

PRINCIPAL FINANCIAL GROUP INC

Form 424B2

September 17, 2007

Pricing Supplement Dated September 13, 2007  
(To Prospectus dated February 16, 2006, and  
Prospectus Supplement dated February 16, 2006)

Filed pursuant to Rule 424(b)(2)  
Registration Statement Nos. 333-129763  
and 333-129763-01

CUSIP: 74254PUN0

**Principal Life Insurance Company**  
**Secured Medium-Term Notes (that are also Asset-Backed Securities)**  
**Issued Through and Obligations of**  
**Principal Life Income Fundings Trust 32 (the Trust and the Issuing Entity )**

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:	\$ 150,000,000	Purchasing Agent(s) Discount:	0%
Issue Price:	100%	Original Issue Date:	September 18, 2007
Net Proceeds to the Trust:	\$ 150,000,000	Stated Maturity Date:	September 17, 2010

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Specified Currency:	U.S. Dollars		
Interest Payment Dates:	March 17, June 17, September 17 and December 17 of each year		
Initial Interest Payment Date:	December 17, 2007		
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 + .40%

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:

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

Initial Interest Rate, if any: 3-Month LIBOR + .40% determined on the second business day preceding the Original Issue Date.

Initial Interest Reset Date: December 17, 2007

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 type="radio"/> Constant Maturity Swap Rate | <input type="radio"/> Federal Fund Open 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 Screen  LIBOR Moneyline Telerate  
 LIBOR01 Page 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 (+/-): + .40%

Spread Multiplier: Not Applicable

Interest Reset Date(s): Each Interest Payment Date

Interest Rate Determination Date(s): The second business day preceding the 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 Notes:  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 Aa2 by Moody's Investors Service, Inc. ( Moody's ).

Purchasing Agent(s) Purchasing Notes as  Yes  No. If, Yes, Principal:

<u>Purchasing Agent(s)</u>	<u>Principal Amount</u>
Banc of America Securities LLC	\$ 150,000,000
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Total:	\$ 150,000,000

Purchasing Agent(s) Acting as Agent:  Yes  No. If, Yes,

<u>Purchasing Agent(s)</u>	<u>Principal Amount</u>
<hr/>	
<hr/>	
Total:	

State of Organization of the Trust: New York

Additional/Other Terms:

Special Tax Considerations:

**2. The Funding Agreement**

Funding Agreement Issuer: Principal Life Insurance Company

Funding Agreement No.: 6-14810

Deposit Amount: \$150,000,015

Net Deposit: \$150,000,000

Effective Date: September 18, 2007

Stated Maturity Date: September 17, 2010

Specified Currency: U.S. Dollars

Interest Payment Dates: March 17, June 17, September 17 and  
December 17 of each year

Initial Interest Payment Date: December 17, 2007

Type of Interest Rate:       Fixed Rate       Floating Rate

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

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Interest Rate:

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

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

Interest Rate: 3-Month LIBOR + .40%

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: 3-Month LIBOR + .40% determined on the second business day preceding the Original Issue Date.

Initial Interest Reset Date: December 17, 2007

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

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

If LIBOR:  LIBOR Reuters Screen LIBOR01 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 (+/-): + .40%

Spread Multiplier: Not Applicable

Interest Reset Date(s): Each Interest Payment Date



Interest Rate Determination Date(s): The second business day preceding the related Interest Reset Date

Maximum Interest Rate, if any: Not Applicable

Minimum Interest Rate, if any: Not Applicable

Calculation 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:

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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 if any:

Special Tax Considerations:

### **3. The Guarantee**

Guarantee Issuer: Principal Financial Group, Inc.

Effective Date: September 18, 2007

Additional/Other Terms if any: