

PRINCIPAL FINANCIAL GROUP INC

Form 424B2

May 27, 2004

Pricing Supplement Dated May 25, 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: 74254PAS1

**Principal Life Insurance Company  
 Secured Medium-Term Notes  
 Issued Through  
 Principal Life Income Fundings Trust 5 (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:	0.000%
Issue Price:	100%	Original Issue Date:	June 2, 2004
Net Proceeds to the Trust:	\$200,000,000	Stated Maturity Date:	December 15, 2005

Specified Currency: U.S. Dollars

Interest Payment Dates: The fifteenth day of March, June, September and December of each year

Initial Interest Payment Date: September 15, 2004

Regular Record Date: 15 calendar days prior to the Interest Payment Date

Type of Interest Rate:  Fixed Rate  Floating Rate

Fixed Rate Notes:  Yes  No. If, Yes,

Interest Rate:

Floating Rate Notes:  Yes  No. If, Yes,

Regular Floating Rate Notes:  Yes  No. If, Yes,

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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:  
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: The Interest Rate as of the Original Issue Date, determined on May 28, 2004, the second London Banking Day preceding the Original Issue Date.

Initial Interest Reset Date: September 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  LIBOR Moneyline Telerate Page 3750  
Page  
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 Rating 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>
Goldman, Sachs & Co.	\$200,000,000
Total:	\$200,000,000

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

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

State of Organization of 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

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Funding Agreement Issuer: Principal Life Insurance Company

Funding Agreement No.: 7-06131

Deposit: \$200,000,015

Net Deposit: \$200,000,000

Effective Date: June 2, 2004

Stated Maturity Date: December 15, 2005

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Specified Currency: U.S. Dollars

Interest Payment Dates: The fifteenth day of March, June, September, and December of each year.

Initial Interest Payment Date: September 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:  
Fixed Interest Rate Basis(es):

Initial Interest Rate, if any: The Interest Rate as of the Original Issue Date, determined on May 28, 2004, the second London Banking Day preceding the Original Issue Date.

Initial Interest Reset Date: September 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  
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      The second London Banking Day preceding the related  
Date(s):                                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):

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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: June 2, 2004  
 Additional/Other Terms: Not applicable