



**Principal Life Insurance Company
 Secured Medium-Term Notes (that are also Asset-Backed Securities)
 Issued Through and Obligations of
 Principal Life Income Fundings Trust 25 (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:	\$200,000,000	Purchasing Agent(s) Discount:	0%
Issue Price:	100%	Original Issue Date:	December 6, 2006
Net Proceeds to the Trust:	\$200,000,000	Stated Maturity Date:	June 6, 2008

Specified Currency:	U.S. Dollars		
Interest Payment Dates:	March 6, June 6, September 6 and December 6 of each year		
Initial Interest Payment Dates:	March 6, 2007		
Regular Record Date:	15 calendar days prior to the Interest Payment Date		
Type of Interest Rate:	<input type="radio"/> Fixed Rate	<input checked="" type="checkbox"/> Floating Rate	
Fixed Rate Notes:	<input type="radio"/> Yes	<input checked="" type="checkbox"/> No.	If, Yes,
Interest Rate:			
Floating Rate Notes:	<input checked="" type="checkbox"/> Yes	<input type="radio"/> No.	If, Yes,
Regular Floating Rate Notes:	<input checked="" type="checkbox"/> Yes	<input type="radio"/> No.	If, Yes,
Interest Rate:	3-Month LIBOR - .055%		
Interest Rate Basis(es):	See below		
Floating Rate/Fixed Rate Note:	<input type="radio"/> Yes	<input checked="" type="checkbox"/> No.	If, Yes,
Floating Interest Rate:			
Interest Rate Basis(es):			
Fixed Interest Rate:			
Fixed Rate Commencement Date:			

Inverse Floating Rate Yes No. If, Yes,

Note:

Fixed Interest Rate:
Floating Interest Rate:
Interest Rate
Basis(es):

Initial Interest Rate, if any: 3-Month LIBOR - .055% determined on the second business day preceding the Original Issue Date.

Initial Interest Reset Date: March 6, 2007

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 (See Attached)

If LIBOR: LIBOR Reuters LIBOR Moneyline Telerate Page 3750

LIBOR Currency: U.S. Dollars

If CMT Rate:

Designated CMT Telerate Page:

If 7052: Weekly Average

Monthly Average

Designated CMT Maturity Index:

Index Maturity: 3-Month

Spread (+/-): - .055%

Spread Multiplier: Not Applicable

Interest Reset Date(s): Each Interest Payment Date

Interest Rate Determination Date(s): The second business day preceding the 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,
 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
Banc of America Securities LLC	\$ 200,000,000
Total:	\$ 200,000,000

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

Purchasing Agent(s)	Principal Amount
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.: 4-54108

Deposit Amount: \$200,000,015

Net Deposit: \$200,000,000

Effective Date: December 6, 2006

Stated Maturity Date: June 6, 2008

Specified Currency: U.S. Dollars

Interest Payment Dates: March 6, June 6, September 6 and December 6 of each year

Initial Interest Payment Date: March 6, 2007

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: 3 Month LIBOR - .055%
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: 3-Month LIBOR - .055% determined on the second business day preceding the Original Issue Date.

Initial Interest Reset Date: March 6, 2007

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: U.S. Dollars LIBOR Moneyline Telerate Page 3750

If CMT Rate:

Designated CMT Telerate Page:
If 7052: Weekly Average Monthly Average
Designated CMT Maturity Index:

Index Maturity: 3-Month

Spread (+/-): - .055%

Spread Multiplier: Not Applicable

Interest Reset Date(s): Each Interest Payment Date

Interest Rate Determination Date(s): The second business day preceding the related 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):

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: December 6, 2006

Additional/Other Terms if any:

