<table>
<thead>
<tr>
<th>Settlement Offer</th>
<th>Exponential Utility R</th>
<th>Risk Neutral</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1000</td>
<td>200,000</td>
</tr>
<tr>
<td>Settlement Offer</td>
<td>12,400,000</td>
<td>12,400,000</td>
</tr>
<tr>
<td>Pursue Suit</td>
<td>1,625</td>
<td>325,113</td>
</tr>
<tr>
<td>Embedded Nash</td>
<td>22,432</td>
<td>2,359,000</td>
</tr>
</tbody>
</table>

Certainty Equivalents

Table 1
<table>
<thead>
<tr>
<th></th>
<th>Log Utility</th>
<th>Power -1</th>
<th>Linear</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settlement Offer</td>
<td>972,600</td>
<td>972,600</td>
<td>972,600</td>
</tr>
<tr>
<td>Pursue Suit</td>
<td>57,034</td>
<td>12,364</td>
<td>750,621</td>
</tr>
<tr>
<td>Observed Payout</td>
<td>420,973</td>
<td>27,444</td>
<td>1,233,758</td>
</tr>
</tbody>
</table>

Equivalent consumption per year for 65 years

Table 2
Figure 1

Junior Larry

- accept offer: 12.4M
- reject offer: 20.63M

Hillblom Law

- enacted: 18.3406M
- not enacted: 24.058M

Constitutional: 0.3 → 5M
Unconstitutional: 0.7 → 24.058M

DNA exists: 0.8 → subtree 28.8225M
No DNA exists: 0.2 → 5M

Accept new settlement: 40M

- DNA matches: 0.7 → 41.175M
- Go to court: 41.175M

- Win 0: 0.20 → 0
- Win 5%: 0.20 → 16.875M
- Win 10%: 0.40 → 33.75M
- Win 20%: 0.16 → 67.5M
- Win 100%: 0.04 → 337.5M

- No DNA match: 0.3 → subtree 28.8225M

No DNA exists: 0.2 → 5M
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)

Nash Bargain I

- 59.223 [278.277]

Disagreement: 1 yr delay

- 0.18
  - Hillblom Law Effected
    - 5 [298.75]

Nash Bargain II

- 42.348 [261.402]
  - 0.82
    - No Law
      - 50.547 [253.203]

- 0.24
  - No Match
    - 5 [268.375]

Disagreement: 1 yr delay

Nash Bargain III

- 35.359 [238.016]
  - 0.56
    - Match
      - 61.355 [212.020]

- 0.2
  - Win 0
    - 0 [199.29]

  - 0.2
    - Win 5%
      - 9.965 [189.325]

    - 0.4
      - Win 10%
        - 24.313 [174.977]

    - 0.16
      - Win 20%
        - 19.929 [179.361]

    - 0.04
      - Win 100%
        - 39.858 [159.432]

    - 199.29 [0]
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.