

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

| | | | |
|----------------------------|---------------|-------------------------------|-------------------|
| 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 |

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

Discount Funding Agreement: 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
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):

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