

C O N T E N T S

Preface viii

1 Probability 1

Introduction 2

- 1.1 Definitions of Probability 3
- 1.2 Axiomatic Definition of Probability 5
- 1.3 Conditional Probability 13
- 1.4 Marginal Probabilities 18
- 1.5 Bayes's Theorem 24
- 1.6 Independent Events 27
- 1.7 Combinatorial Probability 30

Summary 38

Theoretical Exercises 39

Applied Problems 43

References 46

2 Discrete Probability Distributions 47

Introduction 48

- 2.1 Discrete Probability Density Function 51
- 2.2 Cumulative Distribution Function 56
- 2.3 Point Binomial Distribution 60
- 2.4 Binomial Probability Distribution 61
- 2.5 Poisson Probability Distribution 65
- 2.6 Hypergeometric Probability Distribution 73
- 2.7 Geometric Probability Distribution 77
- 2.8 Negative Binomial Probability Distribution 79

Summary 81

Theoretical Exercises 81

Applied Problems 84

References 88

3 Probability Distributions of Continuous Random Variables 89

Introduction 90

- 3.1 Continuous Random Variable and Probability Density Function 90

3.2	Cumulative Distribution Function of a Continuous Random Variable	96
3.3	Continuous Probability Distributions	100
	<i>Summary: Important Concepts</i>	128
	<i>Theoretical Exercises</i>	129
	<i>Applied Problems</i>	134
	<i>References</i>	139

4 Functions of a Random Variable 141

	<i>Introduction</i>	142
4.1	Distribution of a Continuous Function of a Discrete Random Variable	143
4.2	Distribution of a Continuous Function of a Continuous Random Variable	148
4.3	Other Types of Derived Distribution	160
	<i>Summary</i>	162
	<i>Theoretical Exercises</i>	162
	<i>Applied Problems</i>	165

5 Expected Values, Moments, and the Moment-Generating Function 167

	<i>Introduction</i>	168
5.1	Mathematical Expectation	168
5.2	Properties of Expectation	174
5.3	Moments	182
5.4	Moment-Generating Function	191
	<i>Summary</i>	200
	<i>Theoretical Exercises</i>	202
	<i>Applied Problems</i>	206

6 Two Random Variables 221

	<i>Introduction</i>	222
6.1	Joint Probability Density Function	222
6.2	Bivariate Cumulative Distribution Function	229
6.3	Marginal Probability Distributions	237
6.4	Conditional Probability Density and Cumulative Distribution Functions	244
6.5	Independent Random Variables	251
6.6	Function of Two Random Variables	256
6.7	Expected Value and Moments	271
6.8	Conditional Expectations	293
6.9	Bivariate Normal Distribution	302
	<i>Summary</i>	314
	<i>Theoretical Exercises</i>	318
	<i>Applied Problems</i>	325

7 Sequence of Random Variables 331

Introduction 332

- 7.1 Multivariate Probability Density Functions 332
- 7.2 Multivariate Cumulative Distribution Functions 337
- 7.3 Marginal Probability Distributions 339
- 7.4 Conditional Probability Density and Cumulative Distribution Functions 342
- 7.5 Sequence of Independent Random Variables 345
- 7.6 Functions of Random Variables 348
- 7.7 Expected Value and Moments 354
- 7.8 Conditional Expectations 357

Summary 360

Applied Problems 362

References 368

8 Limit Theorems 369

Introduction 369

- 8.1 Chebyshev's Inequality 370
- 8.2 Bernoulli's Law of Large Numbers 372
- 8.3 Weak and Strong Laws of Large Numbers 375
- 8.4 Central Limit Theorem 386
- 8.5 DeMoivre-Laplace Theorem 389
- 8.6 Normal Approximation to the Poisson Distribution 399
- 8.7 Normal Approximation to the Gamma Distribution 401

Summary 403

Applied Problems 404

9 Finite Markov Chains 411

Introduction 411

- 9.1 Basic Concepts in Markov Chains 412
- 9.2 n -Step Transition Probabilities 424
- 9.3 Evaluation of P^n 429
- 9.4 Classification of States 449

Applied Problems 467

References 473

List of Tables 475

Answers to Selected Exercises and Problems 539

Appendix 553

Index 583