

PRINCIPAL FINANCIAL GROUP INC

Form 424B2

June 06, 2005

Pricing Supplement Dated June 2, 2005
(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: 74254PGC0

Principal Life Insurance Company
Secured Medium-Term Notes
Issued Through
Principal Life Income Fundings Trust 12 (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:	\$	500,000,000	Purchasing Agent(s) Discount:	Variable, depending on re-offer price
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Issue Price:	Variable Price Re-Offer	Original Issue Date:	June 9, 2005
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Net Proceeds to the Trust:	\$	500,000,000	Stated Maturity Date:	December 7, 2007
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Specified Currency:	U.S. Dollars
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Interest Payment Dates:	The seventh day of March, June, September and December of each year
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Initial Interest Payment Date:	September 7, 2005
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Regular Record Date:	15 calendar days prior to the Interest Payment Date
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Type of Interest Rate:	☐ Fixed Rate ☒ Floating Rate
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Fixed Rate Notes:	☐ Yes ☒ No. If, Yes,
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Interest Rate:	
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Floating Rate Notes:	☒ Yes ☐ No. If, Yes,
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Regular Floating Rate Notes: ☒ Yes ☐ No. If, Yes,
Interest Rate: 3-Month LIBOR + .03%
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: 3-Month Libor + .03% determined on the second London Banking Day preceding the Original Issue Date

Initial Interest Reset Date: September 7, 2005

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

☐ CD Rate	☐ Commercial Paper Rate
☐ CMT Rate	☐ Eleventh District Cost of Funds Rate
☒ LIBOR	☐ Federal Funds Rate
☐ EURIBOR	☐ Treasury Rate
☐ Prime Rate	☐ 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: +0.03%

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:

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: \$100,000 and integral multiples of \$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:

Purchasing Agent(s)	Principal Amount
Lehman Brothers Inc.	\$ 250,000,000
BNP Paribas Securities Corp.	\$ 250,000,000
Total:	\$ 500,000,000

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

Purchasing Agent(s)	Principal Amount

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.: 5-17648

Deposit: \$500,000,015

Net Deposit: \$500,000,000

Effective Date: June 9, 2005

Stated Maturity Date: December 7, 2007

Specified Currency: U.S. Dollars

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

Initial Interest Payment Date: September 7, 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 + .03%

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 + .03% determined on the second London Banking Day preceding the Original Issue Date

Initial Interest Reset Date: September 7, 2005

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

☐ CD Rate	☐ Commercial Paper Rate
☐ CMT Rate	☐ Eleventh District Cost of Funds Rate
☒ LIBOR	☐ Federal Funds Rate
☐ EURIBOR	☐ Treasury Rate
☐ Prime Rate	☐ 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: o Weekly Average o Monthly Average
Designated CMT Maturity Index:

Index Maturity: 3-Month

Spread: +0.03%

Spread Multiplier: Not applicable

Interest Reset Date(s): Each Interest Payment Date

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

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 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: June 9, 2005

Additional/Other Terms: Not applicable