



Principal Life Insurance Company
Secured Medium-Term Notes (that are also Asset-Backed Securities)
Issued Through and Obligations of
Principal Life Income Fundings Trust 38 (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: | 99.934% | Original Issue Date: | June 18, 2008 |
| Net Proceeds to the Trust: | \$249,835,000 | Stated Maturity Date: | June 17, 2011 |

Specified Currency: U.S. Dollars

Interest Payment Dates: June 18 and December 18 of each year

Initial Interest Payment Date: December 18, 2008

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: 5.15%

Floating Rate Notes: Yes No. If, Yes,

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

Interest Rate:

Interest Rate 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:

Initial Interest Reset Date:

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

- CD Rate
- CMT Rate
- Constant Maturity Swap Rate
- LIBOR
- EURIBOR
- Prime Rate
- Commercial Paper Rate
- Eleventh District Cost of Funds Rate
- Federal Fund Open Rate
- Federal Funds Rate
- Treasury Rate
- Other

If LIBOR: LIBOR Reuters

LIBOR Currency:

If CMT Rate:

Designated Reuters Page:

If FEDCMT: Weekly Average Monthly Average

Designated CMT Maturity Index:

Index Maturity:

Spread (+/-):

Spread Multiplier:

Interest Reset Date(s):

Interest Rate Determination Date(s):

Maximum Interest Rate, if any:

Minimum Interest Rate, if any:

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,

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 Aa2 by Moody's Investors Service, Inc. ("Moody's").

Purchasing Agent(s) Purchasing Notes as Principal: Yes No. If Yes,

| Purchasing Agent(s) | Principal Amount |
|--|----------------------|
| Barclays Capital Inc. | \$125,000,000 |
| Merrill Lynch, Pierce, Fenner & Smith Incorporated | \$125,000,000 |
| Total: | \$250,000,000 |

Purchasing Agent(s) Acting as Agent: Yes No. If Yes,

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

Total:

State of Organization of Trust: New York

Additional/Other Terms:

Special Tax Considerations:

2. The Funding Agreement

| | |
|---|--------------------------------------|
| Funding Agreement Issuer: | Principal Life Insurance Company |
| Funding Agreement No.: | 8-05029 |
| Deposit Amount: | \$250,000,015 |
| Net Deposit: | \$249,835,000 |
| Effective Date: | June 18, 2008 |
| Stated Maturity Date: | June 17, 2011 |
| Specified Currency: | U.S. Dollars |
| Interest Payment Dates: | June 18 and December 18 of each year |
| Initial Interest Payment Date: | December 18, 2008 |
| Type of Interest Rate: <input checked="" type="checkbox"/> Fixed Rate <input type="radio"/> Floating Rate | |
| Fixed Rate Funding Agreement: <input checked="" type="checkbox"/> Yes <input type="radio"/> No. If, Yes, | |

Interest Rate: 5.15%

Floating Rate Funding Agreement: Yes No. If, Yes,

Regular Floating Rate Funding Agreement: Yes No. If Yes,

Interest Rate:

Interest Rate Basis(es):

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:

Initial Interest Reset Date:

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

CD Rate

CMT Rate

Constant Maturity Swap Rate

LIBOR

EURIBOR

Prime Rate

Commercial Paper Rate

Eleventh District Cost of Funds Rate

Federal Funds Open Rate

Federal Funds Rate

Treasury Rate

Other (See Attached)

If LIBOR: LIBOR Reuters

LIBOR Currency:

If CMT Rate:

Designated Reuters Page:

If FEDCMT: Weekly Average Monthly Average

Designated CMT Maturity Index:

Index Maturity:

Spread (+/-):

Spread Multiplier:

Interest Reset Date(s):

Interest Rate Determination Date(s):

Maximum Interest Rate, if any:

Minimum Interest Rate, if any:

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):

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:

Special Tax Considerations:

3. The Guarantee

Guarantee Issuer: Principal Financial Group, Inc.

Effective Date: June 18, 2008

Additional/Other Terms if any:

