

1. *The Game of Morra.* Two players simultaneously throw out one or two fingers and call out their guess as to what the total sum of the outstretched fingers will be. If a player guesses right, but his opponent does not, he receives payment equal to his guess. In all other cases, it is a draw.
  - (a) List the pure strategies for this game.
  - (b) Write down the payoff matrix for this game.
  - (c) Formulate the row player's problem as a linear programming problem. (*Hint: Recall that the row player's problem is to minimize the maximum expected payout.*)
  - (d) What is the value of this game?
  - (e) Find the optimal randomized strategy.
2. *Heads I Win—Tails You Lose.* In the classical coin-tossing game, player A tosses a fair coin. If it comes up heads player B pays player A \$2 but if it comes up tails player A pays player B \$2. As a two-person zero-sum game, this game is rather trivial since neither player has anything to *decide* (after agreeing to play the game). In fact, the matrix for this game is a  $1 \times 1$  matrix with only a zero in it, which represents the expected payoff from player A to B.

Now consider the same game with the following twist. Player A is allowed to peek at the outcome and then decide either to stay in the game or to bow out. If player A bows out, then he automatically loses but only has to pay player B \$1. Of course, player A must inform player B of his decision. If his decision is to stay in the game, then player B has the option either to stay in the game or not. If she decides to get out, then she loses \$1 to player A. If both players stay in the game, then the rules are as in the classical game: heads means player A wins, tails means player B wins.

- (a) List the strategies for each player in this game. (*Hint: Don't forget that a strategy is something that a player has control over.*)
- (b) Write down the payoff matrix.
- (c) A few of player A's strategies are uniformly inferior to others. These strategies can be ruled out. Which of player A's strategies can be ruled out?
- (d) Formulate the row player's problem as a linear programming problem. (*Hints: (1) Recall that the row player's problem is to minimize the maximum expected payout. (2) Don't include rows that you ruled out in the previous part.*)
- (e) Find the optimal randomized strategy.
- (f) Discuss whether this game is interesting or not.