

- (c) Find the security levels of the litigants in the reduced matrix.
- (d) Plot the payoff polygon of the reduced matrix. Indicate all the pure and mixed strategy Pareto optimal outcomes on your payoff polygon.
- (e) Take the status quo point to be the security levels of the two litigants. Plot the status quo point on the payoff polygon and hence shade the negotiation set.
- (f) The Nash bargaining solution for this game turns out to be mixed strategy with a payoff of -\$1000 for the defendant and \$500 for the plaintiff. Plot this on the Payoff polygon.
- (g) Based on the Nash bargaining solution above, find the correct Pareto optimal mixed strategy that litigants should employ.