

PRINCIPAL FINANCIAL GROUP INC

Form 424B2

November 05, 2004

Pricing Supplement      November 3, 2004  
Dated

Filed pursuant to Rule 424(b)(2)

(To Prospectus dated March 5, 2004, and  
Prospectus Supplement dated March 5, 2004)

Registration Statement Nos. 333-110499 and  
333-110499-01

CUSIP: 74254PDB5

**Principal Life Insurance Company**  
**Secured Medium-Term Notes**  
**Issued Through**  
**Principal Life Income Fundings Trust 7 (the Trust )**

The description of this pricing supplement of the particular terms of the Secured Medium-Term Notes offered hereby, and the Funding Agreement (specified below) issued by Principal Life Insurance Company ( Principal Life ) to the Trust, the payment obligations of which are fully and unconditionally guaranteed by the Guarantee (specified below) issued by Principal Financial Group, Inc. to the Trust, supplements the description of the general terms and provisions of the notes, the funding agreements and the guarantees set forth in the accompanying prospectus and prospectus supplement, to which reference is hereby made.

**1. The Notes**

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Principal Amount:	\$200,000,000	Purchasing Agent(s) Discount:	None
Issue Price:	99.940%	Original Issue Date:	November 10, 2004
Net Proceeds to the Trust:	\$200,000,000	Stated Maturity Date:	May 10, 2006

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Specified Currency:	U.S. Dollars		
Interest Payment Dates:	The tenth day of February, May, August and November of each year		
Initial Interest Payment Date:	February 10, 2005		
Regular Record Date:	15 calendar days prior to the Interest Payment Date		
Type of Interest Rate:	<input type="radio"/> Fixed Rate	<input checked="" type="radio"/> Floating Rate	
Fixed Rate Notes:	<input type="radio"/> Yes	<input checked="" type="radio"/> No.	If, Yes,
Interest Rate:			
Floating Rate Notes:	<input checked="" type="radio"/> Yes	<input type="radio"/> No.	If, Yes,
Regular Floating Rate Notes:	<input checked="" type="radio"/> Yes	<input type="radio"/> No.	If, Yes,

Interest Rate: 3-Month LIBOR .02%  
Interest Rate Basis(es): See below.

Floating Rate/Fixed Rate Note:  Yes  No. If, Yes,  
Floating Interest Rate:  
Interest Rate Basis(es):  
Fixed Interest Rate:  
Fixed Rate Commencement Date:

Inverse Floating Rate Note:  Yes  No. If, Yes,  
Fixed Interest Rate:  
Floating Interest Rate:  
Interest Rate Basis(es):

Initial Interest Rate, if any: The Interest Rate as of the Original Issue Date, determined on November 8, 2004, the second London Banking Day preceding the Original Issue Date.

Initial Interest Reset Date: February 10, 2005

Interest Rate Basis(es). Check all that apply:

- |  |  |
|--|--|
| <input type="radio"/> CD Rate          | <input type="radio"/> Commercial Paper Rate                |
| <input type="radio"/> CMT Rate         | <input type="radio"/> Eleventh District Cost of Funds Rate |
| <input checked="" type="radio"/> LIBOR | <input type="radio"/> Federal Funds Rate                   |
| <input type="radio"/> EURIBOR          | <input type="radio"/> Treasury Rate                        |
| <input type="radio"/> Prime Rate       | <input type="radio"/> Other (See Attached)                 |

If LIBOR:  LIBOR Reuters Page  LIBOR Moneyline Telerate Page 3750  
 LIBOR Currency: U.S. Dollars

If CMT Rate:

Designated CMT Telerate Page:

If 7052:  Weekly Average  Monthly Average

Designated CMT Maturity Index:

Index Maturity: 3-Month

Spread (+/-): -0.02%

Spread Multiplier: Not applicable

Interest Reset Date(s): Each Interest Payment Date

Interest Rate Determination Date(s): The second London Banking Day preceding the related Interest Reset Date

Maximum Interest Rate, if any: Not applicable

Minimum Interest Rate, if any: Not applicable

Calculation Agent: Citibank, N.A.

Exchange Rate Agent: Not applicable

Computation of Interest: N/A  
 (not applicable unless different than as specified in the prospectus and prospectus supplement):

Day Count Convention: N/A  
 (not applicable unless different than as specified in the prospectus and prospectus supplement):

Amortizing Note:  Yes  No. If, Yes,  
 Amortizing Schedule:  
 Additional/Other Terms:

Discount Note:  Yes  No. If, Yes,  
 Total Amount of Discount:

Initial Accrual Period of  
Discount:  
Additional/Other Terms:

Redemption Provisions:             Yes                     No.                    If, Yes,

Initial Redemption Date:

Initial Redemption Percentage:

Annual Redemption Percentage    Yes                     No.                    If, Yes,

Reduction (if any):

Redemption:                             In whole only and not in part  
    May be in whole or in part

\*Additional/Other Terms:

Repayment:                             Yes                     No.                    If, Yes,

Repayment Date(s):

Repayment Price:

Repayment:                             In whole only and not in part  
    May be in whole or in part

Additional/Other Terms:

Sinking Fund (not applicable unless specified):

Additional Amounts to be Paid for Withholding Tax (not applicable unless specified):

Securities Exchange Listing:        Yes                     No.                    If Yes, Name of Exchange:

Authorized Denominations:        \$1,000

Ratings:

The Notes issued under the Program are rated AA by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ( S&P ).

Principal Life expects the Notes to be rated Aa2 by Moody's Investors Service, Inc. ( Moody's ).

Purchasing Agents Purchasing Notes as  Yes  No. If, Yes:  
Principal:

<u>Purchasing Agent(s)</u>	<u>Principal Amount</u>
Credit Suisse First Boston LLC	\$ 200,000,000
Total:	\$ 200,000,000

Purchasing Agents Acting as Agent:  Yes  No. If, Yes:

<u>Purchasing Agent(s)</u>	<u>Principal Amount</u>
	_____

Total:

State of Organization of the Trust: New York

Additional/Other Terms: Not applicable.

Special Tax Considerations: Interest payable on the Notes will be treated as qualified stated interest for United States federal income tax purposes, as it meets the specified criteria referenced in the prospectus supplement under the heading Material United States Federal Income Tax Considerations U.S. Holders *Interest and Original Issue Discount* .

**2. The Funding Agreement**

Funding Agreement Issuer: Principal Life Insurance Company

Funding Agreement No.: 8-01508

Deposit: \$200,000,015

Net Deposit: \$200,000,000

Effective Date: November 10, 2004

Stated Maturity Date: May 10, 2006

Specified Currency: U.S. Dollars

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Interest Payment Dates: The tenth day of February, May, August and November of each year

Initial Interest Payment Date: February 10, 2005

Type of Interest Rate:  Fixed Rate  Floating Rate

Fixed Rate Funding Agreement:  Yes  No. If, Yes,

Interest Rate:

Floating Rate Funding Agreement:  Yes  No. If, Yes,

Regular Floating Rate Funding Agreement:  Yes  No. If, Yes,

Interest Rate: 3-Month LIBOR .02%

Interest Rate Basis(es): See below

Floating Rate/Fixed Rate Funding Agreement:  Yes  No. If, Yes,

Floating Interest Rate:

Interest Rate Basis(es):

Fixed Interest Rate:

Fixed Rate Commencement Date:

Inverse Floating Rate Funding Agreement:  Yes  No. If, Yes,

Fixed Interest Rate:

Floating Interest Rate:

Interest Rate Basis(es):

Initial Interest Rate, if any: The Interest Rate as of the Original Issue Date, determined on November 8, 2004, the second London Banking Day preceding the Original Issue Date.

Initial Interest Reset Date: February 10, 2005

Interest Rate Basis(es). Check all that apply:

- CD Rate
- CMT Rate
- LIBOR
- EURIBOR
- Prime Rate
- Commercial Paper Rate
- Eleventh District Cost of Funds Rate
- Federal Funds Rate
- Treasury Rate
- Other (See Attached)

If LIBOR:  LIBOR Reuters Page LIBOR Currency: U.S. Dollars  LIBOR Moneyline Telerate Page 3750

If CMT Rate:

Designated CMT Telerate Page:

If 7052:  Weekly Average  Monthly Average

Designated CMT Maturity Index:





Index Maturity:	3-Month		
Spread (+/-):	-0.02%		
Spread Multiplier:	Not applicable		
Interest Reset Date(s):	Each Interest Payment Date		
Interest Rate Determination Date(s):	The second London Banking Day preceding the related Interest Reset Date		
Maximum Interest Rate, if any:	Not applicable		
Minimum Interest Rate, if any:	Not applicable		
Computation of Interest:	N/A		
(not applicable unless different than as specified in the prospectus and prospectus supplement):			
Day Count Convention:	N/A		
(not applicable unless different than as specified in the prospectus and prospectus supplement):			
Amortizing Funding Agreement:	<input type="radio"/> Yes	<input checked="" type="radio"/> No.	If, Yes,
Amortizing Schedule:			
Additional/Other Terms:			
Discount Funding Agreement:	<input type="radio"/> Yes	<input checked="" type="radio"/> No.	If, Yes,
Total Amount of Discount:			
Initial Accrual Period of Discount:			
Additional/Other Terms:			
Redemption Provisions:	<input type="radio"/> Yes	<input checked="" type="radio"/> No.	If, Yes,
Initial Redemption Date:			
Initial Redemption Percentage:			
Annual Redemption Percentage:			
Reduction (if any):			
Redemption:	<input type="radio"/> In whole only and not in part <input type="radio"/> May be in whole or in part		
Additional/Other Terms:			
Repayment:	<input type="radio"/> Yes	<input checked="" type="radio"/> No.	If, Yes,
Repayment Date(s):			
Repayment Price:			
Repayment:	<input type="radio"/> In whole only and not in part <input type="radio"/> May be in whole or in part		
Additional/Other Terms:			
Sinking Fund (not applicable unless specified):			

Additional Amounts to be Paid For  
Withholding Tax

(not applicable unless specified):

Ratings:

The Funding Agreement issued under the Program is rated AA by S&P.

Principal Life expects the Funding Agreement to be rated Aa2 by Moody's.

Additional/Other Terms: Not applicable.

Special Tax Considerations: Not applicable.

### **3. The Guarantee**

Guarantee Issuer: Principal Financial Group, Inc.

Effective Date: November 10, 2004

Additional/Other Terms: Not applicable