

Quiz 5. Explain why one cannot use  $R^2$  but can use adjusted  $R^2$  to do model selection

Quiz 6.

Payoff Table:

Probability: Competitor:	0.3 No bid	0.14 <115	0.28 (115,120)	0.21 (120,125)	0.07 >125	ER
No bid	0	0	0	0	0	0
Bid 115	15	-5	15	15	15	12.2
Bid 120	20	-5	-5	20	20	9.5
Bid 125	25	-5	-5	-5	25	6.1

- (1) Find the best action according to the maximin rule
- (2) Find the best action according to the maximax rule
- (3) Find the best action according to the minmax loss rule
- (4) Find the action that has the smallest expected loss

Answers:

- (1) No bid
- (2) Bid 125
- (3) Bid 115
- (4) Bid 115

Quiz 7:

Using at least two different ways to find the expected value of perfect information (EVPI) for the following payoff table:

	<i>Deck A</i>	<i>Deck B</i>
<i>Guess Deck A</i>	4	2
<i>Guess Deck B</i>	1	6