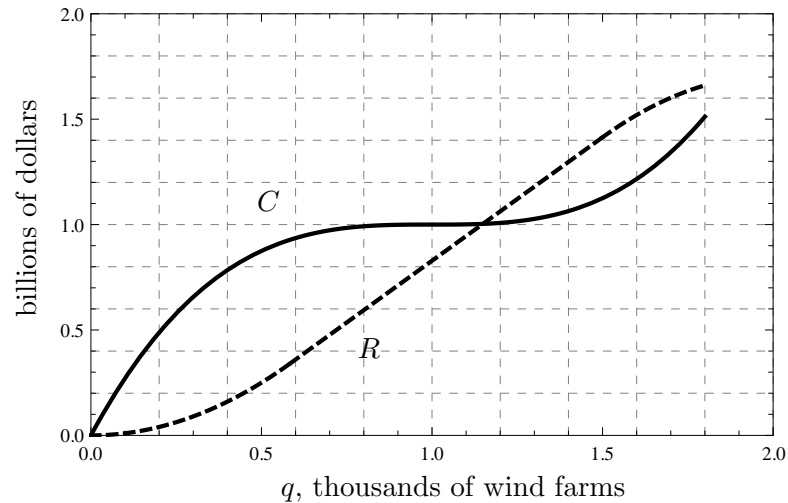


7. [10 points] Airwatt Construction company builds large-scale farms of wind turbines. A graph of cost  $C$  and revenue  $R$  for the company at different production levels  $q$  is shown below. Here cost and revenue are measured in billions of dollars and production level is measured in thousands of wind farms. *In each of the following parts, be sure it is clear how you obtain your answers.*



- a. [3 points] Approximate the marginal revenue at  $q = 0.8$ . Show how you obtain your estimate.
- b. [3 points] Approximate the cost of producing one additional wind farm when  $q = 1.6$ .
- c. [4 points] Approximate the maximum profit which can be achieved by Airwatt. At what production level does this occur?