

Ratings:

The Notes issued under the Program are rated AA by Standard & Poor's ("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:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	If yes:
Purchasing Agent(s)			Principal Amount
Merrill Lynch			TBD
<hr/>			
Total:			TBD

State of Organization of the Trust: New York

Additional/Other Terms: None

2. The Funding Agreement

Funding Agreement Issuer: Principal Life Insurance Company

Funding Agreement No.: 6-13530

Deposit: TBD

Net Deposit: TBD

Effective Date: 7/26/2006

Stated Maturity Date: 7/15/2014

Interest Payment Dates: The 15th day of every sixth month commencing on 1/15/2007

Initial Interest Payment Date: 1/15/2007

Type of Interest Rate: Fixed Rate Floating Rate

Interest Rate: 6.00%

Discount Funding Agreement: Yes No

Terms of Survivor's Option:

Annual Put Limitation: \$2,000,000 or 2%; or
 \$ _____ or ____%

Individual Put Limitation: \$250,000; or
 \$ _____

Trust Put Limitation: 2%; or
 \$ _____

Redemption: Yes No. If, Yes,

Initial Redemption Date: 7/15/2008

Redemption: In whole only and not in part
 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: Yes No

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: None

3. The Guarantee

Guarantee Issuer: Principal Financial Group, Inc.

Effective Date: 7/26/2006

Additional/ Other Terms: None