

Figure 1(a): The first step of the process shrinks the joint strategy set from ABCD to A'B'C'D'. This process converges to E.

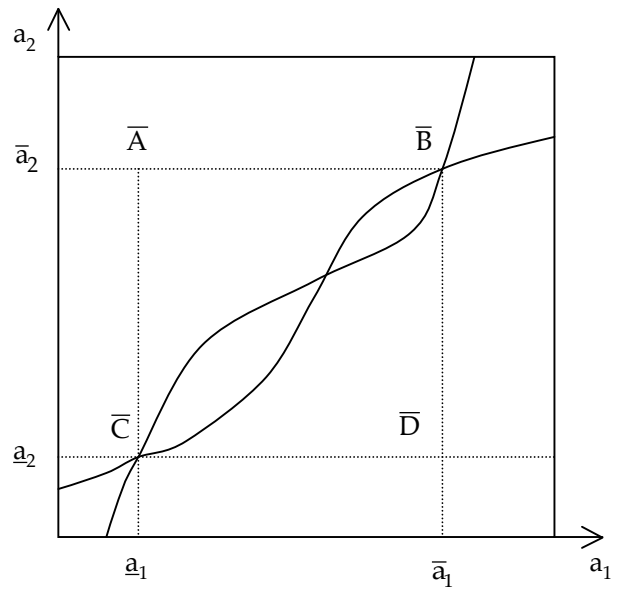


Figure 1(b) : The same process will converge to \bar{A} \bar{B} \bar{C} \bar{D} here.

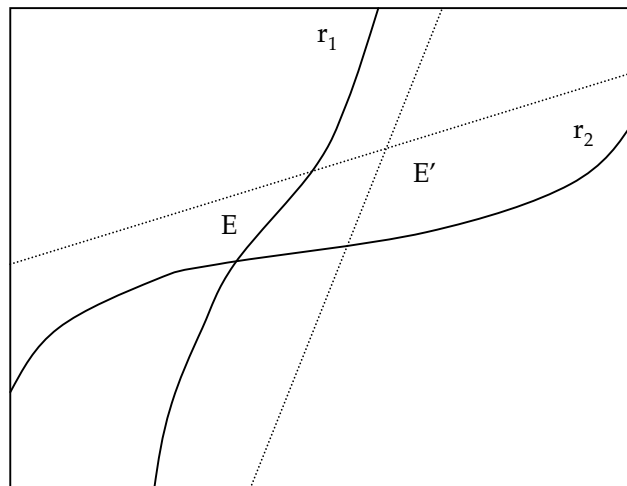


Figure 2: As the reaction curves shift from the solid lines to the dotted lines, the Nash equilibrium shifts from E to E'.