Figure 2(a): The \( \beta \) that maximizes \( U^A_{\beta} \) (the payoff of player A under conventional arbitration) equals \( \frac{1}{2} \); the marginal cost \( MC_{CO} \) exceeds the marginal benefit \( MB \). The marginal cost \( MC_{F-O} \) is lower than \( MC_{CO} \), so \( \beta \) that maximizes \( V^A_{\beta} \) (the payoff of player A under final-offer arbitration) may be higher than \( \frac{1}{2} \).
Figure 2(a): The $\beta$ that maximizes $U^{A}_{\beta}$ (the payoff of player A under conventional arbitration) equals 1; the marginal cost $MC_{CO}$ is very close to 0, and it falls below the marginal benefit $MB$. The marginal cost $MC_{F-O}$ is higher than $MC_{CO}$ (except a neighborhood of 1/2) so $\beta$ that maximizes $V^{A}_{\beta}$ (the payoff of player A under final-offer arbitration) may be lower than 1.
Figure 1(a): The determination of the equilibrium offers $\pi_A$ and $\pi_B$ in the final-offer arbitration game for a given $\beta$ in the pooling equilibrium in which each agent plays the best-response to her opponent's offer.
Figure 1(b): The determination of the equilibrium offers $\pi_A$ and $\pi_B$ in the final-offer arbitration game for a given $\beta$ in the pooling equilibrium in which agent A plays the best-response to her opponent's offer assuming that $F^\beta$ is cdf of the arbitrator's peak points and agent B plays the best-response to her opponent's offer assuming that $F^{1/2}$ is cdf of the arbitrator's peak points. Notice that $\beta$ increases by $\Delta \beta$, the upward-sloping curve moves by $(1+2c)\Delta \beta$. Since the downward-sloping curve does not move, 

$$\Delta (\pi_A + \pi_B)/2 < (1+2c)\Delta \beta,$$

and since

$$\Delta (\pi_B - \pi_A)/2 < 0,$$

$$\Delta \pi_B = \Delta (\pi_B - \pi_A)/2 + \Delta (\pi_A + \pi_B)/2 < (1+2c)\Delta \beta.$$