

IEM PROSPECTUS: CDU_Wahl

The Stock Exchange for the Selection of the New CDU chairman

At 16:00 German time on Thursday 09 April, 2000 the Iowa Electronic Market (IEM) in collaboration with the German Election Markets Workgroup (GEMW) and TeleBoerse, will open trading in a market based on the selection of the new chairman of the Christian Democratic Union party in Germany, to be made on 10 April, 2000.

Contract liquidation values in this Chairman winner market will be determined by the outcome of the CDU Chairman selection process. Initially, five contracts will trade in this market, four representing specific candidates and the fifth representing all candidates for the chairmanship except for these four. The liquidation values of each contract will be determined as 1.00 Euro for the contract representing the election winner, and 0.00 Euros for all other contracts.

This document describes that market and should be viewed as a supplement to the IEM Trader's Manual. Except as specified in this prospectus, trading rules for this market are the same as those specified in the Trader's Manual for the Iowa Electronic Market.

CONTRACTS

The initial financial contracts traded in this market are as follows:

Symbol	Contract Name
Biedenkopf	1 Euro if Kurt Biedenkopf becomes the next CDU Chairman, 0 Euros otherwise
Merkel	1 Euro if Angela Merkel becomes the next CDU Chairman, 0 Euros otherwise
Ruettgers	1 Euro if Juergen Ruettgers becomes the next CDU Chairman, 0 Euros otherwise
Ruehe	1 Euro if Volker Ruehe becomes the next CDU Chairman, 0 Euros otherwise
CDUSonst	1 Euro if no person separately listed becomes the next CDU Chairman, 0 Euros otherwise

The contract Biedenkopf represents the outcome that Kurt Biendenkopf is selected as the new chairman of the CDU party. Similarly the contracts Merkel, Ruettgers and Ruehe represent the respective outcomes that those candidates are the winners of the CDU Chairman selection process. The contract CDUSonst represents the outcome that the new chairman is some individual who is not specifically identified by a listed contract.

The IEM, GEMW and TeleBoerse reserve the right to spin off new contracts from the CDUSonst contract at any time. If a new candidate should emerge with sufficient viability (as judged by the GEMW), then a new contract will be created to represent this new candidate and it will be introduced as a spin-off of the CDUSonst contract. Specifically, each share held in an original CDUSonst contract will be replaced by two shares, one in the new, candidate-specific contract and one in a continuing but revised CDUSonst contract. Accordingly, no holder of the pre-spinoff contracts will be adversely affected. Decisions to spin-off a contract will be announced at least two days in advance of the spin-off. The new contract names, the

specifications regarding liquidation values and the timing of the spin-off will be included in the announcement. This announcement will appear as a News Bulletin on your WebEx login screen. All limit orders to buy or to sell CDUSonstig will be canceled just prior to the spinoff.

DETERMINATION OF LIQUIDATION VALUES

This is an Election Winner market. A contract will earn a post-selection liquidation value of 1.00 Euro if a candidate represented by that contract is selected as the new CDU Party chairman; if no candidate associated with that contract is selected as the new chairman, the value of the contract will be 0.00 Euros. The Homepage of the German Christian Democratic Party will be the official sources for election results. Specifically, the outcome of the CDU Chairmanship selection process reported by the homepage after the new Chairman is selected will be taken as the official outcome for determination of liquidation. In the case that there should be no election of a new chairman at all on the CDU party conference in April all initial investments will be paid back.

MARKET CLOSING

This market will close at 24:00 German time on Sunday, 9 April in anticipation of the CDU Chairman selection process the next day. Contract liquidations will be made on or about 13 April, after the official election results (as described above) become known. Proceeds from these liquidations will be credited to the cash accounts of market participants, and transfers for the resulting balance in those accounts to the bank account of the trader will be executed as soon as possible thereafter.

UNIT PORTFOLIOS

Bundles, or unit portfolios, consisting of one share of each of the contracts in this market can be purchased from or sold to the IEM system at any time. The price of such bundles is 1.00 Euro. Since contract liquidation values are determined as 1.00 Euro for the contract representing the winner and 0.00 Euros for all other contracts, the total of the liquidation values earned by all the contracts in a bundle will be exactly 1.00 Euro, the same as the original price of the bundle. Thus, the IEM system will neither make nor lose money on the sale or repurchase of these bundles.

To buy or sell unit portfolios from the system, use the "Market Orders" option from the Trading Console and select the Vors_CDU bundle.

MARKET ACCESS

Access to the Vors CDU market is restricted to IEM traders who specifically register for the Vors CDU market. Investment deposits are in Euros and must be in the range of 5.00 to 500.00 Euros. Additions to your investment account, up to the 500 Euro limit, can be made at any time. Withdrawals are not permitted until after the market closes in April, 2000. To register, go to the on-line enrollment page at <http://iemweb.biz.uiowa.edu/signup/german/>