

		Player 2	
		Head (q)	Tail ($1-q$)
Player1	Heads (p)	1, -1	-1, 1
	Tails ($1-p$)	-1, 1	1, -1

the mixed strategy Nash equilibrium in this game can be found when the both players expected payoffs are maximal. For player 1 this can be done when

$$pq + (1-q)(-p) + (1-p)(-q) + (1-p)(1-q) = 4pq - 2p - 2q + 1 = p(4q - 2) - 2q + 1$$

is maximal. From $p(4q - 2) - 2q + 1$ it is clear that to maximize p the following best response equations exist

$$B_1(q) = \begin{cases} 4q - 2 > 0 \\ 4q - 2 < 0 \\ 4q - 2 = 0 \end{cases} \text{ and to solve it } B_1(q) = \begin{cases} (q > 1/2) \rightarrow p = 1 \\ (q < 1/2) \rightarrow p = 0 \\ (q = 1/2 \rightarrow p : 0 \leq p \leq 1) \end{cases}$$

For player 2's payoffs

$$-pq + p(1-q) + (1-p)q - (1-p)(1-q) = -4pq + 2p + 2q - 1 = q(-4p + 2) + 2p - 1$$

To maximize for q from $q(-4p + 2) + 2p - 1$ it is clear that player 2's best responses are

$$B_2(p) = \begin{cases} -4p + 2 > 0 \\ -4p + 2 < 0 \\ -4p + 2 = 0 \end{cases} \text{ and to solve it } B_2(p) = \begin{cases} (p < 1/2) \rightarrow q = 1 \\ (p > 1/2) \rightarrow q = 0 \\ (p = 1/2 \rightarrow q : 0 \leq q \leq 1) \end{cases}$$

To plot the results to a coordinate the following diagram, where player 1 is back and player 2 is gray

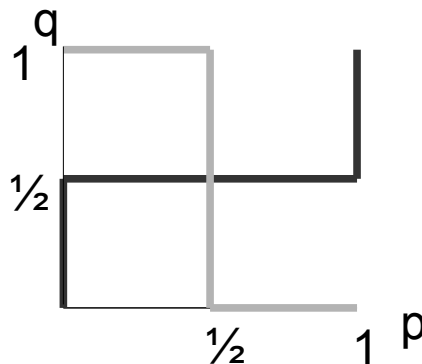


Figure 1 Players best responses

From the figure it is clear that the players best plots intersect only in one point $(p, q) = (\frac{1}{2}, \frac{1}{2})$ and that is the Nash equilibrium of this game. This means that both players should play Head with probability $\frac{1}{2}$ and Tail with probability $\frac{1}{2}$. This approach can be applied to the previous Restaurant game and a previously unknown Nash equilibrium point $(\frac{2}{3}, \frac{1}{3})$ will be the result.