

Homework 3 (64pts)

An answer that shows understanding with some mistakes will be given partial credit, decided by the grader. A well-written response should receive more than 25%. Show all your work. Answers without work are not guaranteed credit.

Formatting (6pts)

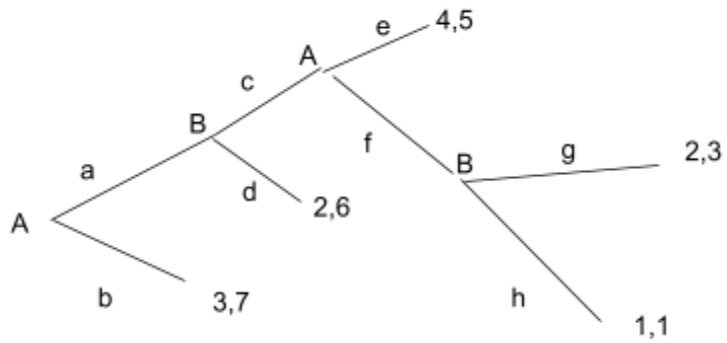
Single file, in pdf format, etc.

Definitions (6pts)

- a. Subgame perfect Nash equilibria
- b. Signaling Strategy
- c. Separating Equilibrium

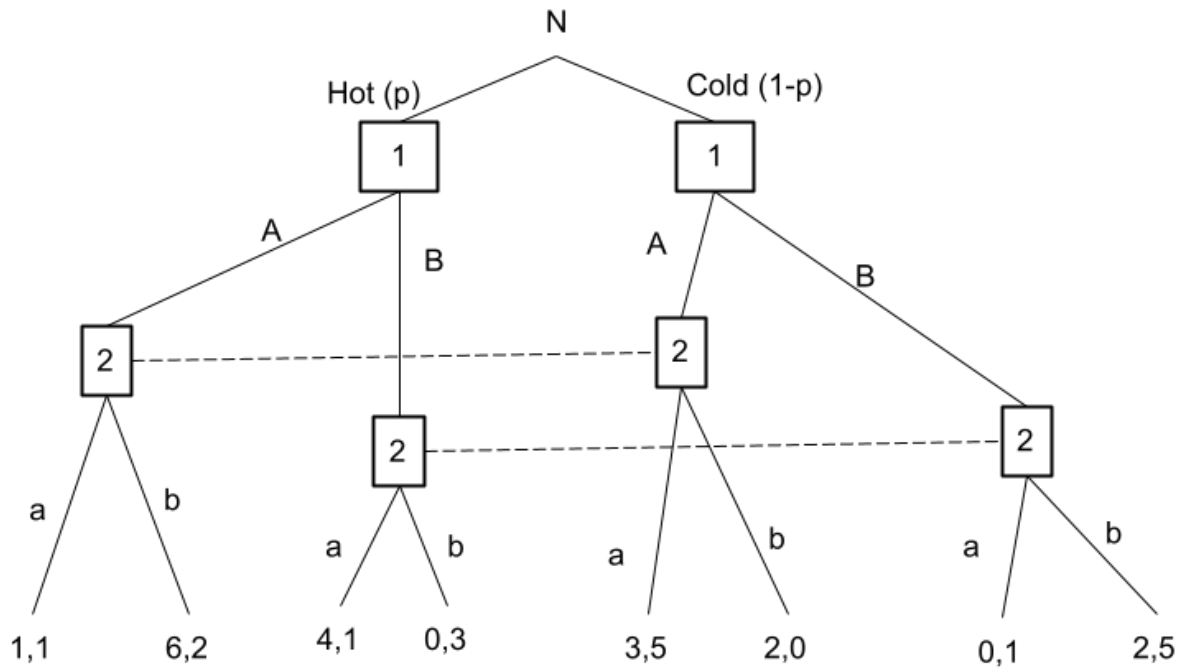
Problem #2: Backward Induction (12pts)

- Find subgame-perfect Nash equilibria using backward induction.
Notice that the players are: Player A and Player B.
Clearly state the equilibria
- List all strategies for both players
- Put in normal form



Problem #2: Separating equilibria (20pts)

Find all separating equilibria when the probability of each state is 0.5.



Problem #3: Mixed-Strategy Subgame Perfect Nash Equilibria (20pts)
Find all subgame-perfect Nash equilibria

