

TABLE F.5: Pegasus Textile Regret Calculations for Using the Minimax Criterion

	STATE OF NATURE	
DECISION ALTERNATIVE	LOW DEMAND	HIGH DEMAND
Expand factory	$\$3 - \$3 = \$0$ million	$\$10 - \$4 = \$6$ million
Build small factory	$\$3 - \$2.5 = \$0.5$ million	$\$10 - \$5 = \$5$ million
Build large factory	$\$3 - (-\$4) = \$7$ million	$\$10 - \$10 = \$0$ million