

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: 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,

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:

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:

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:

| Purchasing Agent(s) | Principal Amount |
|-----------------------------------|-------------------------|
| 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:

| Purchasing Agent(s) | Principal Amount |
|----------------------------|-------------------------|
| | |
| | |

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

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