Names\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

You want to sell weekly placements of ads on your website. You have three slots, call them S1, S2, and S3, where you will display the ads. From past experience, you know that the ad in S1 will get 500 clicks per week, S2 will get 300 clicks per week, and S3 will get 100 clicks per week. (For simplicity, we'll assume you don't want to run the same ad in two different spots, that the number of clicks per week is constant and independent of the ad, and that you're running the same ad in each spot for the entire week.)  
  
Ten advertisers, A1, A2, ... A10, who want to advertise on your site. You decide to use VCG to determine whose ads are placed in each slot and what rate to charge them.  
  
You ask each advertiser to make a bid of how much they are willing to pay per click. We will assume that they are willing to pay for any of the slots. The bids you get back are:  
  
A1: $.50  
A2: $.40  
A3: $.30  
A4: $.20  
A5: $.10

A6: $.09

A7: $.09

A8: $.08

A9: $.08

A10: $.05

You know who should win, but what should they pay?

List three possible choices for what they pay.

1.

2.

3.

**VCG**

You decide to use VCG to determine whose ads are placed in each slot and what rate to charge them. Consider the number of clicks per slot.

How much should A1 pay?