

Lect 3 - Example 2

Q S_1 S_2

D_1 20 -15

$$x = 5$$

D_2 x x

$$H = C_{opt} 20 + (1 - C_{opt}) x(-15)$$

$$= C_{opt} 5 + (1 - C_{opt}) x 5 = 5$$

$$20x - 15(1-x) = 5$$

$$20x - 15 + 15x = 5$$

$$35x = 20$$

$$x = \frac{20}{35} = \frac{4}{7} = 0.5714$$