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| Milagro & Harriman Capital |
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# Memorandum

To: Harriman Capital

From: Kathleen Ortiz (BVA)

CC: Julia Silva (Milagro)

## **Key Takeaway**: Our model’s estimate a projected annual profit of $33.22-$40.12M, depending on various modeling decisions and techniques.

**Model 1** *(Saturated Linear Regression):*

**Evaluation Estimate:** $40,016,174, **Out-of-sample :** 0.79, **In-sample** : 0.72

**Description**: Our first model was a standard linear regression that included every variable in the training data set. This provides a good introductory analysis to potentially significant variables

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1. 40119868
2. Median income & college graduates, freestand negatively correlated with driving, non.us.citiizen and public transpo
3. Kathleen:

> value

[1] 40016174

> OSR2

[1] 0.7201434

> R2

[1] 0.7861431

Saturated:

> value

[1] 33549052

> OSR2

[1] 0.8007997

> R2

[1] 0.9484129

BYOM:

> value

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> OSR2

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> R2

[1] 0.9484129

4.

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[1] 33222056

> OSR2

[1] 0.8589603

> R2

[1,] 0.9459049

> OSR2.lasso.final

[1] 0.8050234

> R2.lasso.final

[1] 0.9484048

> value

[1] 33530340