Rock Concert

A promoter for an outdoor rock concert will lose $4000 in expenses if the event is cancelled because of rain or nonappearance of the performers. If the event is held, he will make a profit of $3000. The chance of a cancellation is estimated to be 18%.

Draw the tree diagram that represents this problem here.

1. What is the promoter's expected value of one rock concert? What does this amount mean to the promoter in this problem?

2. What is the promoter's expected value of 20 rock concerts? What does this amount mean in this problem?