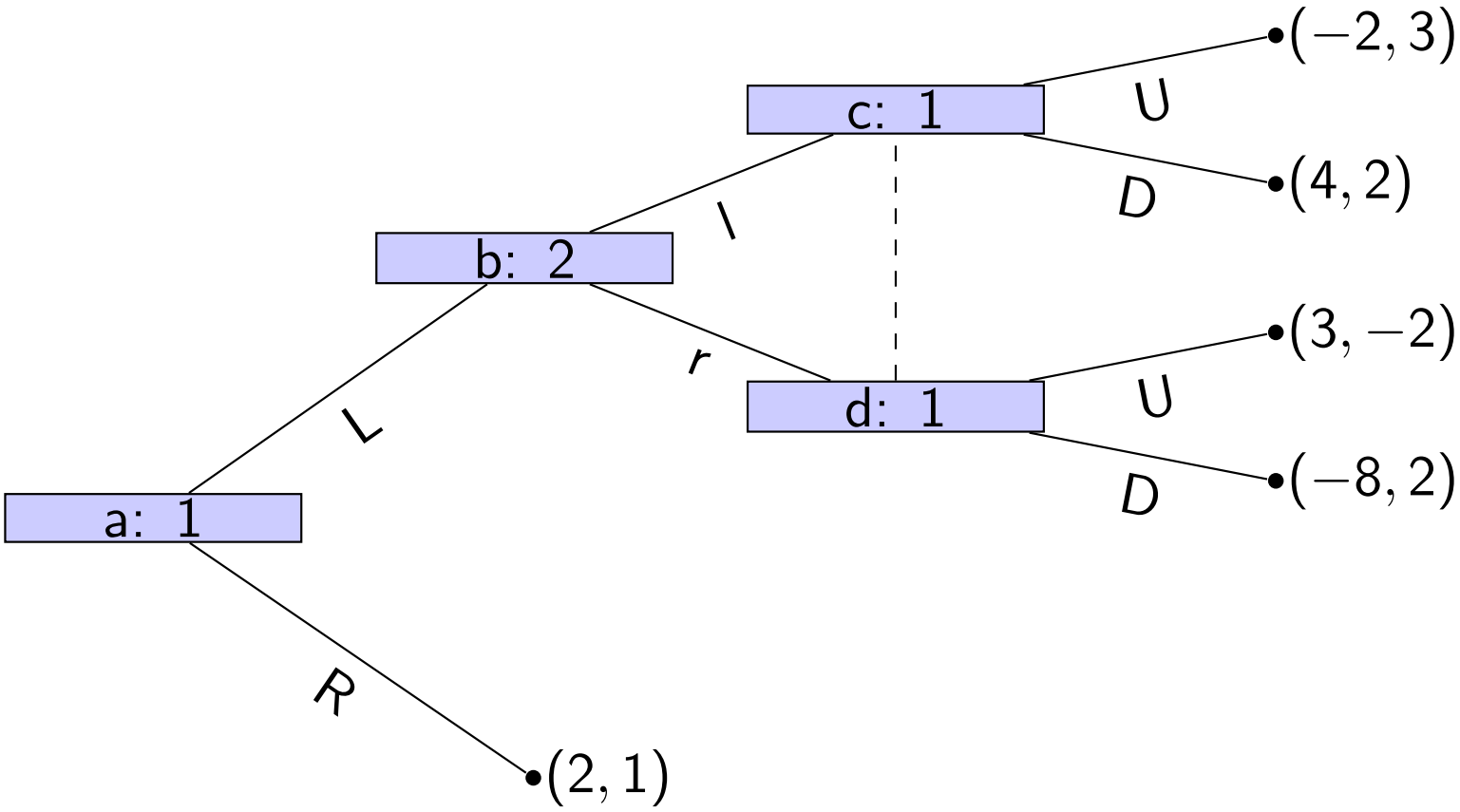
Subgame Perfection

Game Theory

Vincent Knight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b: 2
c: 1
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(−2, 3)
(3, −2)
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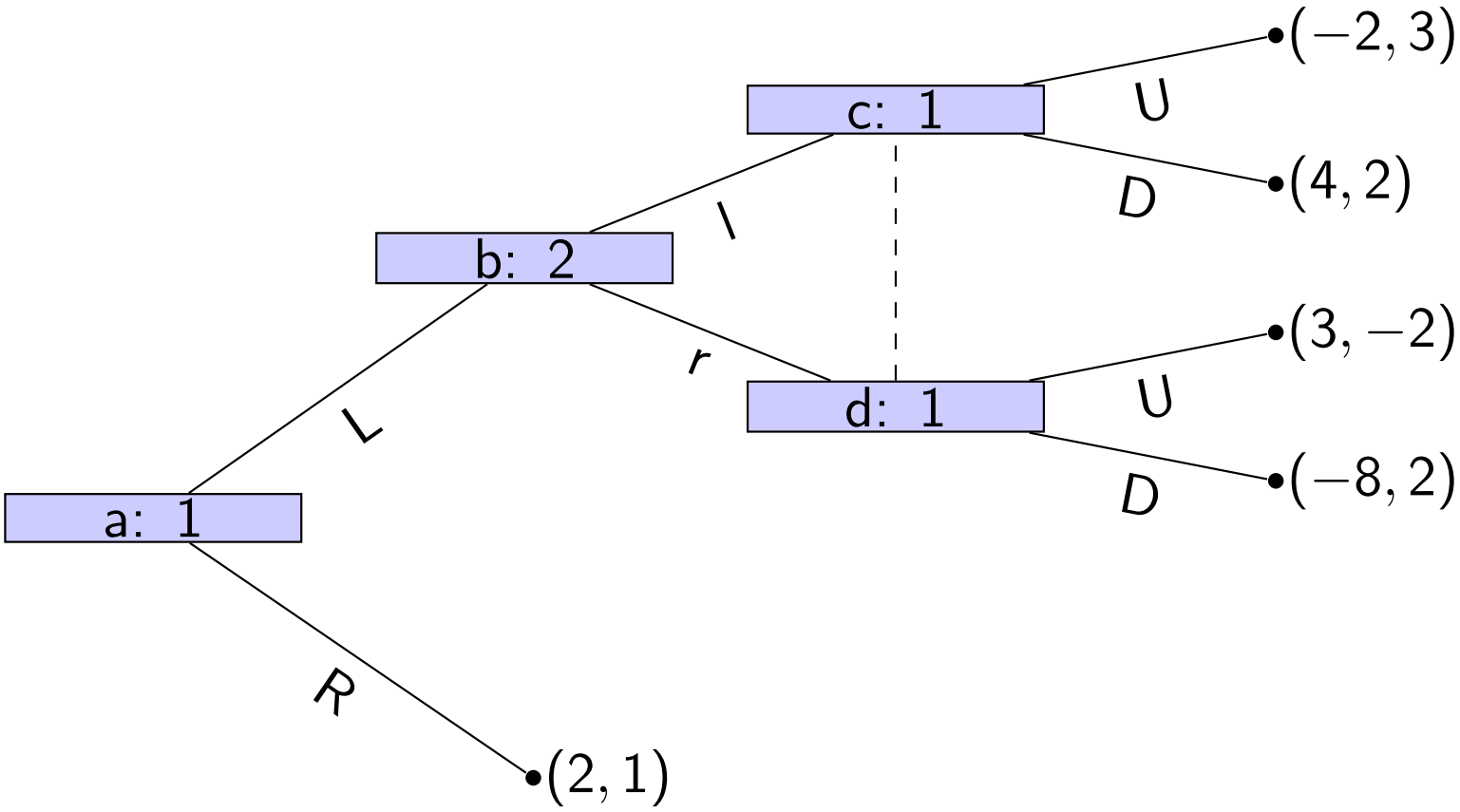

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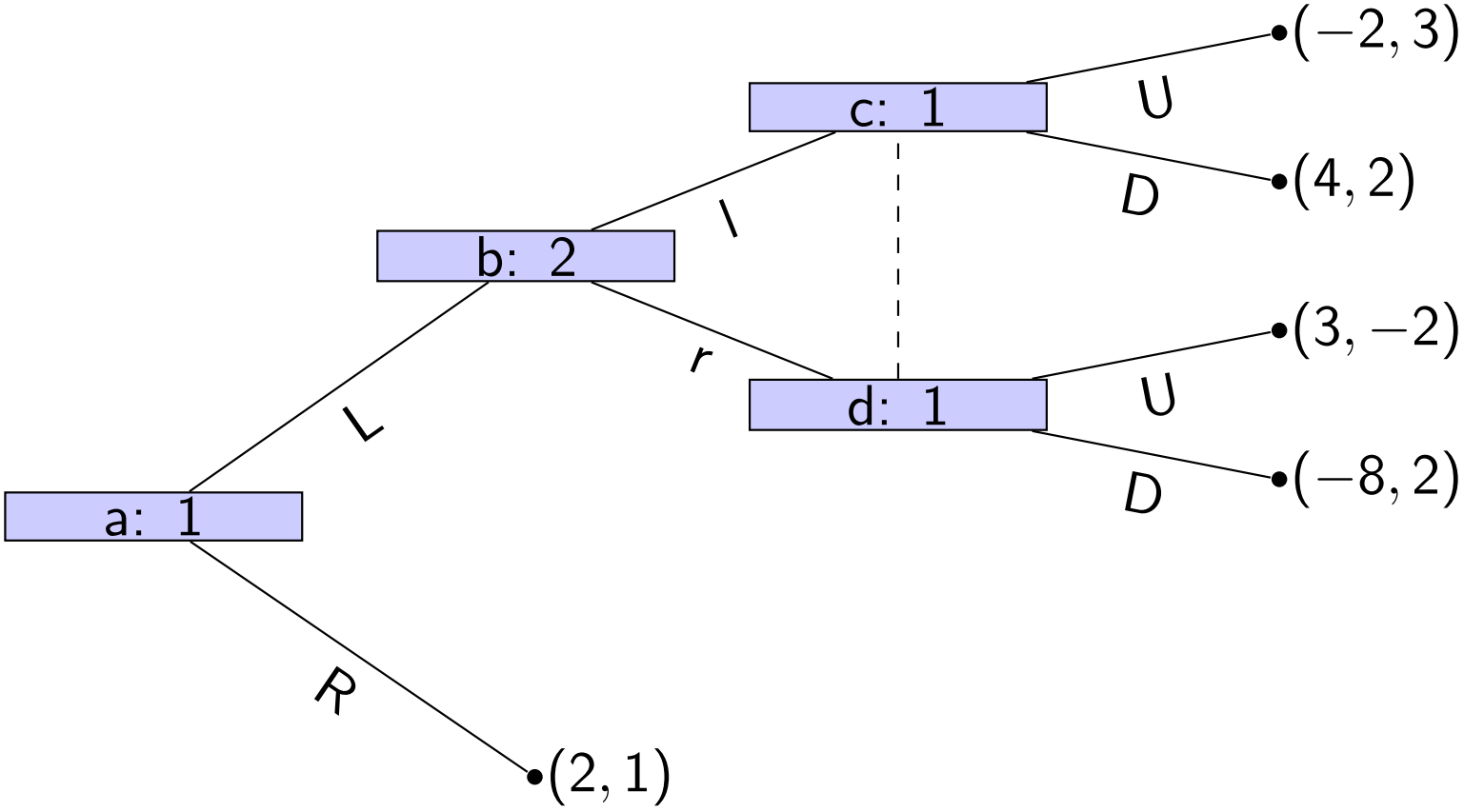
Nash Equilibrium: (LD, l)

- **Subgame:** In an extensive form game, a node x is said to initiate a subgame if and only if x and all successors of x are in information sets containing only successors of x.
- **Subgame perfect equilibria:** A subgame perfect Nash equilibrium is a Nash equilibrium in which the strategy profiles specify Nash equilibria for every subgame of the game.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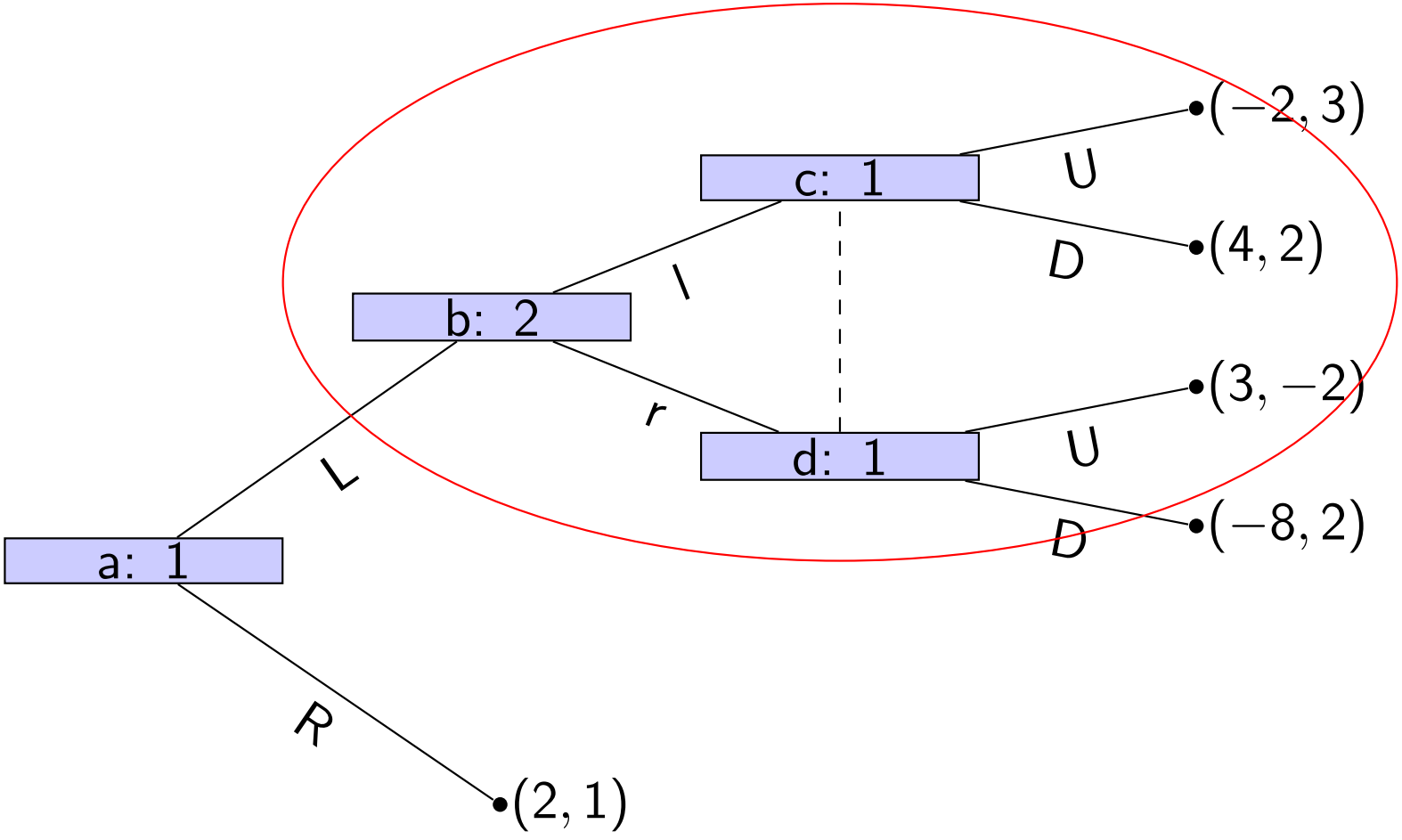

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