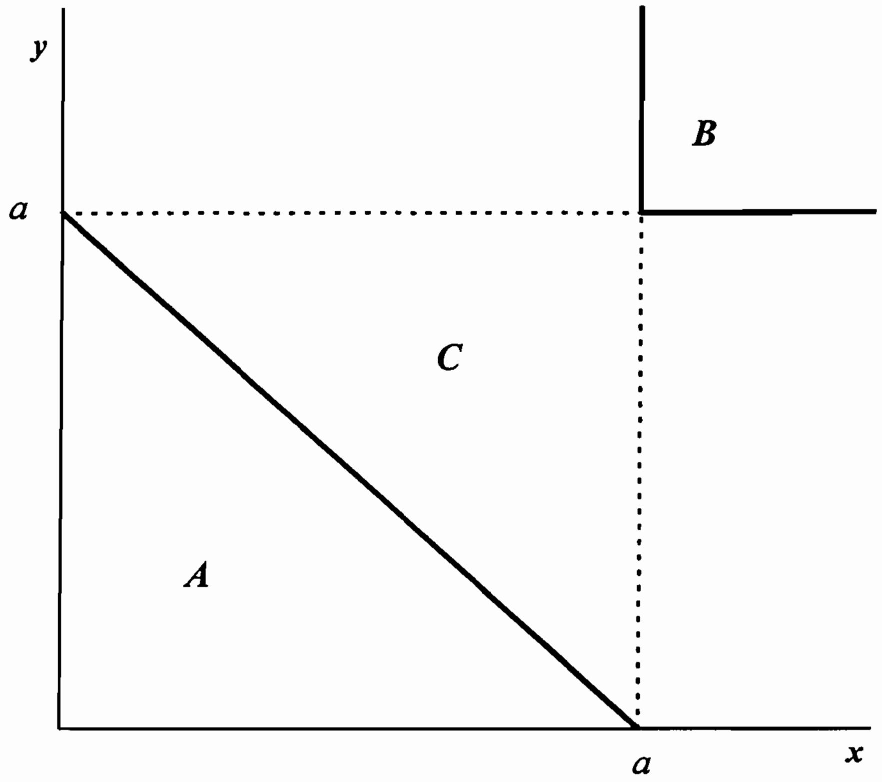
Figure 1

Capacity Regions for the Pricing Subgame



$A = \{ (x, y): x \geq 0, y \geq 0, x + y \leq a \}$
$B = \{ (x, y): x \geq a, y \geq a \}$
$C = \{ (x, y): x \geq 0, y \geq 0, (x, y) \notin A,\ (x, y) \notin B \}$