STA 4442/5440 Final Exam Practice December 11, 2013

Name:

FSUID:

Please sign the following pledge and read all instructions carefully before starting the exam.

Pledge: I have neither given nor received any unauthorized aid in completing this exam, and I have conducted myself within the guidelines of the University Honor Code.

Signature: _

INSTRUCTIONS:

- This is a closed-book, closed-notes exam. You may **not** refer to your notes, the text, or any other books. You may use a calculator.
- Total time is 2 hrs (12:30 A.M to 2:30 P.M.)
- Show all work, clearly and in order, if you want to receive full credit. When you use your calculator, explain all relevant mathematics. I reserve the right to take off points if I cannot see how you arrived at your answer (even if your final answer is correct).
- Circle or otherwise indicate your final answers.
- Answer all the questions in the space provided. You may attach additional sheets if necessary.
- This test has 8 problems and is worth 120 points. It is your responsibility to make sure that you have all of the problems.
- Good luck!

Prob. No.	Max Points	Earned Pts.	Prob. No.	Max Points	Earned Pts.
1	10		6	20	
2	10		7	20	
3	10		8	15	
4	20				
5	15				

TOTAL: _____

Question 1. (10 pts.) An IRS agent receives a batch of 15 tax returns that were flagged by computer for possible tax evasions. Suppose, unknown to the agent, 3 of these returns have illegal deductions and the other 12 are in good standing. If the agent randomly selects 4 of these returns for audit, what is the probability that:

- a) All three of the returns that have illegal deductions are selected?
- b) At least 2 have illegal deductions?

Question 2. (10 pts.) On a Monday afternoon, 167 customers will be observed during check-out and the number paying by card will be recorded. Records from the store suggest that 58% of customers pay by card. Approximate the following probabilities using the normal approximation to the binomial. Remember to use continuity correction.

- a) Fewer than 101 will pay by card.
- b) Between 88 and 100 (inclusive) will pay by card.

Question 3. (10 pts.) Four equally qualified undergraduate students apply for jobs at the university bookstore.

Student	Sex	Year
1	М	Junior
2	М	Junior
3	F	Sophomore
4	М	Sophomore

Two students will be chosen at random to receive jobs. Let

- A = [Selected students are of the same sex]
- B = [Selected students are of the same year]
- a) Find the probability of $A \cup B$. (*Hint: List all possible outcomes. Then draw a Venn diagram.*)
- b) Are A and B independent? Explain why or why not.
- c) Find the probability of $\bar{A} \cap \bar{B}$.

Question 4. (20 pts) A fair die is tossed and its outcome is denoted by X. After that X independent fair coins are tossed and the number of heads obtained is denoted by Y. Compute

- a) P(Y = 4)
- b) P(X = 5 | Y = 4)
- c) E(Y)
- d) E(XY)

Question 5. (15 pts) There are 10 balls in an urn numbered 1 through 10. You randomly select 3 of those balls. Let the random variable Y denote the maximum of the three numbers on the extracted balls. Find the probability mass function of Y. You should simplify your answer to a fraction that does not involve binomial coefficients. Then calculate $P[Y \ge 7]$.

Question 6. (20 pts) The bid that a competitor makes on a real estate property is estimated to be somewhere between 0 and 3 million dollars. Specifically, the bid X is viewed to be a continuous random variable with density function.

$$f(x) = \begin{cases} c(9 - x^2), 0 < x < 3\\ 0, otherwise \end{cases}$$

You make a bid (without knowing the competitors bid). The higher of the two bids win.

a) Find the value of c that makes f(x) a legitimate density function?

b) Find the cumulative distribution function, F(x). Use the cumulative distribution to determine the probability that you lose the bid if you make a bid of 2 million? 1 million?

c) Find the expected value and standard deviation for the competitors bid. What is the probability that the competitors bid is within one standard deviation of the mean?

d) How much should you bid so that you have a 90% chance of winning?

Question 7. (20 pts) Which of the following statements are always true? Give brief reasons.

- a) E(XY) = E(X)E(Y)
- $\mathbf{b})E(X+Y) = E(X) + E(Y)$
- c) $E(\frac{X}{Y}) = \frac{E(X)}{E(Y)}$

Question 8. (15 pts.) The life of a certain variety of insects (measured in hours) is normally distributed with mean μ and variance σ^2 . Suppose 95% of the insects lives exceeding 2 hours and 5% of them lives exceeding 20 hours. Find the mean (μ) and the standard deviation (σ) of the normal distribution. (Given $\Phi(1.645) = 0.95$, where Φ denotes the standard normal c.d.f)



TABLE A

Standard normal probabilities

Z.	.00	.01	.02	.03	.04	.05	.06	.07	.08	.09
-3.4	.0003	.0003	.0003	.0003	.0003	.0003	.0003	.0003	.0003	.0002
-3.3	.0005	.0005	.0005	.0004	.0004	.0004	.0004	.0004	.0004	.0003
-3.2	.0007	.0007	.0006	.0006	.0006	.0006	.0006	.0005	.0005	.0005
-3.1	.0010	.0009	.0009	.0009	.0008	.0008	.0008	.0008	.0007	.0007
-3.0	.0013	.0013	.0013	.0012	.0012	.0011	.0011	.0011	.0010	.0010
-2.9	.0019	.0018	.0018	.0017	.0016	.0016	.0015	.0015	.0014	.0014
-2.8	.0026	.0025	.0024	.0023	.0023	.0022	.0021	.0021	.0020	.0019
-2.7	.0035	.0034	.0033	.0032	.0031	.0030	.0029	.0028	.0027	.0026
-2.6	.0047	.0045	.0044	.0043	.0041	.0040	.0039	.0038	.0037	.0036
-2.5	.0062	.0060	.0059	.0057	.0055	.0054	.0052	.0051	.0049	.0048
-2.4	.0082	.0080	.0078	.0075	.0073	.0071	.0069	.0068	.0066	.0064
-2.3	.0107	.0104	.0102	.0099	.0096	.0094	.0091	.0089	.0087	.0084
-2.2	.0139	.0136	.0132	.0129	.0125	.0122	.0119	.0116	.0113	.0110
-2.1	.0179	.0174	.0170	.0166	.0162	.0158	.0154	.0150	.0146	.0143
-2.0	.0228	.0222	.0217	.0212	.0207	.0202	.0197	.0192	.0188	.0183
-1.9	.0287	.0281	.0274	.0268	.0262	.0256	.0250	.0244	.0239	.0233
-1.8	.0359	.0351	.0344	.0336	.0329	.0322	.0314	.0307	.0301	.0294
-1.7	.0446	.0436	.0427	.0418	.0409	.0401	.0392	.0384	.0375	.0367
-1.6	.0548	.0537	.0526	.0516	.0505	.0495	.0485	.0475	.0465	.0455
-1.5	.0668	.0655	.0643	.0630	.0618	.0606	.0594	.0582	.0571	.0559
-1.4	.0808	.0793	.0778	.0764	.0749	.0735	.0721	.0708	.0694	.0681
-1.3	.0968	.0951	.0934	.0918	.0901	.0885	.0869	.0853	.0838	.0823
-1.2	.1151	.1131	.1112	.1093	.1075	.1056	.1038	.1020	.1003	.0985
-1.1	.1357	.1335	.1314	.1292	.1271	.1251	.1230	.1210	.1190	.1170
-1.0	.1587	.1562	.1539	.1515	.1492	.1469	.1446	.1423	.1401	.1379
-0.9	.1841	.1814	.1788	.1762	.1736	.1711	.1685	.1660	.1635	.1611
-0.8	.2119	.2090	.2061	.2033	.2005	.1977	.1949	.1922	.1894	.1867
-0.7	.2420	.2389	.2358	.2327	.2296	.2266	.2236	.2206	.2177	.2148
-0.6	.2743	.2709	.2676	.2643	.2611	.2578	.2546	.2514	.2483	.2451
-0.5	.3085	.3050	.3015	.2981	.2946	.2912	.2877	.2843	.2810	.2776
-0.4	.3446	.3409	.3372	.3336	.3300	.3264	.3228	.3192	.3156	.3121
-0.3	.3821	.3783	.3745	.3707	.3669	.3632	.3594	.3557	.3520	.3483
-0.2	.4207	.4168	.4129	.4090	.4052	.4013	.3974	.3936	.3897	.3859
-0.1	.4602	.4562	.4522	.4483	.4443	.4404	.4364	.4325	.4286	.4247
0.0	.5000	.4960	.4920	.4880	.4840	.4801	.4761	.4721	.4681	.4641

Tables T-3



TABLE A

Standard normal probabilities (continued)

z.	.00	.01	.02	.03	.04	.05	.06	.07	.08	.09
0.0	.5000	.5040	.5080	.5120	.5160	.5199	.5239	.5279	.5319	.5359
0.1	.5398	.5438	.5478	.5517	.5557	.5596	.5636	.5675	.5714	.5753
0.2	.5793	.5832	.5871	.5910	.5948	.5987	.6026	.6064	.6103	.6141
0.3	.6179	.6217	.6255	.6293	.6331	.6368	.6406	.6443	.6480	.6517
0.4	.6554	.6591	.6628	.6664	.6700	.6736	.6772	.6808	.6844	.6879
0.5	.6915	.6950	.6985	.7019	.7054	.7088	.7123	.7157	.7190	.7224
0.6	.7257	.7291	.7324	.7357	.7389	.7422	.7454	.7486	.7517	.7549
0.7	.7580	.7611	.7642	.7673	.7704	.7734	.7764	.7794	.7823	.7852
0.8	.7881	.7910	.7939	.7967	.7995	.8023	.8051	.8078	.8106	.8133
0.9	.8159	.8186	.8212	.8238	.8264	.8289	.8315	.8340	.8365	.8389
1.0	.8413	.8438	.8461	.8485	.8508	.8531	.8554	.8577	.8599	.8621
1.1	.8643	.8665	.8686	.8708	.8729	.8749	.8770	.8790	.8810	.8830
1.2	.8849	.8869	.8888	.8907	.8925	.8944	.8962	.8980	.8997	.9015
1.3	.9032	.9049	.9066	.9082	.9099	.9115	.9131	.9147	.9162	.9177
1.4	.9192	.9207	.9222	.9236	.9251	.9265	.9279	.9292	.9306	.9319
1.5	.9332	.9345	.9357	.9370	.9382	.9394	.9406	.9418	.9429	.9441
1.6	.9452	.9463	.9474	.9484	.9495	.9505	.9515	.9525	.9535	.9545
1.7	.9554	.9564	.9573	.9582	.9591	.9599	.9608	.9616	.9625	.9633
1.8	.9641	.9649	.9656	.9664	.9671	.9678	.9686	.9693	.9699	.9706
1.9	.9713	.9719	.9726	.9732	.9738	.9744	.9750	.9756	.9761	.9767
2.0	.9772	.9778	.9783	.9788	.9793	.9798	.9803	.9808	.9812	.9817
2.1	.9821	.9826	.9830	.9834	.9838	.9842	.9846	.9850	.9854	.9857
2.2	.9861	.9864	.9868	.9871	.9875	.9878	.9881	.9884	.9887	.9890
2.3	.9893	.9896	.9898	.9901	.9904	.9906	.9909	.9911	.9913	.9916
2.4	.9918	.9920	.9922	.9925	.9927	.9929	.9931	.9932	.9934	.9936
2.5	.9938	.9940	.9941	.9943	.9945	.9946	.9948	.9949	.9951	.9952
2.6	.9953	.9955	.9956	.9957	.9959	.9960	.9961	.9962	.9963	.9964
2.7	.9965	.9966	.9967	.9968	.9969	.9970	.9971	.9972	.9973	.9974
2.8	.9974	.9975	.9976	.9977	.9977	.9978	.9979	.9979	.9980	.9981
2.9	.9981	.9982	.9982	.9983	.9984	.9984	.9985	.9985	.9986	.9986
3.0	.9987	.9987	.9987	.9988	.9988	.9989	.9989	.9989	.9990	.9990
3.1	.9990	.9991	.9991	.9991	.9992	.9992	.9992	.9992	.9993	.9993
3.2	.9993	.9993	.9994	.9994	.9994	.9994	.9994	.9995	.9995	.9995
3.3	.9995	.9995	.9995	.9996	.9996	.9996	.9996	.9996	.9996	.9997
3.4	.9997	.9997	.9997	.9997	.9997	.9997	.9997	.9997	.9997	.9998