

Principal Life Income Fundings Trust 39  
 Form 424B2  
 June 27, 2008

Pricing Supplement Dated June 25, 2008

Filed pursuant to Rule 424(b)(2)

(To Prospectus dated November 21, 2007, and  
 Prospectus Supplement dated November 21, 2007)

Registration Statement Nos. 333-147181 and  
 333-147181-01

CUSIP: 74254PZD7

**Principal Life Insurance Company  
 Secured Medium-Term Notes (that are also Asset-Backed Securities)  
 Issued Through and Obligations of  
 Principal Life Income Fundings Trust 39 (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:	\$43,000,000	Purchasing Agent(s) Discount:	0.06%
Issue Price:	100%	Original Issue Date:	July 2, 2008
Net Proceeds to the Trust:	\$42,974,200	Stated Maturity Date:	December 15, 2010

---

Specified Currency:	U.S. Dollars		
Interest Payment Dates:	March 15, June 15, September 15 and December 15 of each year		
Initial Interest Payment Date:	September 15, 2008		
Regular Record Date:	15 calendar days prior to the Interest Payment Date		
Type of Interest Rate:	<input type="radio"/> Fixed Rate <input checked="" type="radio"/> Floating Rate		
Fixed Rate Notes:	<input type="radio"/> Yes	<input checked="" type="radio"/> No.	If, Yes,
Interest Rate:			
Floating Rate Notes:	<input checked="" type="radio"/> Yes	<input type="radio"/> No.	If, Yes,

Edgar Filing: Principal Life Income Fundings Trust 39 - Form 424B2

Regular Floating Rate Notes:       Yes               No.              If, Yes,  
Interest Rate:                              3-Month LIBOR + .80%  
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 + .80% determined on the second business day preceding  
the Original Issue Date.

Initial Interest Reset Date:        September 15, 2008

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 Screen Page: LIBOR01  
LIBOR Currency: U.S. Dollars

If CMT Rate:

Designated Reuters Page:

If FEDCMT:         Weekly Average         Monthly Average

Designated CMT Maturity Index:

Index Maturity:        3-month

Spread (+/-):        + .80%

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

Edgar Filing: Principal Life Income Fundings Trust 39 - Form 424B2

(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,  
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:

Edgar Filing: Principal Life Income Fundings Trust 39 - Form 424B2

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 Agents Purchasing Notes as  Yes  No. If, Yes:  
 Principal:

<u>Purchasing Agent(s)</u>	<u>Principal Amount</u>
Barclays Capital Inc.	\$ 43,000,000
Total:	
	\$ 43,000,000

Purchasing Agents Purchasing Notes as  Yes  No. If, Yes:  
 Principal:

<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.: 6-15527

Deposit Amount: \$43,000,015

Net Deposit: \$42,974,200

Effective Date: July 2, 2008

Stated Maturity Date: December 15, 2010

Specified Currency: U.S. Dollars

Interest Payment Dates: March 15, June 15, September 15 and December 15 of each year

Initial Interest Payment Date: September 15, 2008

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 + .80%

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 + .80% determined on the second business day preceding the Original Issue Date.

Initial Interest Reset Date: September 15, 2008

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 checked="" type="radio"/> LIBOR | <input type="radio"/> Federal Funds Open 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 Screen Page: LIBOR01  
LIBOR Currency: U.S. Dollars

If CMT Rate:

Designated CMT Reuters Page:

If FEDCMT:  Weekly Average  Monthly Average

Designated CMT Maturity Index:

Index Maturity: 3-Month

Spread (+/-): + .80%

Edgar Filing: Principal Life Income Fundings Trust 39 - Form 424B2

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: July 2, 2008

Additional/Other Terms if any: