KEY TERMS

Conditional Probability the likelihood that an event will occur given that another event has already occurred.

decay parameter The decay parameter describes the rate at which probabilities decay to zero for increasing values of x. It is the value m in the probability density function $f(x) = me^{(-mx)}$ of an exponential random variable. It is also equal to $m = \frac{1}{\mu}$, where μ is the mean of the random variable.

Exponential Distribution a continuous random variable (RV) that appears when we are interested in the intervals of time between some random events, for example, the length of time between emergency arrivals at a hospital; the notation is $X \sim Exp(m)$. The mean is $\mu = \frac{1}{m}$ and the standard deviation is $\sigma = \frac{1}{m}$. The probability density function is $f(x) = me^{-mx}$, $x \geq 0$ and the cumulative distribution function is $P(X \leq x) = 1 - e^{-mx}$.

memoryless property For an exponential random variable X, the memoryless property is the statement that knowledge of what has occurred in the past has no effect on future probabilities. This means that the probability that X exceeds $x + k$, given that it has exceeded x, is the same as the probability that X would exceed k if we had no knowledge about it. In symbols we say that $P(X > x + k|X > x) = P(X > k)$.

Poisson distribution If there is a known average of λ events occurring per unit time, and these events are independent of each other, then the number of events X occurring in one unit of time has the Poisson distribution. The probability of k events occurring in one unit time is equal to $P(X = k) = \frac{\lambda^k e^{-\lambda}}{k!}$.

Uniform Distribution a continuous random variable (RV) that has equally likely outcomes over the domain, $a < x < b$; it is often referred to as the **rectangular distribution** because the graph of the pdf has the form of a rectangle. Notation: $X \sim U(a,b)$. The mean is $\mu = \frac{a+b}{2}$ and the standard deviation is $\sigma = \sqrt{\frac{(b-a)^2}{12}}$. The probability density function is $f(x) = \frac{1}{b-a}$ for $a < x < b$ or $a \leq x \leq b$. The cumulative distribution is $P(X \leq x) = \frac{x-a}{b-a}$.

CHAPTER REVIEW

5.1 Continuous Probability Functions

The probability density function (pdf) is used to describe probabilities for continuous random variables. The area under the density curve between two points corresponds to the probability that the variable falls between those two values. In other words, the area under the density curve between points a and b is equal to $P(a < x < b)$. The cumulative distribution function (cdf) gives the probability as an area. If X is a continuous random variable, the probability density function (pdf), $f(x)$, is used to draw the graph of the probability distribution. The total area under the graph of $f(x)$ is one. The area under the graph of $f(x)$ and between values a and b gives the probability $P(a < x < b)$.

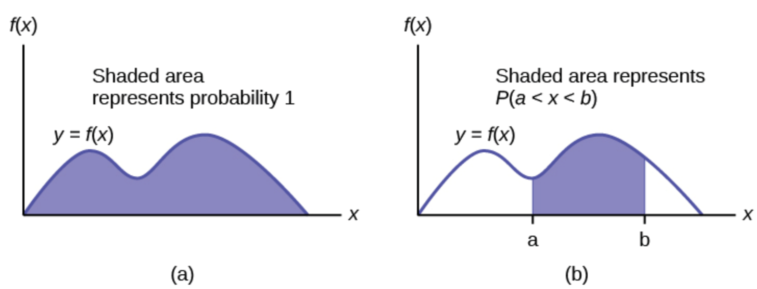

Figure 5.35

The cumulative distribution function (cdf) of X is defined by $P(X \leq x)$. It is a function of x that gives the probability that the random variable is less than or equal to x.

5.2 The Uniform Distribution

KEY TERMS

Normal Distribution a continuous random variable (RV) with pdf $f(x) = \frac{1}{\sigma\sqrt{2\pi}} e^{\frac{-(x-m)^2}{2\sigma^2}}$, where μ is the mean of the distribution and σ is the standard deviation; notation: $X \sim N(\mu, \sigma)$. If $\mu = 0$ and $\sigma = 1$, the RV is called the **standard normal distribution**.

Standard Normal Distribution a continuous random variable (RV) $X \sim N(0, 1)$; when X follows the standard normal distribution, it is often noted as $Z \sim N(0, 1)$.

z-score the linear transformation of the form $z = \frac{x - \mu}{\sigma}$; if this transformation is applied to any normal distribution $X \sim N(\mu, \sigma)$ the result is the standard normal distribution $Z \sim N(0,1)$. If this transformation is applied to any specific value x of the RV with mean μ and standard deviation σ, the result is called the z-score of x. The z-score allows us to compare data that are normally distributed but scaled differently.

CHAPTER REVIEW

6.1 The Standard Normal Distribution

A z-score is a standardized value. Its distribution is the standard normal, $Z \sim N(0, 1)$. The mean of the z-scores is zero and the standard deviation is one. If z is the z-score for a value x from the normal distribution $N(\mu, \sigma)$ then z tells you how many standard deviations x is above (greater than) or below (less than) μ.

6.2 Using the Normal Distribution

The normal distribution, which is continuous, is the most important of all the probability distributions. Its graph is bell-shaped. This bell-shaped curve is used in almost all disciplines. Since it is a continuous distribution, the total area under the curve is one. The parameters of the normal are the mean μ and the standard deviation σ. A special normal distribution, called the standard normal distribution is the distribution of z-scores. Its mean is zero, and its standard deviation is one.

FORMULA REVIEW

6.0 Introduction

$X \sim N(\mu, \sigma)$

μ = the mean; σ = the standard deviation

6.1 The Standard Normal Distribution

$Z \sim N(0, 1)$

z = a standardized value (z-score)

mean = 0; standard deviation = 1

To find the K^{th} percentile of X when the z-scores is known: $k = \mu + (z)\sigma$

z-score: $z = \frac{x - \mu}{\sigma}$

Z = the random variable for z-scores

$Z \sim N(0, 1)$

6.2 Using the Normal Distribution

Normal Distribution: $X \sim N(\mu, \sigma)$ where μ is the mean and σ is the standard deviation.

Standard Normal Distribution: $Z \sim N(0, 1)$.

Calculator function for probability: normalcdf (lower x value of the area, upper x value of the area, mean, standard deviation)

Calculator function for the k^{th} percentile: k = invNorm (area to the left of k, mean, standard deviation)

PRACTICE

6.1 The Standard Normal Distribution

1. A bottle of water contains 12.05 fluid ounces with a standard deviation of 0.01 ounces. Define the random variable X in words. X = ____________.

2. A normal distribution has a mean of 61 and a standard deviation of 15. What is the median?