(1)   The model is well-described. There are a few minor corrections and revisions I recommend considering.

- Explicitly state that it is assumed that there is no production costs. While the assumption is common to simplify the analysis it is an important one since it allows you to assume the market is fully covered and, therefore, price is determined by where consumers are indifferent between the two goods, or rather, the firms do not have to consider cutting back quantity due to increasing marginal costs.
- In the utility of a consumer who buys from H the price should be written as $p^H(\theta)$ (I am using θ is these comments in place of the preference parameter in the paper).
- I would recommend rewriting Assumptions 1 and 2. The terms c_H, c_L, s_H, and s_L are endogenous variables and it is inappropriate to make assumptions on them. Since s_i is bounded between zero and one presumably $c(s_i)$ is bounded as well. I suspect the two assumptions can be restated using only your exogenous parameters.
- As discussed below, it is important for your analysis that you assume that a consumer, indifferent between the two products, will purchase from H. This should be stated.
- I believe the discount factor δ should be introduced in the statement of the model rather than on page 6.

(2)   The derivation of the results is clean and well-presented. I do have a few comments to consider.

- Preceding equation (1), in equation (1), and (3) it should be stated that $p_2^{D,H}$ is a function of θ, $p_2^{D,H}(\theta)$. A reader will mistakenly assume that it is a constant price rather than a price schedule.
- Before equation (2) it is stated that the expression represents the "consumer which is indifferent". This is a bit inaccurate. The price $p_2^{D,H}$ is set, in fact, so that every consumer with θ greater than this threshold is indifferent. Only consumers less than this threshold are not indifferent. On a similar note, the model does not explicitly state that if indifferent a consumer buys from H, which is presum

.

(3)   There are a few typos to fix up as well.

- Throughout the paper the "s" in "H's" and "L's" is missing.
- On page 5 the line between (7) and (8) should read, "…firm H's equilibrium, duopolistic, second-period, nonpredatory profits…"
- On page 6 the line between (14) and (15) should read, "firm H does not prey on firm L…"

(4)   Finally, I am not sure about the final section (Section 5). It considers a T-period repeated game. The model makes a rather hard-to-swallow assumption that one period of zero profit knocks L out of the model, while H can sustain any amount of loss. I rationalized this (to myself) in that this is a short-hand model where H has a significant amount of financial backing and L does not. Therefore, the exit of L after one period of nonpositive profit was from a forward-looking agent expecting additional future periods

of losses that H can stand, but L cannot. Modeling the T-period game, then, makes it difficult to take this view and, consequently, I can no longer rationalize why L exits with a loss and H does not. I would encourage either dropping the section, developing the full model with credit constraints, or at least providing the reader with a way to justify the exiting assumptions in your extended repeated game.