

Compensation Worksheet #1

October 19, 2018

2 Points

Circle one name.

Name: Solutions Name: _____ Name: _____

Timbaland, Jay-Z, and Lenny Kravitz want the last bottle of Ace of Spades. Timbaland is willing to pay \$13,500, Jay-Z thinks the bottle is worth \$12,000, and Lenny values the bottle at \$9,000. The other partygoers vote for Timbaland to win, and he decides to pay Jay-Z and Lenny \$4,500 each. Calculate the following.

1. $N = 3$

2. $b_{\text{Jay-Z}} = \$12,000$

3. $b_{\text{Lenny}} = \$9,000$

4. $b_{\text{Timbaland}} = \$13,500$

5. $m = \$11,500 \rightarrow \frac{\$13,500 + \$12,000 + \$9,000}{3} = \frac{\$34,500}{3}$

6. Timbaland's fair share $= \$4,500 \rightarrow \frac{\$13,500}{3}$

fair share: $\frac{b_{\text{person}}}{N}$

7. Jay-Z's fair share $= \$4,000 \rightarrow \frac{\$12,000}{3}$

8. Lenny's fair share $= \$3,000 \rightarrow \frac{\$9,000}{3}$

9. $h = \$13,500$ (Timbaland)

10. $w = \$13,500$ (Timbaland)

11. $x_{\text{Jay-Z}} = \$4,500$ (all cash)

12. $x_{\text{Lenny}} = \$4,500$ (all cash)

13. $x_{\text{Timbaland}} = \$4,500 \rightarrow \begin{matrix} \$13,500 & - & \$4,500 & - & \$4,500 \\ \uparrow & & \uparrow & & \uparrow \\ \text{Value of} & & \text{payment} & & \text{payment} \\ \text{item won} & & \text{to Jay-Z} & & \text{to Lenny} \\ \text{(to Timbaland)} & & & & \end{matrix}$