

PRINCIPAL FINANCIAL GROUP INC

Form 424B2

October 09, 2007

Pricing Supplement Dated October 4, 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: 74254PUP5

**Principal Life Insurance Company  
Secured Medium-Term Notes (that are also Asset-Backed Securities)  
Issued Through and Obligations of**

**Principal Life Income Fundings Trust 33 (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**

|                                |   |                                      |                  |
|--------------------------------|---|--------------------------------------|------------------|
| Principal Amount:              | \$250,000,000   | Purchasing Agent(s) Discount:        | 0%               |
| Issue Price:                   | 99.94281%   | Original Issue Date:                 | October 12, 2007 |
| Net Proceeds to the Trust:     | \$249,857,025   | Stated Maturity Date:                | October 9, 2009  |
| Specified Currency:            | U.S. Dollars  |                                      |                  |
| Interest Payment Dates:        | January 9, April 9, July 9 and October 9 of each year                           |                                      |                  |
| Initial Interest Payment Date: | January 9, 2008   |                                      |                  |
| 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:                 | Federal Funds Rate + .50%   |                                      |                  |

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: Federal Funds Rate + .50%

Initial Interest Reset Date: January 9, 2008

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 type="radio"/> LIBOR                       | <input checked="" type="radio"/> Federal Funds Rate        |
| <input type="radio"/> EURIBOR                     | <input type="radio"/> Treasury Rate                        |
| <input type="radio"/> Prime Rate                  | <input type="radio"/> Other                                |

If LIBOR:  LIBOR Reuters Screen  LIBOR Moneyline Telerate  
 LIBOR01 Page Page 3750  
 LIBOR Currency:

If CMT Rate:

Designated CMT Telerate Page:

If 7052:  Weekly Average  Monthly Average

Designated CMT Maturity Index:

Index Maturity:

Spread (+/-): + .50%

Spread Multiplier: Not Applicable

Interest Reset Date(s): Each business day

Interest Rate Determination Date(s): The first business day preceding each 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:

Repayment:  Yes  No. If, Yes,

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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: \$2,000

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 | \$ 125,000,000          |
| Lehman Brothers Inc.           | \$ 125,000,000          |
| <hr/>                          |                         |
| Total:                         | \$ 250,000,000          |

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: Notwithstanding anything in the Prospectus Supplement to the contrary, Federal Funds Rate means the rate for an Interest

Reset Date will be the rate set forth in H.15(519) for that day under the caption EFFECT, as such rate is displayed on the Reuters Screen FEDFUNDS1 Page. If by 5:00 p.m., New York City time, on the day that is one business day following the Interest Reset Date, such rate for the Interest Reset Date does not appear on the Reuters Screen FEDFUNDS1 Page or is not yet published in H.15(519), the rate for that Interest Reset Date will be the rate set forth in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, for that day opposite the caption Federal funds (effective) . If by 5:00 p.m., New York City time, on the day that is one business day following the Interest Reset Date, such rate for the Interest Reset Date does not appear on the Reuters Screen FEDFUNDS1 Page or is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source, the rate for that Interest Reset Date will be the rate for the first preceding day for which such rate is set forth in H.15(519) opposite the caption Federal funds (effective) , as such rate is displayed on the Reuters Screen FEDFUNDS1 Page.

Special Tax Considerations:

**2. The Funding Agreement**

Funding Agreement Issuer: Principal Life Insurance Company

Funding Agreement No.: 5-20011

Deposit Amount: \$250,000,015

Net Deposit: \$249,857,025

Effective Date: October 12, 2007

Stated Maturity Date: October 9, 2009

Specified Currency: U.S. Dollars

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Interest Payment Dates: January 9, April 9, July 9 and October 9 of each year

Initial Interest Payment Date: January 9, 2008

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: Federal Funds Rate + .50%

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: Federal Funds Rate + .50%

Initial Interest Reset Date: January 9, 2008

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 Funds Open Rate              |
| <input type="radio"/> LIBOR                       | <input checked="" 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 LIBOR01 Page  LIBOR Moneyline Telerate Page 3750

LIBOR Currency:

If CMT Rate:

Designated CMT Telerate Page:

If 7052:  Weekly Average  Monthly Average

Designated CMT Maturity Index:



Index Maturity:

Spread (+/-): + .50%

Spread Multiplier: Not Applicable

Interest Reset Date(s): Each business day

Interest Rate Determination Date(s): The first business day preceding each 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):

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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 if any: Notwithstanding anything in the Prospectus Supplement to the contrary, Federal Funds Rate means the rate for an Interest Reset Date will be the rate set forth in H.15(519) for that day under the caption EFFECT, as such rate is displayed on the Reuters Screen FEDFUNDS1 Page. If by 5:00 p.m., New York City time, on the day that is one business day following the Interest Reset Date, such rate for the Interest Reset Date does not appear on the Reuters Screen FEDFUNDS1 Page or is not yet published in H.15(519), the rate for that Interest Reset Date will be the rate set forth in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, for that day opposite the caption Federal funds (effective) . If by 5:00 p.m., New York City time, on the day that is one business day following the Interest Reset Date, such rate for the Interest Reset Date does not appear on the Reuters Screen FEDFUNDS1 Page or is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source, the rate for that Interest Reset Date will be the rate for the first preceding day for which such rate is set forth in H.15(519) opposite the caption Federal funds (effective) , as such rate is displayed on the Reuters Screen FEDFUNDS1 Page.

Special Tax Considerations:

**3. The Guarantee**

Guarantee Issuer: Principal Financial Group, Inc.

Effective Date: October 12, 2007

Additional/Other Terms if any: