

PRINCIPAL FINANCIAL GROUP INC

Form 424B5

June 14, 2004

Pricing Supplement Dated 06/11/2004  
 (To Prospectus dated March 5, 2004, and  
 Prospectus Supplement dated March 5, 2004)

Filed pursuant to Rule 424(b)(5)  
 Registration Statement No. 333-110499 and  
 333-110499-01  
 CUSIP: 74254PAX0

Principal Life Insurance Company  
 Principal® Life CoreNotes® (Callable)  
 Issued Through  
 Principal Life Income Fundings Trust 2004-16 (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.

**1. The Notes**

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|                            |               |                            |            |
|----------------------------|---------------|----------------------------|------------|
| Principal Amount:          | \$2,712,000.0 | Purchasing Agent Discount: | 1.100%     |
| Issue Price:               | 100.0%        | Original Issue Date:       | 06/16/2004 |
| Net Proceeds to the Trust: | \$2,682,168.0 | Stated Maturity Date:      | 06/15/2010 |

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Interest Payment Dates: The 15th day of every sixth month commencing on 12/15/2004.

Initial Interest Payment Date: 12/15/2004

Regular Record Date: The 1st day of every sixth month commencing on 12/01/2004.

Type of Interest Rate:  Fixed Rate  Floating Rate

Fixed Rate Notes:  Yes  No. If, Yes,

Interest Rate: 4.90%

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:

Initial Interest Rate, if any: N/A

Initial Interest Reset Date: N/A

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*Principal*® is a registered service mark of Principal Financial Services, Inc. and is used under license.  
*CoreNotes*® is a registered service mark of Merrill Lynch & Co.

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

CD Rate  
 Commercial Paper Rate  
 Treasury Rate  
 Other (See Attached)

CMT Rate  
 LIBOR  
 Prime Rate

If LIBOR:  LIBOR Reuters  
 LIBOR: Page  
 LIBOR Currency:

LIBOR Moneyline Telerate Page

If CMT Rate:  
 Designated CMT Telerate Page:

Weekly Average  
 Monthly Average

If 7052:  
 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: N/A  
 Convention:  
 (not applicable unless different than as specified in the prospectus and prospectus supplement)

Discount Note:  Yes  No If, Yes,  
 Total Amount of Discount:  
 Initial Accrual Period of Discount:  
 Additional/Other Terms:

Terms of Survivor's Option:  
 Annual Put Limitation:  \$2,000,000 or 2%;  
 or  
 \$\_\_\_ or \_\_\_%  
 Individual Put Limitation:  \$250,000; or  
 \$\_\_\_

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Trust Put Limitation: x 2%; or \$ \_  
Redemption Provisions:  Yes  No. If, Yes,  
Initial Redemption Date: 06/15/2005  
Redemption:  In whole only and not in part  
 May be in whole or in part  
Any redemption date will be an Interest Payment Date falling on or after  
Additional Other Terms: the Initial Redemption Date  
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): N/A  
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 ( 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  No If yes:

| Purchasing Agent(s) | Principal Amount      |
|---------------------|-----------------------|
| Merrill Lynch       | \$ 2,712,000.0        |
| <b>Total:</b>       | <b>\$ 2,712,000.0</b> |

State of Organization of the Trust: New York

Additional/Other Terms: None

Special Tax Considerations: None

**2. The Funding Agreement**

Funding Agreement Issuer: Principal Life Insurance Company

Funding Agreement No.: 7-06136

Deposit: \$2,712,015.0

Net Deposit: \$2,682,168.0

Effective Date: 06/16/2004

Stated Maturity Date: 06/15/2010

Interest Payment Dates: The 15th day of every sixth month commencing on 12/15/2004

Initial Interest Payment Date: 12/15/2004

Type of Interest Rate:  Fixed Rate  Floating Rate

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

Interest Rate: 4.90%

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:

Initial Interest Rate, if any: N/A

Initial Interest Reset Date: N/A

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

- CD Rate
- Commercial Paper Rate
- Treasury Rate
- Other (See Attached)

If LIBOR:

- LIBOR Reuters Page
- LIBOR Moneyline Telerate Page

LIBOR Currency:

If CMT Rate:

Designated CMT Telerate Page:

If 7052:

- Weekly Average
- 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

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 Funding Agreement:  Yes  No. If, Yes,  
 Total Amount of Discount:  
 Initial Accrual Period of Discount:  
 Additional/Other Terms:

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: 06/15/2005  
 In whole only and not in  
 Redemption: 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. If, Yes,  
 Repayment Date(s):  
 Repayment Price:  
 In whole only and not in  
 Repayment: part  
 May be in whole or in part  
 Additional Other Terms:

Sinking Fund (not applicable unless specified): N/A

Ratings:  
 The Funding Agreement issued under the Program is rated AA by S&P.  
 Principal Life expects the Funding Agreement to be rated Aa3 by Moody's.



Additional/Other Terms: None

Special Tax None

Considerations:

**3. The Guarantee**

Guarantee Issuer: Principal Financial Group, Inc.

Effective Date: 06/16/2004

Additional/ Other Terms: None