

PRINCIPAL LIFE INCOME FUNDINGS TRUST 3

Form 424B2

April 15, 2004

Pricing Supplement Dated April 13, 2004  
(To Prospectus dated March 5, 2004, and  
Prospectus Supplement dated March 5, 2004)

Filed pursuant to Rule 424(b)(2)  
Registration Statement Nos. 333-110499 and  
333-110499-01

CUSIP: 74254PAJ1  
ISIN: US74254PAJ12

**Principal Life Insurance Company**  
**Secured Medium-Term Notes**  
**Issued Through**  
**Principal Life Income Fundings Trust 3 (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:	\$ 150,000,000	Purchasing Agent(s) Discount:	0.000%
Issue Price:	100.000%	Original Issue Date:	April 16, 2004
Net Proceeds to the Trust:	\$ 150,000,000	Stated Maturity Date:	October 14, 2005

Specified Currency:	U.S. Dollars		
Interest Payment Dates:	January 15, April 15, July 15 and October 15 in each year		
Initial Interest Payment Date:	July 15, 2004		
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  
+.01%

Interest Rate See below  
Basis(es):

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

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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: 1.15188%

Initial Interest Reset Date: July 15, 2004

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: +0.01%

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 (not applicable unless different than as specified in the prospectus and prospectus supplement):

Day Count Convention (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 Reduction (if any):  
Redemption:  In whole only and not in part  
 May be in whole or in part  
Additional/Other Terms:

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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 Aa3 by Moody's Investors Service, Inc. ( Moody's ).

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

<b>Purchasing Agent(s)</b>	<b>Principal Amount</b>
Credit Suisse First Boston LLC	\$ 67,500,000
Morgan Stanley & Co. Incorporated	\$ 67,500,000
ABN AMRO Incorporated	\$ 3,750,000
Deutsche Bank Securities Inc.	\$ 3,750,000
Goldman, Sachs & Co.	\$ 3,750,000
Lehman Brothers Inc.	\$ 3,750,000
Total:	\$150,000,000

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

<b>Purchasing Agent(s)</b>	<b>Principal Amount</b>

Total:

State of Organization of New York  
 the Trust:

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.: 7-06123

Deposit: \$150,000,015

Net Deposit: \$150,000,000

Effective Date: April 16, 2004

Stated Maturity Date: October 14, 2005

Specified Currency: U.S. Dollars

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Interest Payment Dates: January 15, April 15, July 15 and October 15 in each year

Initial Interest Payment Date: July 15, 2004

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 +.01%  
 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: 1.15188%

Initial Interest Reset Date: July 15, 2004

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: +0.01%

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:

(not applicable unless different than as specified in the prospectus and prospectus supplement):

Day Count Convention:

(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 Aa3 by Moody's.

Additional/Other Terms: Not applicable

Special Tax Considerations: Not applicable

### 3. The Guarantee

Guarantee Issuer: Principal Financial Group, Inc.

Effective Date: April 16, 2004

Additional/Other Terms: Not applicable