

10-(b)
to get BNE

$$2q_2^* + c = \theta a_H - \theta \left[\frac{a_H - q_2^* - c}{2} \right] + (1-\theta) \left[a_L - \left(\frac{a_L - q_2^* - c}{2} \right) \right]$$

$$= \theta a_H - \frac{1}{2} \theta a_H + \frac{1}{2} \theta q_2^* + \frac{1}{2} \theta c + a_L - \left(\frac{a_L - q_2^* - c}{2} \right) - a_L \theta + \theta \left[\frac{a_L - q_2^* - c}{2} \right]$$

$$= \cancel{\theta a_H} - \cancel{\frac{1}{2} \theta a_H} + \cancel{\left(\frac{1}{2} \theta q_2^* \right)} + \cancel{\frac{1}{2} \theta c} + \cancel{a_L} - \cancel{\frac{1}{2} a_L} + \cancel{\left(\frac{1}{2} q_2^* \right)} + \cancel{\frac{1}{2} c} - \cancel{a_L \theta} + \cancel{\frac{1}{2} \theta a_L} - \cancel{\frac{1}{2} \theta q_2^*} - \cancel{\frac{1}{2} \theta c}$$

$$\frac{3}{2} q_2^* + c = \frac{1}{2} \theta a_H + \frac{1}{2} a_L + \frac{1}{2} c - \frac{1}{2} \theta a_L$$

$$3q_2^* = \theta a_H + a_L - c - \theta a_L$$

$$q_2^* = \frac{\theta a_H + (1-\theta) a_L - c}{3}$$

$$q_1^*(a_H) = \frac{1}{2} a_H - \frac{1}{2} \left[\frac{\theta a_H + (1-\theta) a_L - c}{3} \right] - \frac{1}{2} c$$

$$= \frac{1}{2} \left[\frac{3a_H - \theta a_H - (1-\theta) a_L + c - 3c}{3} \right]$$

$$= \frac{1}{2} \left[\frac{(3-\theta) a_H - (1-\theta) a_L - 2c}{3} \right]$$

$$= \frac{(3-\theta) a_H - (1-\theta) a_L - 2c}{6}$$

$$\frac{(3-\theta) a_H - (3-\theta) a_L}{6} > 0$$

$$2q_1^*(a_L) = a_L - \left[\frac{\theta a_H + (1-\theta) a_L - c}{3} \right] - c$$

$$6q_1^*(a_L) = 3a_L - (\theta a_H + (1-\theta) a_L - c) - 3c$$

$$= 3a_L - \theta a_H - (1-\theta) a_L + c - 3c$$

$$= 3a_L - \theta a_H - a_L + \theta a_L + c - 3c$$

$$= 2a_L + \theta a_L - \theta a_H - 2c$$

$$q_1^*(a_L) = \frac{(\theta+2) a_L - \theta a_H - 2c}{6}$$

$$\frac{(\theta+2) a_L - (\theta+2) a_L}{6} > 0$$

$$\theta a_L + 2a_L - \theta a_H - 2a_L$$

$$\theta(a_L - a_H)$$

$$(\theta+2) \left\{ a_L - \frac{(\theta+2) a_L - 2a_L - \theta a_H}{2} \right\}$$