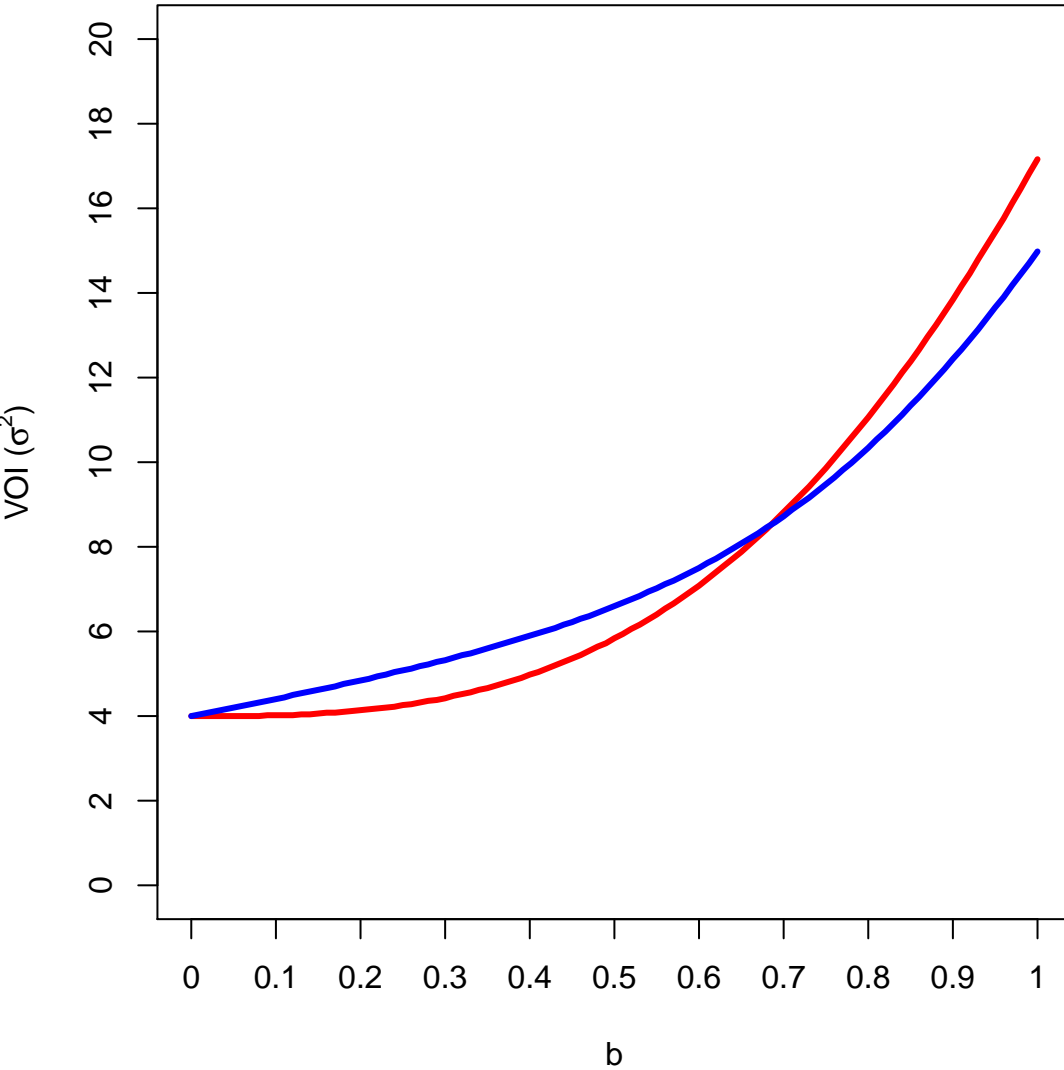


**K = 1**

**(a) Firms' Strategic Choices**



**(b) Socially Efficient Strategies**

