



Exercise

The local diner has started selling fortune cookies at \$0.50 per cookie. Hidden within each cookie is a secret message. Most messages predict a good future for the buyer, but others offer money off at the diner. The probability of getting \$2 off is 0.1, the probability of getting \$5 off is 0.07, and the probability of getting \$10 off is 0.03.

If X is the net gain, what's the probability distribution of X ? What are the values of $E(X)$ and $\text{Var}(X)$?

The diner decides to put the price of the cookies up to \$1. What are the new expectation and variance?