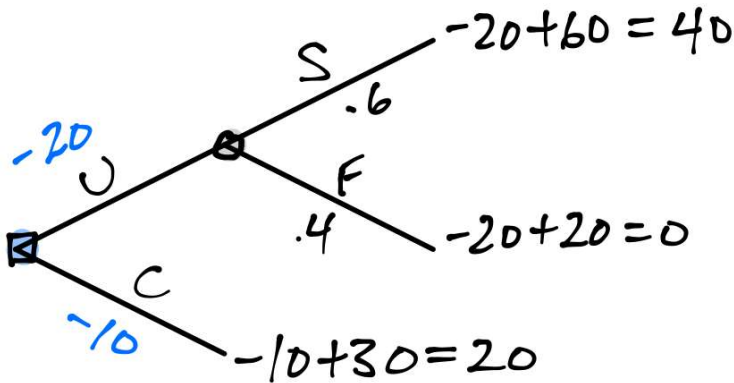


E: Computing upgrade - Solution

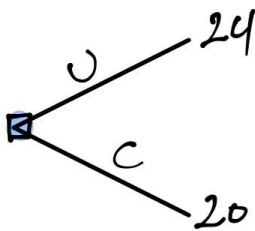
Initial decision tree:



Evaluating the right-most node:

$$EV = 0.6 * 40 + 0.4 * 0 = 24$$

Updating the tree:



Evaluating the last node:

Action U is best
 EV of the payoff is \$24M