

PRINCIPAL FINANCIAL GROUP INC

Form 424B2

August 07, 2006

Pricing Supplement Dated August 3, 2006
 (To Prospectus dated February 16, 2006, and
 Prospectus Supplement dated February 16, 2006)

Filed Pursuant to Rule 424(b)(2)
 Registration Statement Nos. 333-129763
 and 333-129763-01
 CUSIP: 74254PMK5

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

Principal Life Income Fundings Trust 22 (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) | 0% |
| | | Discount: | |
| Issue Price: | 100% | Original Issue Date: | August 10, 2006 |
| Net Proceeds to the Trust: | \$200,000,000 | Stated Maturity Date: | February 11, 2008 |

Specified Currency: U.S. Dollars

Interest Payment Dates: February 10, May 10, August 10 and November 10 of each year; provided, however, that the final interest payment date will be on February 11, 2008 and not on February 10, 2008

Initial Interest Payment Dates: November 10, 2006

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:

Floating Rate Notes: Yes No. If, Yes,

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

Interest Rate: 3-Month LIBOR -.055%

Interest Rate Basis(es): See below

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: 3-Month LIBOR - .055% determined on the second London Banking Day preceding the Original Issue Date.

Initial Interest Reset Date: November 10, 2006

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

- | | |
|---------------------------------------------------|------------------------------------------------------------|
| <input type="radio"/> CD Rate | <input type="radio"/> Commercial Paper Rate |
| <input type="radio"/> CMT Rate | <input type="radio"/> Eleventh District Cost of Funds Rate |
| <input type="radio"/> Constant Maturity Swap Rate | <input type="radio"/> Federal Fund Open Rate |
| <input checked="" type="radio"/> LIBOR | <input type="radio"/> Federal Funds Rate |
| <input type="radio"/> EURIBOR | <input type="radio"/> Treasury Rate |
| <input type="radio"/> Prime Rate | <input type="radio"/> 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 London Banking 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 |
|-----------------------|------------------|
| Barclays Capital Inc. | \$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 Trust: New York

Additional/Other Terms:

Special Tax Considerations:

2. The Funding Agreement

Funding Agreement Issuer: Principal Life Insurance Company

Funding Agreement No.: 6-13717

Deposit Amount: \$200,000,015

Net Deposit: \$200,000,000

Effective Date: August 10, 2006

Stated
Maturity
Date: February 11, 2008

Specified
Currency: U.S. Dollars

Interest
Payment
Dates: February 10, May 10, August 10 and November 10 of each year ; provided, however, that the final interest payment date will be on February 11, 2008 and not on February 10, 2008.

Initial
Interest
Payment
Date: November 10, 2006

Type of
Interest
Rate: o Fixed Rate x 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 London Banking Day preceding the Original Issue Date.

Initial Interest Reset Date: November 10, 2006

Interest Rate Basis(es). check all that apply

- | | |
|---------------------------------------------------|------------------------------------------------------------|
| <input type="radio"/> CD Rate | <input type="radio"/> Commercial Paper Rate |
| <input type="radio"/> CMT Rate | <input type="radio"/> Eleventh District Cost of Funds Rate |
| <input type="radio"/> Constant Maturity Swap Rate | <input type="radio"/> Federal Funds Open Rate |
| <input checked="" type="radio"/> LIBOR | <input type="radio"/> Federal Funds Rate |
| <input type="radio"/> EURIBOR | <input type="radio"/> Treasury Rate |
| <input type="radio"/> Prime Rate | <input type="radio"/> Other (See Attached) |

If LIBOR: LIBOR Reuters Page 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 London Banking 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 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: August 10, 2006

Additional/Other Terms: