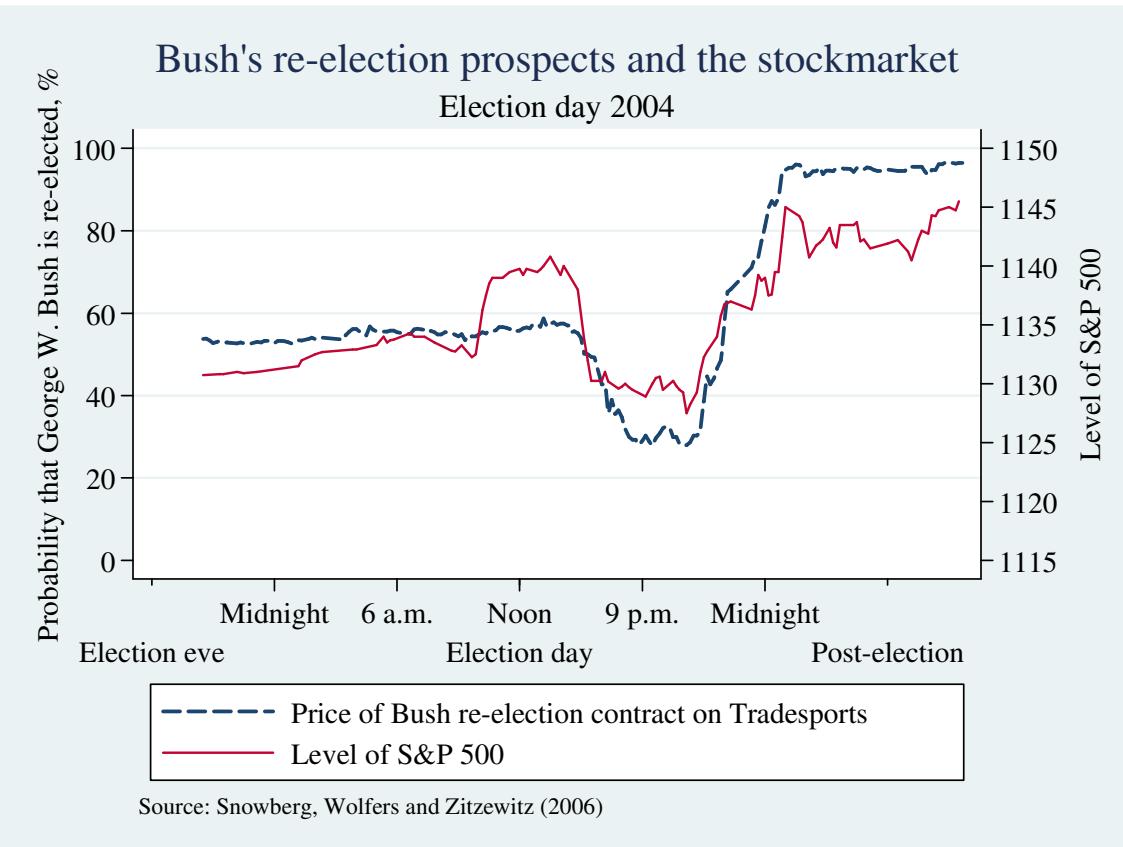


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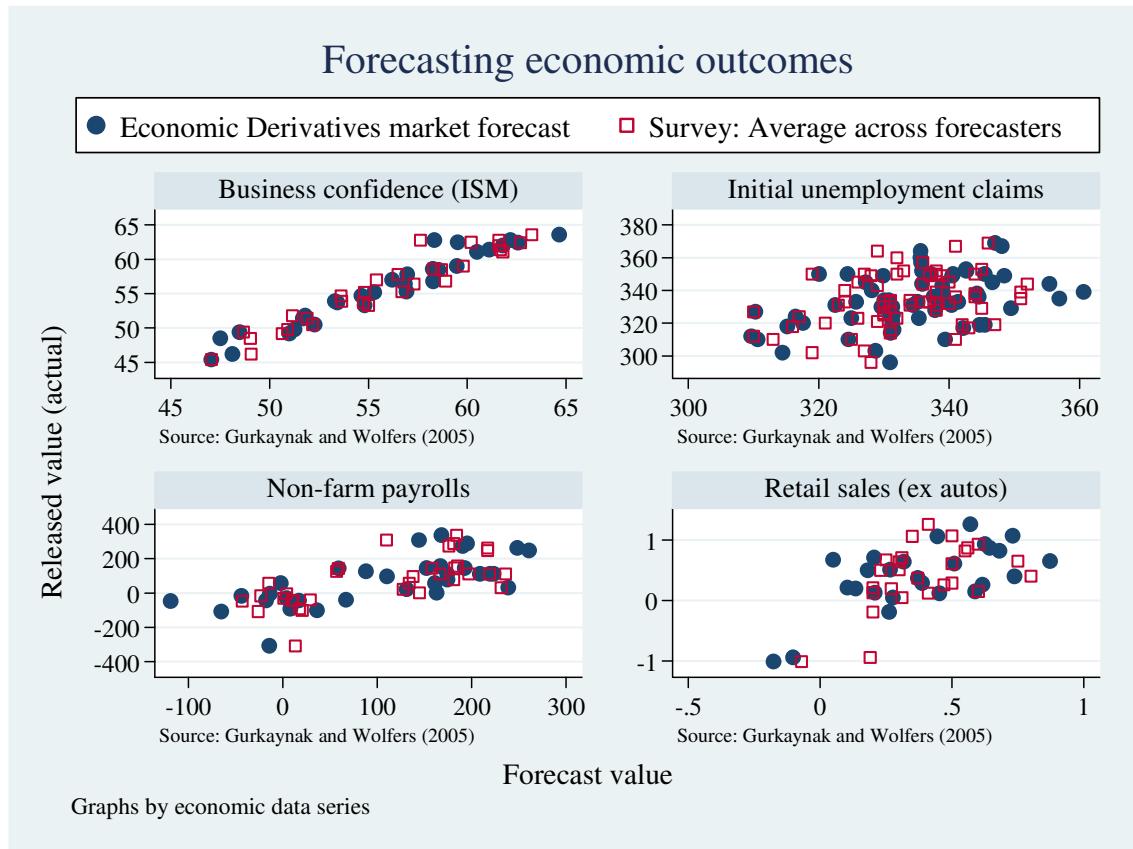
**Table 1: Contract Types: Estimating Uncertain Quantities or Probabilities**

Contract	Details	Example	Reveals market expectation of...	More general application
Binary option	Contract costs \$ $p$ Pays \$1 if and only if event $x$ occurs.	Event $x$ : George Bush wins the popular vote	Probability that event $y$ occurs, $p(x)$ .	Defining many events, $x_1, x_2, \dots, x_n$ reveals probability distribution $F(x)$ .
Index futures	Contract pays \$ $x$ .	Contract pays \$1 for every percentage point of the popular vote won by George Bush	Mean value of outcome $x$ : $E[x]$	Contract pays some function of $x$ : $\$g(x)$ .
Spread betting	Contract costs \$1 Pays \$2 if $x > x^*$ Pays \$0 otherwise. Bid according to the value of $x^*$ .	Contract pays even money if Bush wins more than $x^*$ % of the popular vote.	Median value of outcome, $x$ .	\$1 contract pays $\$(1/q)$ if $x > x^*$ . Reveals specific quantile, $F_{1-q}(x)$ .

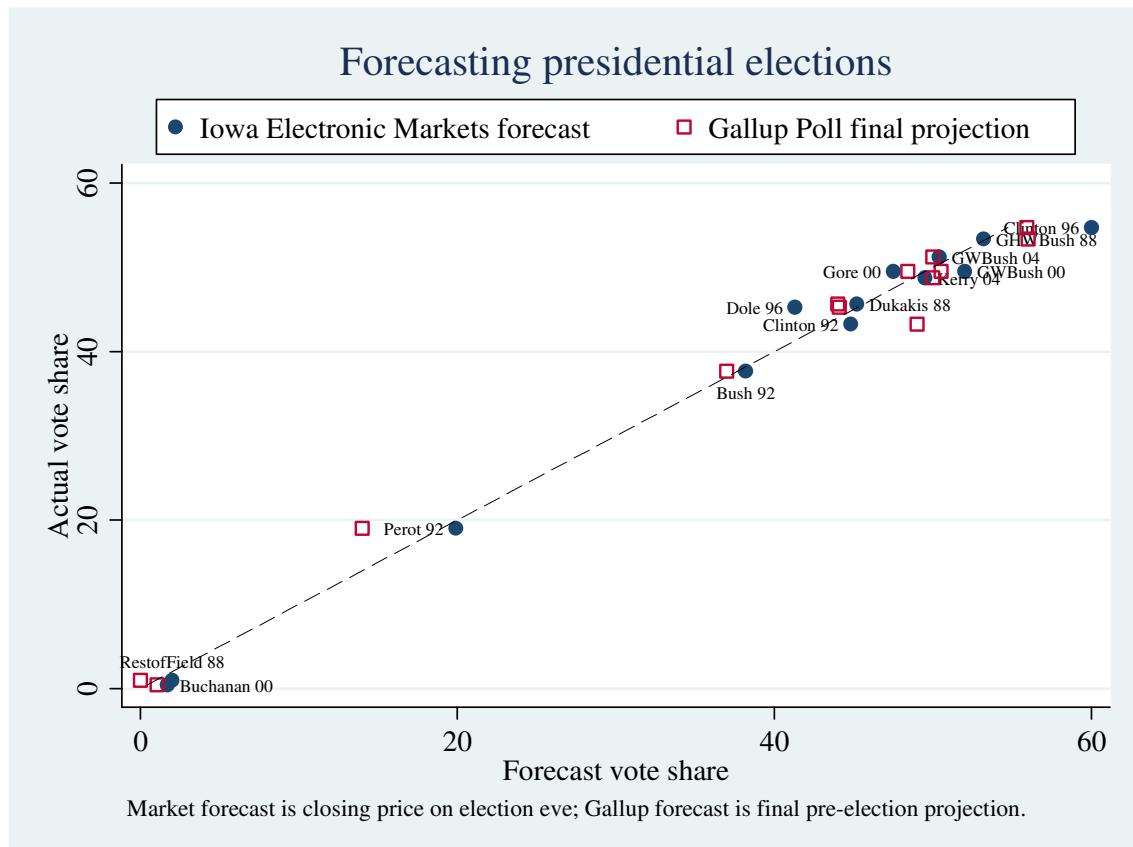
**Figure 1: 2004 Election**



**Figure 2**



**Figure 3**



Market forecast is closing price on election eve; Gallup forecast is final pre-election projection.