

Spring 2012 Final

All B

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$$T_c = .20, T_e = .10, T_i = .25$$

$$E(T_c): 0 - 200,000 \quad E(T_c) = .2$$

$$200k - 500k: E(T_c) = .55 \overset{\times 18}{(.2)} \overset{\times 3}{=} .11$$

$$500k - 900k: E(T_c) = .25 \overset{\times 4}{(.2)} = .05$$

$$200 - 500k: T^* = 1 - \frac{(1 - .11)(1 - .1) \overset{+6}}{1 - .25 \overset{+6}} = 1 - 1.068 = -.068$$

$$0 - 200k: T^* = 1 - \frac{(1 - .25)(1 - .1) \overset{+6}}{(1 - .25) \overset{+6}} = 1 - .96 = +.04$$

⇒ optimal = 200k + 2