

**Economics 50343**  
**Econometrics**  
Exam Two Study Sheet, Fall 2008

**KNOW...**

- all assigned homework from chapters 1 through 10.
- $R^2$  vs. adj- $R^2$
- when to use a hat!
- what minimum variance means
- what unbiasedness means
- that OLS estimate passes through the means of the observations
- that what we are explaining is the variation of the dep var from its mean
- the steps in applied regression analysis
- the Classical Assumptions
- the consequences of an omitted variable
- the consequences of an irrelevant variable
- the four specification criteria
- the consequences of multicollinearity, how to detect it, and how to solve it
- the consequences of serial correlation, how to detect it, and how to solve it
- the consequences of heteroskedasticity, how to detect it, and how to solve it

Exam is open book, but I would recommend studying as if it were not! You are responsible for remembering to bring your book on test day.