



**Principal Life Insurance Company  
 Secured Medium-Term Notes (that are also Asset-Backed Securities)  
 Issued Through and Obligations of  
 Principal Life Income Fundings Trust 23 (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**

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Principal Amount:	\$250,000,000	Purchasing Agent(s) Discount:	0.35%
Issue Price:	99.987%	Original Issue Date:	September 29, 2006
Net Proceeds to the Trust:	\$249,092,500	Stated Maturity Date:	September 30, 2011

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Specified Currency:	U.S. Dollars		
Interest Payment Dates:	March 30 and September 30 of each year.		
Initial Interest Payment Date:	March 30, 2007		
Regular Record Date:	15 calendar days prior to the Interest Payment Date		
Type of Interest Rate:	<input checked="" type="checkbox"/> Fixed Rate	<input type="checkbox"/> Floating Rate	
Fixed Rate Notes:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No.	If, Yes,
Interest Rate:	5.15%		
Floating Rate Notes:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No.	If, Yes,
Regular Floating Rate Notes:	<input type="checkbox"/> Yes	<input type="checkbox"/> No.	If, Yes,
Interest Rate:			
Interest Rate Basis(es):			
Floating Rate/Fixed Rate Note:	<input type="checkbox"/> Yes	<input type="checkbox"/> 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 Reset Date:

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

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

If LIBOR:  LIBOR Reuters  LIBOR Moneyline Telerate  
LIBOR Currency:

If CMT Rate:  
Designated CMT Telerate Page:  
If 7052:  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 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,  
Redemption Date:  
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

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Additional/Other Terms:

Sinking Fund (not applicable unless specified):

Additional Amounts to be Paid for Withholding Tax (not applicable unless specified):

Securities Exchange Listing:                    o 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 Agent(s) Purchasing Notes as Principal:                     Yes                    o No.                    If Yes:

<u>Purchasing Agent(s)</u>	<u>Principal Amount</u>
Barclays Capital Inc.	\$ 118,750,000
J.P. Morgan Securities Inc.	\$ 118,750,000
Banc of America Securities LLC	\$ 2,500,000
Credit Suisse Securities (USA) LLC	\$ 2,500,000
Deutsche Bank Securities Inc.	\$ 2,500,000
Lehman Brothers Inc.	\$ 2,500,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$ 2,500,000
Total:	\$ 250,000,000

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

<u>Purchasing Agent(s)</u>	<u>Principal Amount</u>
Total:	

State of Organization of the Trust:                    New York

Additional/Other Terms:

Special Tax Considerations:

## **2. The Funding Agreement**

Funding Agreement Issuer:                    Principal Life Insurance Company

Funding Agreement No.:                    4-53918

Deposit:                    \$250,000,015

Net Deposit:                    \$249,092,500

Effective Date:                    September 29, 2006

Stated Maturity Date:                    September 30, 2011

Specified Currency:                    U.S. Dollars

Interest Payment Dates:                    March 30 and September 30 of each year

Initial Interest Payment Date:                    March 30, 2007

Type of Interest Rate:                     Fixed Rate                    o Floating Rate

Fixed Rate Funding Agreement:                     Yes                    o No.                    If, Yes,

Interest Rate:                    5.15%

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

Regular Floating Rate Funding Agreement:                    o Yes                    o 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 Page LIBOR Currency:  LIBOR Moneyline Telerate

If CMT Rate:  
Designated CMT Telerate Page:  
If 7052:  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,

Redemption Date:  
Redemption:  In whole only and not in part  
 May be in whole or in part

Additional Other Terms:

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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 Agreements 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: September 29, 2006

Additional/Other Terms If any:

