. Annual Incentive Plan (21)
10.6	Revised Summary of Standard Compensatory Arrangement for Non-Employee Directors of the Principal Financial Group, Inc. Board of Directors (22)
10.6.1	Revised Summary of Standard Compensatory Arrangement for Non-Employee Directors, effective March 28, 2009 (23)
10.6.2	Revised Summary of Standard Compensatory Arrangement for Non-Employee Directors of the Principal Financial Group, Inc., effective May 17, 2010 (24)
10.6.3	Revised Summary of Standard Compensatory Arrangement for Non-Employee Directors of the Principal Financial Group, Inc., effective January 1, 2012 (25)
10.6.4	Revised Summary of Standard Compensatory Arrangement for Non-Employee Directors of Principal Financial Group, Inc., effective January 1, 2015 (26)
10.7	Principal Financial Group, Inc. Directors Stock Plan (1)
10.7.1	Principal Financial Group, Inc. 2005 Directors Stock Plan (16)
10.7.2	Principal Financial Group, Inc. 2014 Directors Stock Plan (18)
10.8	Deferred Compensation Plan for Non-Employee Directors of Principal Financial Group, Inc. (27)
10.9	Principal Select Savings Excess Plan, restated as of January 1, 2004 (28)
10.9.1	Amendment No. 1 to Principal Select Savings Excess Plan (27)
10.9.2	Principal Select Savings Excess Plan for Employees, amended and restated effective January 1, 2016 (29)
10.9.3	Principal Select Savings Excess Plan for Individual Field, amended and restated effective January 1, 2016 (29)
10.9.4	Nonqualified Deferred Compensation Plan for Select Investment Professions of Principal Financial Group, Inc. and Affiliates, effective January 1, 2016 (29)
10.10	Supplemental Executive Retirement Plan for Employees, restated as of January 1, 2003 (28)
10.10.1	Amendment No. 1 to the Principal Supplemental Executive Retirement Plan for Employees (27)
10.11	Form of Principal Financial Group, Inc. and Principal Life Insurance Company Change-of-Control Employment Agreement (Tier One Executives), dated as of February 28, 2006, by and among Principal Financial Group, Inc., Principal Financial Services, Inc., Principal Life Insurance Company and an Executive (30)
10.11.1	Form of Principal Financial Group, Inc. and Principal Life Insurance Company Change-of-Control Employment Agreement (Tier One Executives) (31)
10.11.2	Form of Principal Financial Group, Inc. and Principal Life Insurance Company Change of Control Employment Agreement (Tier One Executives), effective December 31, 2010 (24)
10.12	Form of Principal Financial Group, Inc. Indemnification Agreement (31)
10.12.1	Form of Principal Financial Group, Inc. Indemnification Agreement dated as of June 9, 2016. (36)
10.13	Compensatory Arrangement, dated as of March 14, 2002, between Principal Life Insurance Company and James P. McCaughan (32)
10.14	Employment Agreement dated as of June 1, 2006, by and between Principal Financial Group, Inc., Principal Financial Services, Inc., Principal Life Insurance Company, and Larry D. Zimpleman (3)
10.14.1	Amended and Restated Employment Agreement dated as of May 1, 2008, by and between Principal Financial Group, Inc., Principal Financial Services, Inc., Principal Life Insurance Company and Larry D. Zimpleman (33)
10.14.2	Letter dated March 16, 2009 amending the Amended and Restated Employment Agreement dated as of May 1, 2008 by and between Principal Financial Group, Inc., Principal Financial Services, Inc., Principal Life Insurance Company and Larry D. Zimpleman (23)
10.14.3	Letter dated December 1, 2009 amending the Amended and Restated Employment Agreement dated as of May 1, 2008 by and between Principal Financial Group, Inc., Principal Financial Services, Inc., Principal Life Insurance Company and Larry D. Zimpleman (34)
10.15	The Principal Severance Plan for Senior Executives, restated effective January 1, 2009 (23)
12	Computation of Earnings to Fixed Charges Ratio (37)
21	Principal Financial Group, Inc. Member Companies as of December 31, 2016 (37)
23	Consent of Independent Registered Public Accounting Firm (37)
31.1	Certification of Daniel J. Houston (37)
31.2	Certification of Terrance J. Lillis (37)
32.1	Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code Daniel J. Houston (37)
32.2	Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code Terrance J. Lillis (37)
101	The following materials from Principal Financial Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2016, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Financial Position, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Stockholders' Equity, (v) the Consolidated Statements of Cash Flows, (vi) the Notes to Consolidated Financial Statements, (vii) Schedule I Summary of Investments Other Than Investments in Related Parties, (viii) Schedule II Condensed Financial Information of Registrant (Parent Only), (ix) Schedule III Supplementary Insurance Information and (x) Schedule IV Reinsurance

(1) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Registration Statement on Form S-1, as amended (Commission File No. 333-62558).

(2) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 (Commission File No. 1-16725).

(3)

### Explanation of Responses:

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Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2006 (Commission File No. 1-16725).

(4)

Incorporated by reference to exhibit filed with Principal Financial Group Inc.'s Current Report on Form 8-K filed on November 13, 2012 (Commission File No. 1-16725).

(5)

Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Current Report on Form 8-K filed on June 17, 2005 (Commission File No. 1-16725).



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- (6) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Current Report on Form 8-K filed on May 27, 2014 (Commission File No. 1-16725).
- (7) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Current Report on Form 8-K filed on October 17, 2006 (Commission File No. 1-16725).
- (8) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Current Report on Form 8-K filed on December 6, 2006 (Commission File No. 1-16725).
- (9) Incorporated herein by reference to exhibit filed with Principal Financial Group Inc.'s Current Report on Form 8-K filed on May 21, 2009 (Commission File No. 1-16725).
- (10) Incorporated by reference to exhibit filed with Principal Financial Group Inc.'s Current Report on Form 8-K filed on September 10, 2012 (Commission File No. 1-16725).
- (11) Incorporated by reference to exhibit filed with Principal Financial Group Inc.'s Current Report on Form 8-K filed on November 16, 2012 (Commission File No. 1-16725).
- (12) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Current Report on Form 8-K filed on May 7, 2015 (Commission File No. 1-16725).
- (13) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 (Commission File No. 1-16725).
- (14) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Current Report on Form 8-K filed on March 7, 2005 (Commission File No. 1-16725).
- (15) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (Commission File No. 1-16725).
- (16) Incorporated by reference to Appendix A of Principal Financial Group, Inc.'s 2010 Definitive Proxy Statement on Form DEF14A, filed on April 6, 2010 (Commission File No. 1-16725).
- (17) Incorporated by reference to exhibit filed with Principal Financial Group Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 (Commission File No. 1-16725).
- (18) Incorporated by reference to appendix filed with Principal Financial Group, Inc.'s 2014 Definitive Proxy Statement on Form DEF14Q, filed on April 7, 2014 (Commission File No. 1-16725).
- (19) Incorporated by reference to the exhibit filed with Principal Financial Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2002 (Commission File No. 1-16725).
- (20) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (Commission File No. 1-16725).
- (21) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2004 (Commission File No. 1-16725).
- (22) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (Commission File No. 1-16725).

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- (23) Incorporated by reference to the Principal Financial Group, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 (Commission File No. 1-16725)
- (24) Incorporated herein by reference to exhibit filed with Principal Financial Group Inc.'s Annual Report on Form 10-K for the year ended December 31, 2010 (Commission File No. 1-16725).
- (25) Incorporated by reference to exhibit filed with Principal Financial Group Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011 (Commission File No. 1-16725).
- (26) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014 (Commission File No. 1-16725).
- (27) Incorporated by reference to the exhibit filed with Principal Financial Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2005 (Commission File 1-16725).
- (28) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 (Commission File No. 1-16725).
- (29) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015 (Commission File No. 1-16725).
- (30) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 (Commission File No. 1-16725).
- (31) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Current Report on Form 8-K filed on December 2, 2008 (Commission File No. 1-16725).
- (32) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2002 (Commission File No. 1-16725).
- (33) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2008 (Commission File No. 1-16725).

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- (34) Incorporated by reference to the exhibit filed with Principal Financial Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2009 (Commission File No. 1-16725).
- (35) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Current Report on Form 8-K filed on November 10, 2016 (Commission File No. 1-16725).
- (36) Incorporated by reference to exhibit filed with Principal Financial Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 (Commission File No. 1-16725).
- (37) Filed herewith.