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.