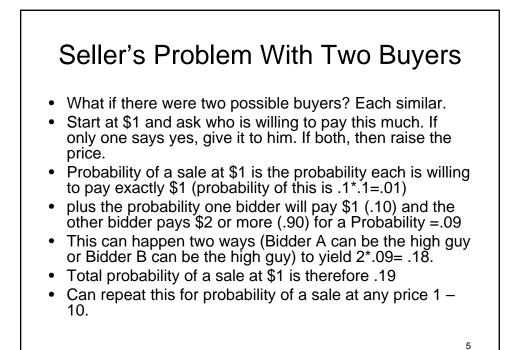


A seller's problem				
Take it or leave it Price	Probability of Sale	Average Earnings		
1	1	1		
2	.9 (=Prob [Value >1])	1.8		
3	.8 (=Prob [Value >2])	2.4		
4	.7	2.8		
5	.6	3		
6	.5	3		
7	.4 2.8			
8	.3	2.4		
9	.2	1.8		
10	.1	1		



Seller's Problem				
Current Price	Probability of Sale at this price	Average Revenue at each bid price	Cumulative average revenue as bid price rises	
1	.19	.19	.19	
2	=.1*.8*2+.01=.17	.34	.53 (=.34+19)	
3	=.1*.7*2+.01=.15	.45(=.15*3)	.98(=.45+.53)	
4	=.1*.6*2+.01=.13	.52	1.5	
5	=.1*.5*2+.01=11	.55	2.05	
6	=.1*.4*2+.01=.09	.54	2.59	
7	=.1*.3*2+.01=.07	.49	3.08	
8	=.1*.2*2+.01=.05	.40	3.48	
9	.03	.27	3.75	
10	=.1*.1=.01	.10	3.85 ⁶	

