
Contents

Preface	ix
Chapter 1. Some Background and Preliminaries	1
§1.1. The Language of Probability Theory	2
1.1.1. Sample Spaces and Events	3
1.1.2. Probability Measures	4
Exercises for § 1.1	6
§1.2. Finite and Countable Sample Spaces	7
1.2.1. Probability Theory on a Countable Space	7
1.2.2. Uniform Probabilities and Coin Tossing	10
1.2.3. Tournaments	13
1.2.4. Symmetric Random Walk	15
1.2.5. De Moivre’s Central Limit Theorem	17
1.2.6. Independent Events	20
1.2.7. The Arc Sine Law	24
1.2.8. Conditional Probability	27
Exercises for § 1.2	29
§1.3. Some Non-Uniform Probability Measures	32
1.3.1. Random Variables and Their Distributions	32
1.3.2. Biased Coins	33
1.3.3. Recurrence and Transience of Random Walks	36
Exercises for § 1.3	39
§1.4. Expectation Values	40
1.4.1. Some Elementary Examples	45
1.4.2. Independence and Moment Generating Functions	47

1.4.3. Basic Convergence Results	49
Exercises for § 1.4	51
Comments on Chapter 1	52
Chapter 2. Probability Theory on Uncountable Sample Spaces	55
§2.1. A Little Measure Theory	56
2.1.1. Sigma Algebras, Measurable Functions, and Measures	56
2.1.2. Π - and Λ -Systems	58
Exercises for § 2.1	59
§2.2. A Construction of \mathbb{P}_p on $\{0,1\}^{\mathbb{Z}^+}$	59
2.2.1. The Metric Space $\{0,1\}^{\mathbb{Z}^+}$	59
2.2.2. The Construction	61
Exercises for § 2.2	65
§2.3. Other Probability Measures	65
2.3.1. The Uniform Probability Measure on $[0,1]$	66
2.3.2. Lebesgue Measure on \mathbb{R}	68
2.3.3. Distribution Functions and Probability Measures	70
Exercises for § 2.3	71
§2.4. Lebesgue Integration	71
2.4.1. Integration of Functions	72
2.4.2. Some Properties of the Lebesgue Integral	77
2.4.3. Basic Convergence Theorems	80
2.4.4. Inequalities	84
2.4.5. Fubini's Theorem	88
Exercises for § 2.4	91
§2.5. Lebesgue Measure on \mathbb{R}^N	95
2.5.1. Polar Coordinates	98
2.5.2. Gaussian Computations and Stirling's Formula	99
Exercises for § 2.5	102
Comments on Chapter 2	104
Chapter 3. Some Applications to Probability Theory	105
§3.1. Independence and Conditioning	105
3.1.1. Independent σ -Algebras	105
3.1.2. Independent Random Variables	107
3.1.3. Conditioning	109
3.1.4. Some Properties of Conditional Expectations	113
Exercises for § 3.1	114
§3.2. Distributions that Admit a Density	117
3.2.1. Densities	117

3.2.2. Densities and Conditioning	119
Exercises for § 3.2	120
§3.3. Summing Independent Random Variables	121
3.3.1. Convolution of Distributions	121
3.3.2. Some Important Examples	122
3.3.3. Kolmogorov's Inequality and the Strong Law	124
Exercises for § 3.3	130
Comments on Chapter 3	134
Chapter 4. The Central Limit Theorem and Gaussian Distributions	135
§4.1. The Central Limit Theorem	135
4.1.1. Lindeberg's Theorem	137
Exercises for § 4.1	142
§4.2. Families of Normal Random Variables	143
4.2.1. Multidimensional Gaussian Distributions	143
4.2.2. Standard Normal Random Variables	144
4.2.3. More General Normal Random Variables	146
4.2.4. A Concentration Property of Gaussian Distributions	147
4.2.5. Linear Transformations of Normal Random Variables	150
4.2.6. Gaussian Families	152
Exercises for § 4.2	155
Comments on Chapter 4	158
Chapter 5. Discrete Parameter Stochastic Processes	159
§5.1. Random Walks Revisited	159
5.1.1. Immediate Rewards	159
5.1.2. Computations via Conditioning	162
Exercises for § 5.1	167
§5.2. Processes with the Markov Property	168
5.2.1. Sequences of Dependent Random Variables	168
5.2.2. Markov Chains	171
5.2.3. Long-Time Behavior	171
5.2.4. An Extension	174
Exercises for § 5.2	178
§5.3. Markov Chains on a Countable State Space	179
5.3.1. The Markov Property	181
5.3.2. Return Times and the Renewal Equation	182
5.3.3. A Little Ergodic Theory	185
Exercises for § 5.3	188
Comments on Chapter 5	190

Chapter 6. Some Continuous-Time Processes	193
§6.1. Transition Probability Functions and Markov Processes	193
6.1.1. Transition Probability Functions	194
Exercises for § 6.1	196
§6.2. Markov Chains Run with a Poisson Clock	196
6.2.1. The Simple Poisson Process	197
6.2.2. A Generalization	199
6.2.3. Stationary Measures	200
Exercises for § 6.2	203
§6.3. Brownian Motion	204
6.3.1. Some Preliminaries	205
6.3.2. Lévy's Construction	206
6.3.3. Some Elementary Properties of Brownian Motion	209
6.3.4. Path Properties	216
6.3.5. The Ornstein–Uhlenbeck Process	219
Exercises for § 6.3	222
Comments on Chapter 6	224
Chapter 7. Martingales	225
§7.1. Discrete Parameter Martingales	225
7.1.1. Doob's Inequality	226
Exercises for § 7.1	232
§7.2. The Martingale Convergence Theorem	233
7.2.1. The Convergence Theorem	234
7.2.2. Application to the Radon–Nikodym Theorem	237
Exercises for § 7.2	241
§7.3. Stopping Times	242
7.3.1. Stopping Time Theorems	242
7.3.2. Reversed Martingales	247
7.3.3. Exchangeable Sequences	249
Exercises for § 7.3	252
§7.4. Continuous Parameter Martingales	254
7.4.1. Progressively Measurable Functions	254
7.4.2. Martingales and Submartingales	255
7.4.3. Stopping Times Again	257
7.4.4. Continuous Martingales and Brownian Motion	259
7.4.5. Brownian Motion and Differential Equations	266
Exercises for § 7.4	271
Comments on Chapter 7	274

Notation	275
Bibliography	279
Index	281