|  |  |
| --- | --- |
| Pricing Supplement Dated 5/19/2008 | Filed pursuant to [X] Rule 424(b)(2) [ ] Rule 424(b)(5) |
| (To Prospectus dated November 21, 2007, and | Registration Statement No. 333-147181 and |
| Prospectus Supplement dated November 21, 2007) | 333-147181-01 |

CUSIP: 74254PXB3



(PRINCIPAL

FINANCIAL

GROUP LOGO)

Principal Life Insurance Company

Principal® Life (Callable) (That are also Asset-Backed Securities) Issued Through and Obligations of

Principal Life Income 2008-40 (the "Trust" and "Issuing Entity")

The description of this pricing supplement of the particular terms of the Principal® Life 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: | TBD | Purchasing Agent Discount: | 1.200% |
| Issue Price: | 100.0% | Original Issue Date: | 5/29/2008 |
| Net Proceeds to the Trust: | TBD | Stated Maturity Date: | 5/15/2015 |
|  |  |  |  |
| Interest Payment Dates: | The 15th day of every sixth month commencing on 11/15/2008 |  |
| Initial Interest Payment Date: | 11/15/2008 |  |  |  |
| Regular Record Date: | 15 calendar days prior to the Interest Payment Date |  |
| Type of Interest Rate: | [X] Fixed Rate | [ ] Floating Rate |  |  |
| Interest Rate: | 5.50% |  |  |  |
| Discount Note: | [ ]Yes | [X] No |  |  |
| Terms of Survivor’s Option: |  |  |  |  |
| Annual Put Limitation: |  | [X] $2,000,000 or 2%; or |  |
|  |  |  | [ ] $\_\_\_\_\_\_\_ or \_\_% |  |  |
| Individual Put Limitation: |  | [x] $250,000; or |  |  |
|  |  |  | [ ] $\_\_\_\_\_\_ |  |  |
| Trust Put Limitation: |  | [X] 2%; or |  |  |
|  |  |  | $\_\_\_\_\_\_ |  |  |
| Redemption Provisions: | [X]Yes | [ ] No. | If Yes, |  |
| Initial Redemption Date: | 11/15/2009 |  |  |  |
| Redemption: | [X] In whole only and not in 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 | [X] No. |  |  |
| Authorized Denominations: | $1,000 |  |  |  |
|  |  |  |  |  |  |

*“Principal®” is a registered service mark of Principal Financial Services, Inc. and is used under license.*

*“ registered service mark of Merrill Lynch & Co.*



Ratings:

The Notes issued under the Program are rated AA by Standard & Poor’s (“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

[X] Yes

[ ] No

If Yes,

Principal:

|  |  |  |
| --- | --- | --- |
| **Purchasing Agent(s)** |  | **Principal Amount** |
|  |  |  |
| Merrill Lynch |  | TBD |
|  |  |  |
| Total: |  | *TBD* |
|  |  |  |

|  |  |  |
| --- | --- | --- |
| State of Organization of the | New York |  |
| Trust: |  |  |
| Additional/Other Terms: | None |  |
| **2. The Funding Agreement** |  |  |
|  |  |  |  |
| Funding Agreement Issuer: | Principal Life Insurance Company |
| Funding Agreement No.: | 7-9753 |  |
| Deposit: | $15.0 |  |
| Net Deposit: | TBD |  |
| Effective Date: | 5/29/2008 |  |
| Stated Maturity Date: | 5/15/2015 |  |
| Interest Payment Dates: | The 15th day of every sixth month commencing on 11/15/2008 |
| Initial Interest Payment Date: | 11/15/2008 |  |
| Type of Interest Rate: | [X] Fixed Rate | [ ] Floating Rate |
| Interest Rate: | 5.50% |  |
| Discount Funding Agreement: | [ ]Yes | [X] No |
| Terms of Survivor’s Option: |  |  |
|  | Annual Put Limitation: |  | [X] $2,000,000 or 2%; or |
|  |  |  |  | [ ] $\_\_\_\_\_\_\_ or \_\_% |
|  | Individual Put Limitation: |  | [x] $250,000; or |
|  |  |  |  | [ ] $\_\_\_\_\_\_ |
|  | Trust Put Limitation: |  | [X] 2%; or |
|  |  |  |  | $\_\_\_\_\_\_ |

Redemption:

Initial Redemption Date:

Redemption:

Additional Other Terms:

[X]Yes [ ] No. If Yes,

11/15/2009

[X] 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 the Initial Redemption

Date

Repayment:

[ ]Yes

[X] No.

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: | None |
| **3. The Guarantee** |  |
|  |  |  |  |
| Guarantee Issuer: | Principal Financial Group, Inc. |
| Effective Date: | 5/29/2008 |
| Additional/Other Terms: | None |