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CUSIP: 74254PBW1

2.000%



Principal Life Insurance Company Principal® Life CoreNotes® (Callable) Issued Through Principal Life Income Fundings Trust 2004-38 (the "Trust")

The description of this pricing supplement of the particular terms of the Principal Life CoreNotes offered hereby, and the Funding Agreement (specified below) sold by Principal Life Insurance Company to the Trust (specified herein), 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.

Purchasing Agent Discount:

\$4,249,000.0

1. The Notes

Principal Amount:

•				
Issue Price:	100.0%	Origina	l Issue Date:	08/25/2004
Net Proceeds to the Trust:	\$4,164,020.0	Stated M	Maturity Date:	08/15/2019
Interest Payment Dates:	The 15th day of	every sixth mon	th commencing on 02/15/2005.	
Initial Interest Payment Date:	02/15/2005			
Regular Record Date:	The 1st day of e	The 1st day of every sixth month commencing on 02/01/2005.		
Type of Interest Rate:	x Fixed Rate	x Fixed Rate o Floating Rate		
Fixed Rate Notes:	x Yes	o No.	If, Yes,	
Interest Rate:	5.50%			
Floating Rate Notes:	o Yes	x No.	If, Yes,	
Regular Floating Rate Notes: Interest Rate: Interest Rate Basis(es):	o Yes	o No.	If, Yes,	
Floating Rate/Fixed Rate Note: Floating Interest Rate: Interest Rate Basis(es): Fixed Interest Rate: Fixed Rate Commencement Date:	o Yes	o No.	If, Yes,	
Initial Interest Rate, if any:	N/A			
Initial Interest Reset Date:	N/A			

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[&]quot;CoreNotes®" is a registered service mark of Merrill Lynch & Co.

Interest Rate Basis(es). Check all that apply: N/A o CD Rate o CMT Rate o Commercial Paper Rate o LIBOR o Treasury Rate o Prime Rate o Other (See Attached) If LIBOR: o LIBOR Reuters Page o LIBOR Moneyline Telerate Page LIBOR Currency: If CMT Rate: Designated CMT Telerate Page: If 7052: o Weekly Average o Monthly Average Designated CMT Maturity Index: Index Maturity: N/A Spread (+/-): N/A Spread Multiplier: N/A Interest Reset Date(s): N/A Interest Rate Determination Date(s): N/A Maximum Interest Rate, if any: N/A Minimum Interest Rate, if any: N/A Calculation Agent: Citibank, N.A. Computation of Interest: N/A (not applicable unless different than as specified in the prospectus and prospectus supplement) Day Count Convention: N/A (not applicable unless different than as specified in the prospectus and prospectus supplement) Discount Note: o Yes x No. If, Yes, Total Amount of Discount: Initial Accrual Period of Discount: Additional/Other Terms: Terms of Survivor's Option: Annual Put Limitation: x \$2,000,000 or 2%; or o \$_ _or___% Individual Put Limitation: x \$250,000; or o \$_ Trust Put Limitation: x 2%; or **Redemption Provisions:** If, Yes, x Yes o No. Initial Redemption Date: 08/15/2007 Redemption: x In whole only and not in part o May be in whole or in part Additional Other Terms: Any redemption date will be an Interest Payment Date falling on or after the Initial Redemption Date Repayment: o Yes x No. If, Yes, Repayment Date(s): Repayment Price: Repayment: o In whole only and not in part o May be in whole or in part Additional Other Terms: Sinking Fund (not applicable unless specified): N/A Securities Exchange Listing: o Yes x No. If, Yes, Name of Exchange:

\$1,000

Authorized Denominations:

Ratings:

The Notes issued under the Program are rated AA by Standard & Poor's ("S&P"). Principal Life expects the Notes to be rated Aa3 by Moody's Investors Service, Inc. ("Moody's").

Purchasing Agent(s) Purchasing Notes as Principal:

Designated CMT Telerate Page:

Designated CMT Maturity Index:

If 7052:

⊠ Yes

o No

If yes:

	Purchasing Agent(s)			Principal Amount	
	Merrill Lynch Total:			\$4,249,000.0 \$4,249,000.0	
State of Organization of the Trust:		New York			
Additional/Other Terms:		None			
Special Tax Consideration	s:	None			
2. The Funding Agreeme	ent				
Funding Agreement Issuer:		Principal Life Insurance Company			
Funding Agreement No.:		4-51241			
Deposit:		\$4,249,015.0			
Net Deposit:		\$4,164,020.0			
Effective Date:		08/25/2004			
Stated Maturity Date:		08/15/2019			
Interest Payment Dates:		The 15th day of every sixth month commencing on 02/15/2005.			
Initial Interest Payment Date:		02/15/2005			
Type of Interest Rate:		x Fixed Rate o Floating Rate			
Fixed Rate Funding A	greement:	x Yes	o No.	If, Yes,	
Interest Rate:		5.50%			
Floating Rate Funding	Agreement:	o Yes	x No.	If, Yes,	
Regular Floating F Interest Rate: Interest Rate B	aate Funding Agreement:	o Yes	o No.	If, Yes,	
Floating Intere Interest Rate B Fixed Interest	asis(es):	o Yes	o No.	If, Yes,	
Initial Interest Rate	e, if any:	N/A			
Initial Interest Res	et Date:	N/A			
Interest Rate Basis	(es). Check all that apply:	N/A o CD Rate o Commercial Paper Rate o Treasury Rate o Other (See Attached)		o CMT Rate o LIBOR o Prime Rate	
If LIBOR:		o LIBOR Reuters Page LIBOR Currency:		o LIBOR Moneyline Telerate Page	
If CMT Rate:					

o Monthly Average

o Weekly Average



Index Maturity:	N/A			
Spread (+/-):	N/A			
Spread Multiplier:	N/A			
Interest Reset Date(s):	N/A			
Interest Rate Determination Date(s):	N/A			
Maximum Interest Rate, if any:	N/A			
Minimum Interest Rate, if any:	N/A			
Computation of Interest: (not applicable unless different than as specified in the Day Count Convention: (not applicable unless different than as specified in the	N/A			
Discount Funding Agreement: Total Amount of Discount: Initial Accrual Period of Discount: Additional/Other Terms:	o Yes	x No.	If, Yes,	
Terms of Survivor's Option: Annual Put Limitation:		x \$2,000,000 or		
Individual Put Limitation:		o \$ x \$250,000; or	or%	
Trust Put Limitation:		o \$ x 2%; or \$		
Redemption: Initial Redemption Date: Redemption: Additional Other Terms:	o May be in who Any redemption	• •		
Repayment: Repayment Date(s): Repayment Price: Repayment: Additional Other Terms:	o Yes o In whole only a o May be in who		If, Yes,	
	NT/A			
Sinking Fund (not applicable unless specified): Ratings:	N/A			
The Funding Agreement issued under the Program is a Principal Life expects the Funding Agreement to be ra				
Additional/Other Terms:	None			
Special Tax Considerations:	None			
3. The Guarantee				
Guarantee Issuer:	Principal Financi	al Group, Inc.		
Effective Date:	08/25/2004			
Additional/Other Terms:	None			