

**Business Decision Analytics under Uncertainty
Fall 2017, Professor Eckstein
Homework 1**

Due Wednesday, September 20

Q1: Options Strategy

Problem 12(a) on page 66 of the textbook. Show your work, including a completed decision tree. State the optimal policy and its EMV. You may ignore part (b).

Q2: Farming

Problem 3 on page 72 of the textbook, **with the following changes: the cost of the forecast is only \$200, and the profit from wheat in a cold year is \$6000.** Show your work, including a completed decision tree. State the optimal policy and its EMV. Calculate the EVSI and EVPI, showing your work.

Q3: Movie Production

Problem 5 on page 72 of the textbook. Show your work, including a completed decision tree. State the optimal policy and its EMV. Calculate the EVSI and EVPI, showing your work.