Active Learning 3 — Answers

Nash equilibrium:
both firms cut fares

Delta Airlines

	Cut fares	Don't cut fares
Cut fares	United: $400 million / Delta: $400 million	United: $800 million / Delta: $200 million
Don't cut fares	United: $200 million / Delta: $800 million	United: $600 million / Delta: $600 million

United Airlines

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