

### Question 1

Consider the environment  $Env = \langle E, e_0, \tau \rangle$  defined as follows:

$$E = \{e_0, e_1, e_2, e_3, e_4, e_5, e_6\}, \tau(e_0 \xrightarrow{\alpha_0}) = \{e_1, e_2, e_3\} \text{ and } \tau(e_0 \xrightarrow{\alpha_1}) = \{e_4, e_5, e_6\}$$

There are two agents possible with respect to this environment, which we shall refer to as  $Ag_1$  and  $Ag_2$ :

$$Ag_1(e_0) = \alpha_0 \text{ and } Ag_2(e_0) = \alpha_1$$

Assume the probabilities of the various runs are as follows:

$$P(e_0 \xrightarrow{\alpha_0} e_1 | Ag_1, Env) = 0.3$$

$$P(e_0 \xrightarrow{\alpha_0} e_2 | Ag_1, Env) = 0.4$$

$$P(e_0 \xrightarrow{\alpha_0} e_3 | Ag_1, Env) = 0.3$$

$$P(e_0 \xrightarrow{\alpha_1} e_4 | Ag_2, Env) = 0.8$$

$$P(e_0 \xrightarrow{\alpha_1} e_5 | Ag_2, Env) = 0.1$$

$$P(e_0 \xrightarrow{\alpha_1} e_6 | Ag_2, Env) = 0.1$$

Finally, assume the utility function  $u$  is defined as follows:

$$u(e_0 \xrightarrow{\alpha_0} e_1) = 4$$

$$u(e_0 \xrightarrow{\alpha_0} e_2) = 6$$

$$u(e_0 \xrightarrow{\alpha_0} e_3) = 5$$

$$u(e_0 \xrightarrow{\alpha_1} e_4) = 1$$

$$u(e_0 \xrightarrow{\alpha_1} e_5) = 4$$

$$u(e_0 \xrightarrow{\alpha_1} e_6) = 10$$

- Is this a decision-making problem or a problem of strategic interaction? Explain the variables used. What are the requirements for maximizing expected utility?
- Given these definitions, determine the expected utility of agent  $Ag_1$  and  $Ag_2$  with respect to  $Env$  and  $u$ , and explain which agent is optimal with respect to  $Env$  and  $u$ .