

Consumer Electronics Company A consumer electronics company is considering developing one of two products. In Exercises 7–10, use a decision tree to decide which model the company should develop. (See Examples 3 and 4.)

7. **Laptop A:** Cost of development: \$8 million

Laptop B: Cost of development: \$10 million



Projected Sales	
Probability	Net sales (in millions)
10%	\$16
70%	\$12
20%	\$6

Projected Sales	
Probability	Net sales (in millions)
30%	\$18
50%	\$14
20%	\$8

8. **MP3 Player A:**

Cost of development: \$5 million

MP3 Player B:

Cost of development: \$3 million

Projected Sales	
Probability	Net sales (in millions)
20%	\$10
60%	\$8
20%	\$2

Projected Sales	
Probability	Net sales (in millions)
40%	\$6
40%	\$5
20%	\$1



9. **E-reader A:** Cost of development: \$3 million

E-reader B: Cost of development: \$4 million



Projected Sales	
Probability	Net sales (in millions)
20%	\$10
45%	\$6
25%	\$5
10%	\$0.5

Projected Sales	
Probability	Net sales (in millions)
10%	\$12
40%	\$10
30%	\$4
20%	\$1

10. **Camera A:**

Cost of development: \$5 million

Camera B:

Cost of development: \$3.5 million

Projected Sales	
Probability	Net sales (in millions)
10%	\$13
30%	\$10
20%	\$8
25%	\$6
15%	\$2

Projected Sales	
Probability	Net sales (in millions)
20%	\$10
35%	\$7.5
25%	\$5.5
10%	\$3.5
10%	\$0.5

