	Exponential Utility R			
	1000	200,000	1M	Risk Neutral
Settlement Offer	12,400,000	12,400,000	12,400,000	12,400,000
Pursue Suit	1,625	325,113	1,613,858	20,630,000
Embedded Nash	22,432	2,359,000	8,319,200	59,223,000

Certainty Equivalents

Table 1

	Log Utility	Power -1	Linear
Settlement Offer	972,600	972,600	972,600
Pursue Suit	57,034	12,364	750,621
Observed Payout	420,973	27,444	1,233,758

Equivalent consumption per year for 65 years

Table 2

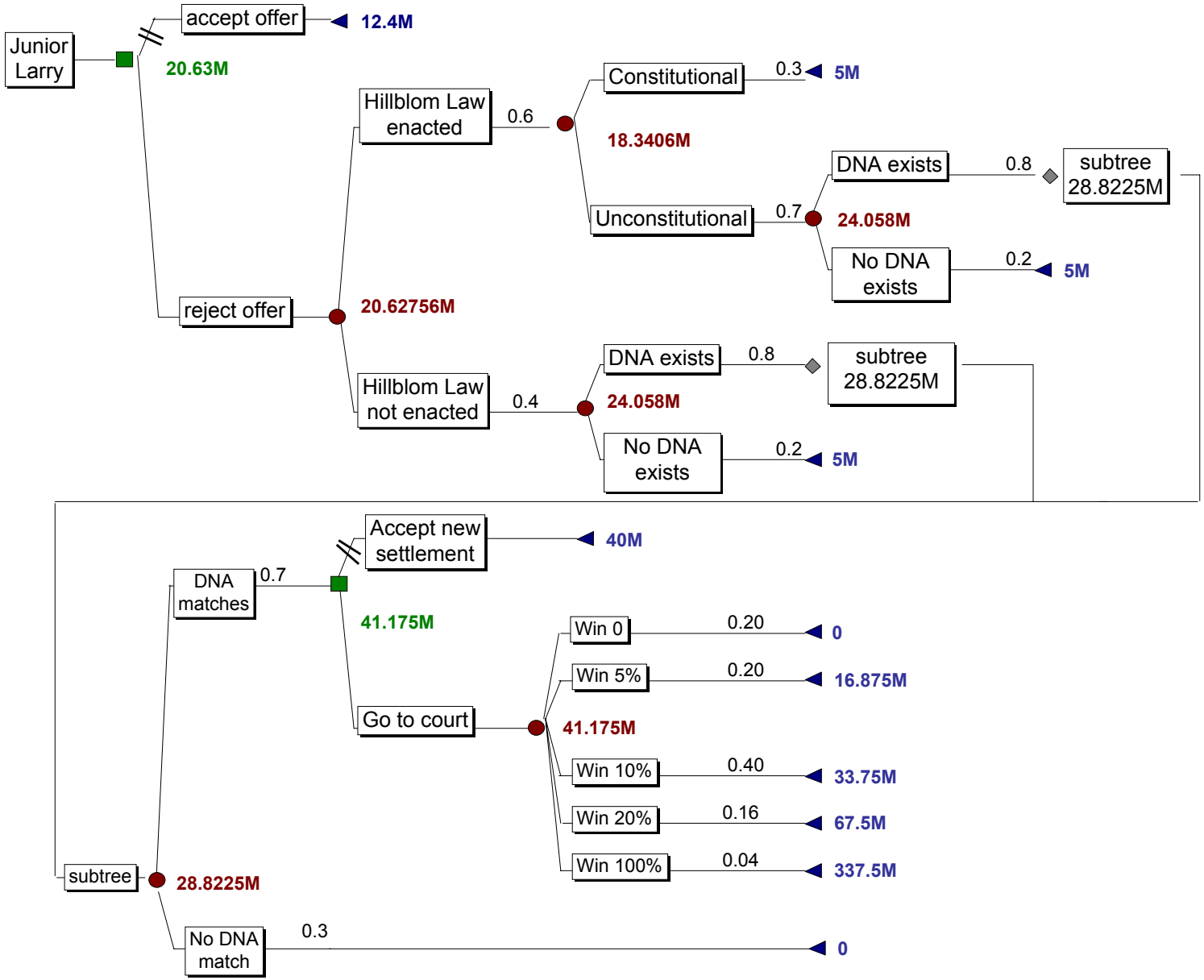
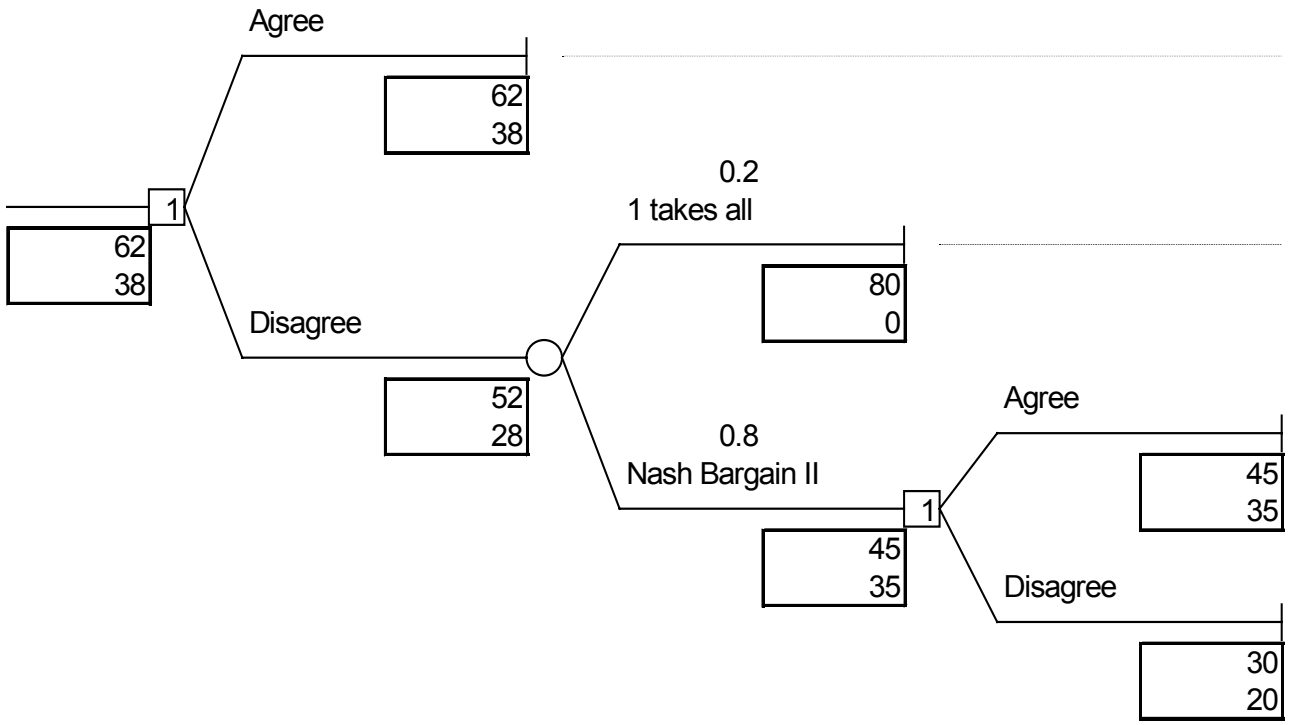

Junior Larry
accept offer
12.4M
20.63M
reject offer
Hillblom Law enacted
0.6
Constitutional
0.3
5M
18.3406M
Unconstitutional
0.7
DNA exists
0.8
subtree 28.8225M
24.058M
No DNA exists
0.2
5M
20.62756M
Hillblom Law not enacted
0.4
DNA exists
0.8
subtree 28.8225M
24.058M
No DNA exists
0.2
5M
Accept new settlement
40M
DNA matches
0.7
41.175M
Go to court
Win 0
0.20
0
Win 5%
0.20
16.875M
41.175M
Win 10%
0.40
33.75M
Win 20%
0.16
67.5M
Win 100%
0.04
337.5M
subtree
28.8225M
No DNA match
0.3
0

Figure 1

Figure 2: Embedded Nash Bargaining Example



Example: The top number in the box below each node represents the payoff to the first bargainer, and the lower number represents the payoff to the second bargainer. In the first stage there are 100 units to be divided. Disagreement at the first stage leads to a loss of 20 units, leaving 80 to be divided. Disagreement at the second stage leads to an additional loss of 30 units, leaving 50 divided in the disagreement point.

Figure 3: Embedded Nash Bargaining (Risk Neutral Case)

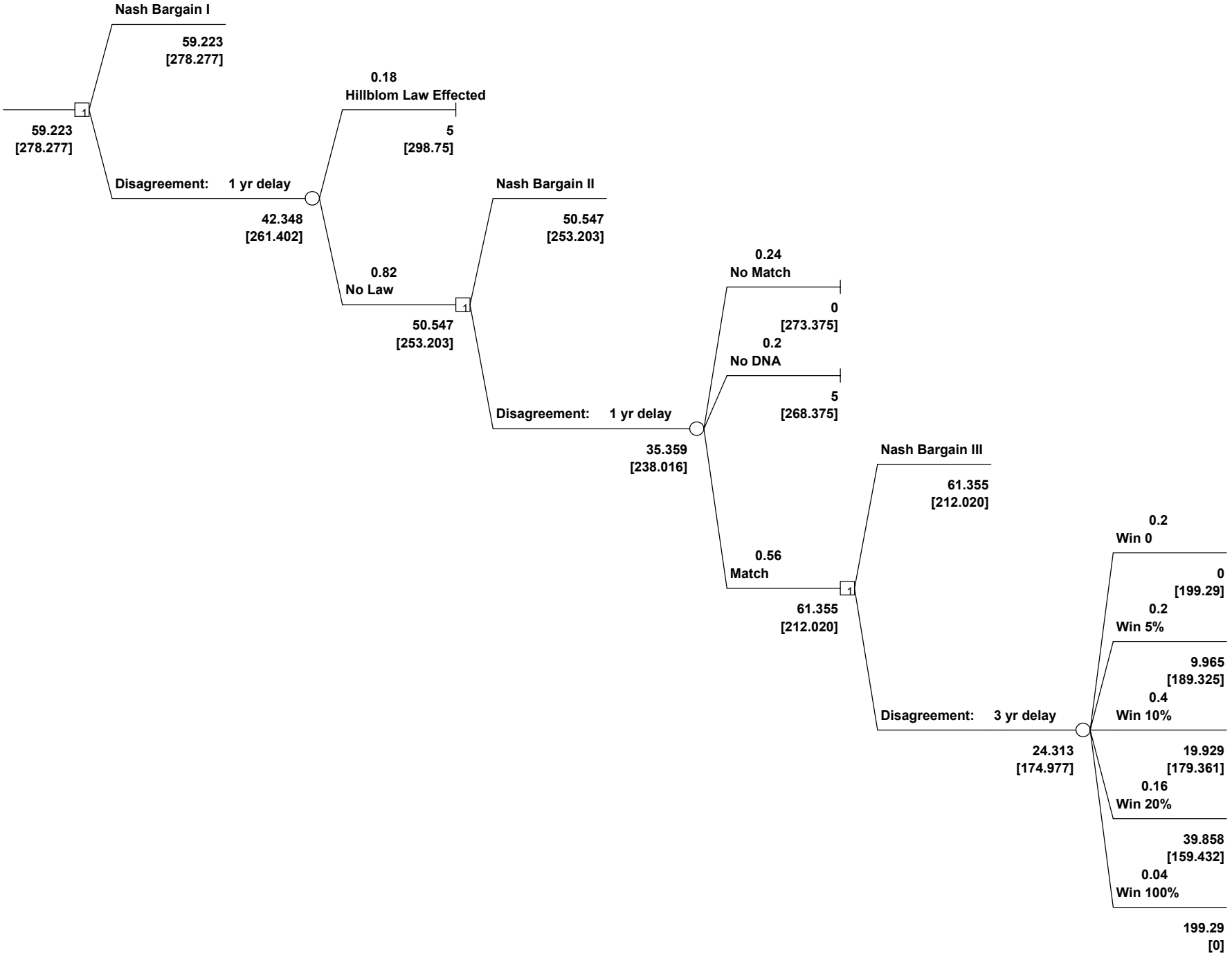
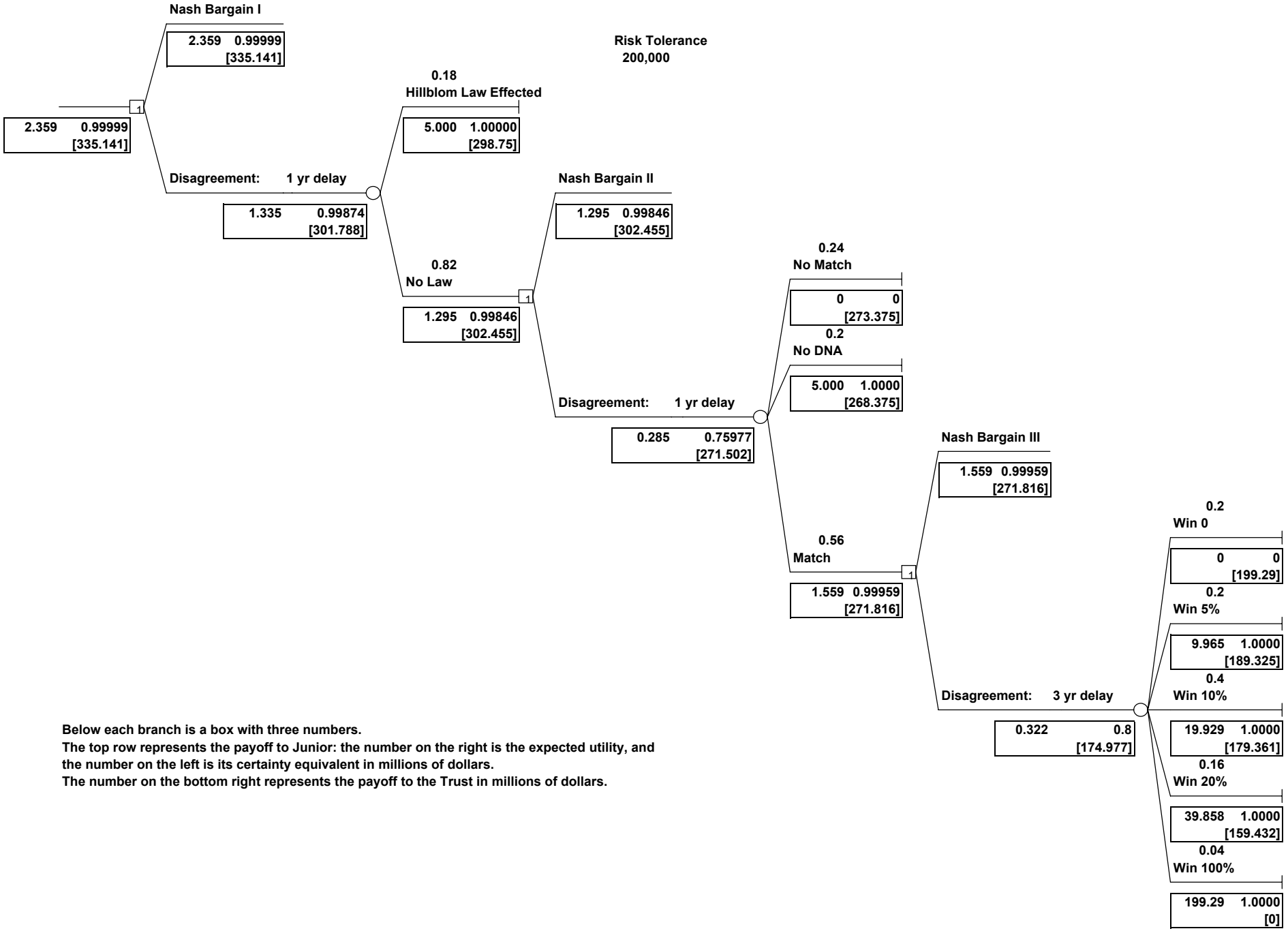


Figure 4: Embedded Nash Bargaining (Exponential Utility Case)



Below each branch is a box with three numbers.
The top row represents the payoff to Junior: the number on the right is the expected utility, and the number on the left is its certainty equivalent in millions of dollars.
The number on the bottom right represents the payoff to the Trust in millions of dollars.