Algebra II Lesson #4 Unit 10 Class Worksheet #4 For Worksheets #5 - #7

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The interest earned would be \$100 using the simple interest formula.

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Now, suppose interest is paid at the same annual rate, but it is added every 6 months. At the end of the first 6-month (1/2 year) period, the interest would be I = PRT = (\$1000)(0.05)(1/2) = \$25.

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Suppose \$1,000 is invested at an annual rate of 5% for 2 years. <u>Simple interest</u> is calculated using the formula I = PRT. P, the <u>principal</u>, is the amount invested, \$1,000. R is the annual interest rate, 5% = 0.05. T is the length of <u>time</u>, 2 years. The simple interest is

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Suppose \$1,000 is invested at an annual rate of 5% for 2 years. <u>Simple interest</u> is calculated using the formula I = PRT. P, the <u>principal</u>, is the amount invested, \$1,000. R is the annual interest rate, 5% = 0.05. T is the length of <u>time</u>, 2 years. The simple interest is

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Suppose \$1,000 is invested at an annual rate of 5% for 2 years. <u>Simple interest</u> is calculated using the formula I = PRT. P, the <u>principal</u>, is the amount invested, \$1,000. R is the annual interest rate, 5% = 0.05. T is the length of <u>time</u>, 2 years. The simple interest is

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Suppose \$1,000 is invested at an annual rate of 5% for 2 years. <u>Simple interest</u> is calculated using the formula I = PRT. P, the <u>principal</u>, is the amount invested, \$1,000. R is the annual interest rate, 5% = 0.05. T is the length of <u>time</u>, 2 years. The simple interest is

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First, we will explain the formula.

In this formula, P is the original amount invested, R is the annual interest rate, N is the number of times per year the interest is paid, and A is the balance after T years.

First, we will explain the formula. Clearly, $\frac{R}{N}$ represents the interest rate per payment period.

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First, we will explain the formula. Clearly, $\frac{R}{N}$ represents the interest rate per payment period. The interest earned during the first payment period is $P(\frac{R}{N})$.

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$$P_1 =$$

In this formula, P is the original amount invested, R is the annual interest rate, N is the number of times per year the interest is paid, and A is the balance after T years.

$$\mathbf{P}_1 = \mathbf{P} + \mathbf{P}(\frac{\mathbf{R}}{\mathbf{N}})$$

In this formula, P is the original amount invested, R is the annual interest rate, N is the number of times per year the interest is paid, and A is the balance after T years.

$$P_1 = P + P(\frac{R}{N}) = P(1 + \frac{R}{N})$$

In this formula, P is the original amount invested, R is the annual interest rate, N is the number of times per year the interest is paid, and A is the balance after T years.

First, we will explain the formula. Clearly, $\frac{R}{N}$ represents the interest rate per payment period. The interest earned during the first payment period is $P(\frac{R}{N})$. If P₁ represents the balance after the first payment period, then

$$\mathbf{P}_1 = \mathbf{P} + \mathbf{P}(\frac{\mathbf{R}}{\mathbf{N}}) = \mathbf{P}(1 + \frac{\mathbf{R}}{\mathbf{N}})$$

It follows that P₂, the balance after the second payment period, is

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It follows that P₂, the balance after the second payment period, is

 $P_2 =$
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$$\mathbf{P}_2 = \mathbf{P}_1 + \mathbf{P}_1(\frac{\mathbf{R}}{\mathbf{N}})$$

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$$P_1 = P + P(\frac{R}{N}) = \frac{P(1 + \frac{R}{N})}{P(1 + \frac{R}{N})}$$

$$P_2 = P_1 + P_1(\frac{R}{N}) = P_1(1 + \frac{R}{N}) = [P(1 + \frac{R}{N})](1 + \frac{R}{N})$$

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$$P_2 = P_1 + P_1(\frac{R}{N}) = P_1(1 + \frac{R}{N}) = [P(1 + \frac{R}{N})](1 + \frac{R}{N})$$

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$$P_2 = P_1 + P_1(\frac{R}{N}) = P_1(1 + \frac{R}{N}) = [P(1 + \frac{R}{N})](1 + \frac{R}{N})$$
$$P_2 = P(1 + \frac{R}{N})^2$$

In this formula, P is the original amount invested, R is the annual interest rate, N is the number of times per year the interest is paid, and A is the balance after T years.

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$$\mathbf{P}_1 = \mathbf{P} + \mathbf{P}(\frac{\mathbf{R}}{\mathbf{N}}) = \mathbf{P}(1 + \frac{\mathbf{R}}{\mathbf{N}})$$

$$P_{2} = P_{1} + P_{1}(\frac{R}{N}) = P_{1}(1 + \frac{R}{N}) = [P(1 + \frac{R}{N})](1 + \frac{R}{N})$$
$$P_{2} = P(1 + \frac{R}{N})^{2}$$

In this formula, P is the original amount invested, R is the annual interest rate, N is the number of times per year the interest is paid, and A is the balance after T years.

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$$\mathbf{P}_1 = \mathbf{P} + \mathbf{P}(\frac{\mathbf{R}}{\mathbf{N}}) = \mathbf{P}(\mathbf{1} + \frac{\mathbf{R}}{\mathbf{N}})$$

$$P_{2} = P_{1} + P_{1}(\frac{R}{N}) = P_{1}(1 + \frac{R}{N}) = [P(1 + \frac{R}{N})](1 + \frac{R}{N})$$
$$P_{2} = P(1 + \frac{R}{N})^{2}$$

In this formula, P is the original amount invested, R is the annual interest rate, N is the number of times per year the interest is paid, and A is the balance after T years.

First, we will explain the formula. Clearly, $\frac{R}{N}$ represents the interest rate per payment period. The interest earned during the first payment period is $P(\frac{R}{N})$. If P₁ represents the balance after the first payment period, then

$$\mathbf{P}_1 = \mathbf{P} + \mathbf{P}(\frac{\mathbf{R}}{\mathbf{N}}) = \mathbf{P}(1 + \frac{\mathbf{R}}{\mathbf{N}})^1$$

$$P_{2} = P_{1} + P_{1}(\frac{R}{N}) = P_{1}(1 + \frac{R}{N}) = [P(1 + \frac{R}{N})](1 + \frac{R}{N})$$
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In this formula, P is the original amount invested, R is the annual interest rate, N is the number of times per year the interest is paid, and A is the balance after T years.

First, we will explain the formula. Clearly, $\frac{R}{N}$ represents the interest rate per payment period. The interest earned during the first payment period is $P(\frac{R}{N})$. If P₁ represents the balance after the first payment period, then

$$\mathbf{P}_1 = \mathbf{P} + \mathbf{P}(\frac{\mathbf{R}}{\mathbf{N}}) = \mathbf{P}(1 + \frac{\mathbf{R}}{\mathbf{N}})^1$$

It follows that P₂, the balance after the second payment period, is

$$P_{2} = P_{1} + P_{1}(\frac{R}{N}) = P_{1}(1 + \frac{R}{N}) = [P(1 + \frac{R}{N})](1 + \frac{R}{N})$$
$$P_{2} = P(1 + \frac{R}{N})^{2}$$

In the same way, we can show that $P_3 =$

In this formula, P is the original amount invested, R is the annual interest rate, N is the number of times per year the interest is paid, and A is the balance after T years.

First, we will explain the formula. Clearly, $\frac{R}{N}$ represents the interest rate per payment period. The interest earned during the first payment period is $P(\frac{R}{N})$. If P₁ represents the balance after the first payment period, then

$$\mathbf{P}_1 = \mathbf{P} + \mathbf{P}(\frac{\mathbf{R}}{\mathbf{N}}) = \mathbf{P}(1 + \frac{\mathbf{R}}{\mathbf{N}})^1$$

It follows that P₂, the balance after the second payment period, is

$$P_2 = P_1 + P_1(\frac{R}{N}) = P_1(1 + \frac{R}{N}) = [P(1 + \frac{R}{N})](1 + \frac{R}{N})$$
$$P_2 = P(1 + \frac{R}{N})^2$$

In the same way, we can show that $P_3 = P(1 + \frac{R}{N})^3$

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First, we will explain the formula. Clearly, $\frac{R}{N}$ represents the interest rate per payment period. The interest earned during the first payment period is $P(\frac{R}{N})$. If P₁ represents the balance after the first payment period, then

$$\mathbf{P}_1 = \mathbf{P} + \mathbf{P}(\frac{\mathbf{R}}{\mathbf{N}}) = \mathbf{P}(1 + \frac{\mathbf{R}}{\mathbf{N}})^1$$

It follows that P₂, the balance after the second payment period, is

$$P_{2} = P_{1} + P_{1}(\frac{R}{N}) = P_{1}(1 + \frac{R}{N}) = [P(1 + \frac{R}{N})](1 + \frac{R}{N})$$
$$P_{2} = P(1 + \frac{R}{N})^{2}$$

In the same way, we can show that $P_3 = P(1 + \frac{R}{N})^3$ and $P_4 =$

In this formula, P is the original amount invested, R is the annual interest rate, N is the number of times per year the interest is paid, and A is the balance after T years.

First, we will explain the formula. Clearly, $\frac{R}{N}$ represents the interest rate per payment period. The interest earned during the first payment period is $P(\frac{R}{N})$. If P₁ represents the balance after the first payment period, then

$$\mathbf{P}_1 = \mathbf{P} + \mathbf{P}(\frac{\mathbf{R}}{\mathbf{N}}) = \mathbf{P}(1 + \frac{\mathbf{R}}{\mathbf{N}})^1$$

It follows that P₂, the balance after the second payment period, is

$$P_2 = P_1 + P_1(\frac{R}{N}) = P_1(1 + \frac{R}{N}) = [P(1 + \frac{R}{N})](1 + \frac{R}{N})$$
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In the same way, we can show that $P_3 = P(1 + \frac{R}{N})^3$ and $P_4 = P(1 + \frac{R}{N})^4$.

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First, we will explain the formula. Clearly, $\frac{R}{N}$ represents the interest rate per payment period. The interest earned during the first payment period is $P(\frac{R}{N})$. If P₁ represents the balance after the first payment period, then

$$P_1 = P + P(\frac{R}{N}) = P(1 + \frac{R}{N})^1$$

It follows that P₂, the balance after the second payment period, is

$$P_2 = P_1 + P_1(\frac{R}{N}) = P_1(1 + \frac{R}{N}) = [P(1 + \frac{R}{N})](1 + \frac{R}{N})$$
$$P_2 = P(1 + \frac{R}{N})^2$$

In the same way, we can show that $P_3 = P(1 + \frac{R}{N})^3$ and $P_4 = P(1 + \frac{R}{N})^4$. In T years,

In this formula, P is the original amount invested, R is the annual interest rate, N is the number of times per year the interest is paid, and A is the balance after T years.

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$$\mathbf{P}_1 = \mathbf{P} + \mathbf{P}(\frac{\mathbf{R}}{\mathbf{N}}) = \mathbf{P}(1 + \frac{\mathbf{R}}{\mathbf{N}})^1$$

It follows that P₂, the balance after the second payment period, is

$$P_{2} = P_{1} + P_{1}(\frac{R}{N}) = P_{1}(1 + \frac{R}{N}) = [P(1 + \frac{R}{N})](1 + \frac{R}{N})$$
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In the same way, we can show that $P_3 = P(1 + \frac{R}{N})^3$ and $P_4 = P(1 + \frac{R}{N})^4$. In T years, there are NT payment periods,

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Write the compound interest formula. Substitute in the values of P, R, and N. Simplify.

12


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600

809

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$$0 \ 600 \ 5 \ 809$$

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Use the function to fill out a table of values.



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Use the function to fill out a table of values. Plot the points. Complete the graph.



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$$P = 600$$
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Another application of exponential functions deals with <u>radioactive decay</u>.

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A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

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When t = 0, there are 1600 grams of the radioactive substance present.

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t	Q
0	1600
4	800

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

t	Q	
0	1600	When $t = 4$ (years),
4	800	

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

First we will create a table showing how the mass changes over time.

t	Q
0	1600
4	800

When t = 4 (years), half of the radioactive substance has decayed.

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

First we will create a table showing how the mass changes over time.



When t = 4 (years), half of the radioactive substance has decayed. There are now 800 grams of the radioactive substance present.

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

First we will create a table showing how the mass changes over time.



When t = 4 (years), half of the radioactive substance has decayed. There are now 800 grams of the radioactive substance present. Please realize that the 800 grams which have 'decayed' have not disappeared.

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

First we will create a table showing how the mass changes over time.



When t = 4 (years), half of the radioactive substance has decayed. There are now 800 grams of the radioactive substance present. Please realize that the 800 grams which have 'decayed' have not disappeared. They have simply change into a more stable substance.

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

t	Q
0	1600
4	800

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

t	Q
0	1600
4	800
8	

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

t	Q
0	1600
4	800
8	400

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

Q	
1600	When t = 8 (years),
800	
400	
	Q 1600 800 400

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

First we will create a table showing how the mass changes over time.

t	Q
0	1600
4	800
8	400

When t = 8 (years), half of the remaining radioactive substance has decayed.

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

First we will create a table showing how the mass changes over time.

t	Q
0	1600
4	800
8	400

When t = 8 (years), half of the remaining radioactive substance has decayed. There are now 400 grams of the radioactive substance present.

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

First we will create a table showing how the mass changes over time.

t	Q
0	1600
4	800
8	400

When t = 8 (years), half of the remaining radioactive substance has decayed. There are now 400 grams of the radioactive substance present. Once again, the 400 grams which have 'decayed' have not disappeared.

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

First we will create a table showing how the mass changes over time.

t	Q
0	1600
4	800
8	400

When t = 8 (years), half of the remaining radioactive substance has decayed. There are now 400 grams of the radioactive substance present. Once again, the 400 grams which have 'decayed' have not disappeared. They have simply change into a more stable substance.

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

First we will create a table showing how the mass changes over time.

t	Q
0	1600
4	800
8	400

When t = 8 (years), half of the remaining radioactive substance has decayed. There are now 400 grams of the radioactive substance present. Once again, the 400 grams which have 'decayed' have not disappeared. They have simply change into a more stable substance. (This may help to explain why the apparent rate of decay has decreased.)

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

t	Q
0	1600
4	800
8	400

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

t	Q	
0	1600	This will continue.
4	800	
8	400	

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First we will create a table showing how the mass changes over time.

t	Q
0	1600
4	800
8	400

This will continue. With each additional four year time period,

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

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t	Q
0	1600
4	800
8	400
12	

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

First we will create a table showing how the mass changes over time.

t	Q
0	1600
4	800
8	400
12	200

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

First we will create a table showing how the mass changes over time.

t	Q
0	1600
4	800
8	400
12	200
16	

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

First we will create a table showing how the mass changes over time.

t	Q
0	1600
4	800
8	400
12	200
16	100

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

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t	Q
0	1600
4	800
8	400
12	200
16	100
20	

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t	Q
0	1600
4	800
8	400
12	200
16	100
20	50

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Next, we will develop a function that will produce the same result.

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t	Q
0	1600
4	800 = 1600(1/2)
8	400
12	200
16	100
20	50

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Q
$1600 = 1600(1/2)^0$
$800 = 1600(1/2)^1$
$400 = 1600(1/2)^2$
$200 = 1600(1/2)^3$
$100 = 1600(1/2)^4$
$50 = 1600(1/2)^5$

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Next, we will develop a function that will produce the same result. Notice that as you move down through the table, the previous value of Q is multiplied by one-half. Now, notice that every value of Q can be expressed in the form $1600(1/2)^{K}$ for some exponent K. Next, notice that in every row, the exponent is the value of t divided by the half life, 4 years in this example.

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Q =	

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$Q = 1600(1/2)^{t/4}$	

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We will make one more change in our function.

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20	$50 = 1600(1/2)^5$
$Q = 1600(1/2)^{t/4}$	

We will make one more change in our function. Using properties of exponents, we can replace $(1/2)^{t/4}$ with the equivalent expression $2^{-t/4}$.

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20	$50 = 1600(1/2)^5$
$Q = 1600(1/2)^{t/4}$	

We will make one more change in our function. Using properties of exponents, we can replace (1/2)^{t/4} with the equivalent expression 2^{-t/4}. So, our final function is

Q =

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

First we will create a table showing how the mass changes over time.

t	Q		
0	$1600 = 1600(1/2)^0$		
4	$800 = 1600(1/2)^1$		
8	$400 = 1600(1/2)^2$		
12	$200 = 1600(1/2)^3$		
16	$100 = 1600(1/2)^4$		
20	$50 = 1600(1/2)^5$		
$Q = 1600(1/2)^{t/4}$			

We will make one more change in our function. Using properties of exponents, we can replace (1/2)^{t/4} with the equivalent expression 2^{-t/4}. So, our final function is

 $Q = 1600(2)^{-t/4}$

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

$Q = 1600(2)^{-t/4}$				
t	Q			
0	1600			
4	800			
8	400			
12	200			
16	100			
20	50			

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

4

In general, if M represents the original mass (in grams) of a radioactive substance with a half-life of H years,

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

$\mathbf{Q} = 1$	$1600(2)^{-t/4}$
t	Q
0	1600
4	800
8	400
12	200
16	100
20	50

In general, if M represents the original mass (in grams) of a radioactive substance with a half-life of H years, then the quantity remaining, Q, (in grams) after t years is given by the function

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

O = 1	1600(2) ^{-t/4}
t	Q
0	1600
4	800
8	400
12	200
16	100
20	50

In general, if M represents the original mass (in grams) of a radioactive substance with a half-life of H years, then the quantity remaining, Q, (in grams) after t years is given by the function

A certain radioactive substance with a mass of 1600 grams has a half-life of 4 years. Express its mass, Q, as a function of time, t, in years.

O =	1600(2) ^{-t/4}
× t	
4	800
8	400
12	200
16	100
20	50

In general, if M represents the original mass (in grams) of a radioactive substance with a half-life of H years, then the quantity remaining, Q, (in grams) after t years is given by the function

$$\mathbf{Q} = \mathbf{M}(\mathbf{2})^{-t/H}$$







2. A certain radioactive substance with a mass of 2000 grams has a half-life of 6 years. Express its mass, Q, as a function of time, t, in years. Graph this function for values of t from 0 to 20 years.



2000^Q

1800-

1600-

2. A certain radioactive substance with a mass of 2000 grams has a half-life of 6 years. Express its mass, Q, as a function of time, t, in years. Graph this function for values of t from 0 to 20 years.

 $\mathbf{Q} = \mathbf{M}(\mathbf{2})^{-t/H}$



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 $Q = M(2)^{-t/H}$

M = 2000 (grams)



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 $\mathbf{Q} = \mathbf{M}(\mathbf{2})^{-t/H}$

M = 2000 (grams)

H = 6 (years)



2. A certain radioactive substance with a mass of 2000 grams has a half-life of 6 years. Express its mass, Q, as a function of time, t, in years. Graph this function for values of t from 0 to 20 years.

 $\mathbf{Q} = \mathbf{M}(\mathbf{2})^{-t/H}$

M = 2000 (grams)

H = 6 (years)



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Q =



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- **M = 2000 (grams)**
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- $\mathbf{Q}=\mathbf{2000}($



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 $\mathbf{Q} = \mathbf{M}(\mathbf{2})^{-t/H}$

- **M = 2000 (grams)**
 - H = 6 (years)

 $Q = 2000(2)^{-t/6}$



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- **M = 2000 (grams)**
 - H = 6 (years)

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 $\mathbf{Q} = \mathbf{M}(\mathbf{2})^{-t/H}$

- **M = 2000 (grams)**
 - H = 6 (years)

 $Q = 2000(2)^{-t/6}$

Use the function to fill out a table of values.



2000²

1800-

1600-

20






2000²

1800-

1600-

1400-

20



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2000²

1800-

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1800-

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1800-

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2000²

1800-

1600-

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20

2000²

1800-

1600-

2000²

1800-

1600-

1400-

20







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2000²

1800-

2000²

1800-

1600-

1400-

20



2000²

1800-

1600-

1400-

20







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2000

1800-

1600-





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1800-

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2000

1800-

1600-

1400-

20

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2000

1800-





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2000

1800-

1600-

2000²^Q

1800-

1600-

1400-

20



2000²^Q

1800-

1600-

1400-

20



2000²^Q

 $Q = 2000(2)^{-t/6}$

20

1800-

1600-

1400-



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2000²

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2000²^Q

 $Q = 2000(2)^{-t/6}$

20

1800-

1600-

2000^Q (0, 2000)

 $Q = 2000(2)^{-t/6}$

20

1800-

1600-

1400-



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 $Q = 2000(2)^{-t/6}$

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1800-

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1600-

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2000^Q (0, 2000)

 $Q = 2000(2)^{-t/6}$

1800-

	t	Q
$\mathbf{Q} = \mathbf{M}(2)^{-t/\mathrm{H}}$	0	2000
	5	1122
M = 2000 (grams)	10	630
H = 6 (years)	15	354
	20	198
$Q = 2000(2)^{-t/6}$		1



	t	Q
$\mathbf{Q} = \mathbf{M}(2)^{-t/H}$	0	2000
	5	1122
$\mathbf{M} = 2000 \text{ (grams)}$	10	630
H = 6 (vears)	15	354
	20	198
$Q = 2000(2)^{-t/6}$		I



Another application of exponential functions involves the real number e.

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Here is a 'definition' for the real number e.

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Consider the expression $\left[1+\frac{1}{k}\right]^k$.

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Consider the expression $\left[1 + \frac{1}{k}\right]^k$. We will examine how the value of this expression changes as k increases.

k

 $\left[1+\frac{1}{k}\right]^{k}$

Here is a 'definition' for the real number e.



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Here is a 'definition' for the real number e.

$$\frac{k}{\left[1+\frac{1}{k}\right]^{k}}$$

$$\left[1+\frac{1}{k}\right]^{k} = \left[1+\frac{1}{1}\right]^{1}$$

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 $\frac{k}{\left[1+\frac{1}{k}\right]^{k}}$

 $\left[1+\frac{1}{k}\right]^{k} = \left[1+\frac{1}{1}\right]^{1} = 2^{1}$

Here is a 'definition' for the real number e.

$$\frac{k}{\left[1+\frac{1}{k}\right]^{k}} 2$$

$$\left[1+\frac{1}{k}\right]^{k} = \left[1+\frac{1}{1}\right]^{1} = 2^{1}$$

Here is a 'definition' for the real number e.



Here is a 'definition' for the real number e.

k	1	2
$\left[1+\frac{1}{k}\right]^k$	2	

Here is a 'definition' for the real number e.



$$\left[1+\frac{1}{k}\right]^{k} =$$

Here is a 'definition' for the real number e.

$$\frac{k}{\left[1+\frac{1}{k}\right]^{k}} \frac{2}{2}$$

$$\left[1+\frac{1}{k}\right]^{k} = \left[1+\frac{1}{2}\right]^{2}$$

Here is a 'definition' for the real number e.

$$\frac{k}{\left[1+\frac{1}{k}\right]^{k}} \frac{2}{2}$$

$$\left[1+\frac{1}{k}\right]^{k} = \left[1+\frac{1}{2}\right]^{2} = 1.5^{2}$$

Here is a 'definition' for the real number e.

k	1	2
$\left[1+\frac{1}{k}\right]^k$	2	2.25

$$\left[1+\frac{1}{k}\right]^{k} = \left[1+\frac{1}{2}\right]^{2} = 1.5^{2}$$

Here is a 'definition' for the real number e.

k	1	2	
$\left[1+\frac{1}{k}\right]^k$	2	2.25	

Here is a 'definition' for the real number e.

k	1	2	3	
$\left[1+\frac{1}{k}\right]^k$	2	2.25		

Here is a 'definition' for the real number e.

k	1	2	3	
$\left[1+\frac{1}{k}\right]^k$	2	2.25		

$$\left[1+\frac{1}{k}\right]^{k} =$$

Here is a 'definition' for the real number e.

Consider the expression $\left[1+\frac{1}{k}\right]^k$. We will examine how the value of this expression changes as k increases.

k	1	2	3	
$\left[1+\frac{1}{k}\right]^k$	2	2.25		

 $\left[1+\frac{1}{k}\right]^{k} = \left[1+\frac{1}{3}\right]^{3}$

Here is a 'definition' for the real number e.

k	1	2	3			
$\left[1+\frac{1}{k}\right]^k$	2	2.25				

$$\left[1+\frac{1}{k}\right]^{k} = \left[1+\frac{1}{3}\right]^{3} = (4/3)^{3}$$

Here is a 'definition' for the real number e.

k	1	2	3	
$\left[1+\frac{1}{k}\right]^k$	2	2.25	64/27	

$$\left[1+\frac{1}{k}\right]^{k} = \left[1+\frac{1}{3}\right]^{3} = (4/3)^{3}$$

Here is a 'definition' for the real number e.

k	1	2	3	
$\left[1+\frac{1}{k}\right]^k$	2	2.25	64/27 ≈ 2.378	

$$\left[1+\frac{1}{k}\right]^{k} = \left[1+\frac{1}{3}\right]^{3} = (4/3)^{3}$$

Here is a 'definition' for the real number e.

k	1	2	3
$\left[1+\frac{1}{k}\right]^{k}$	2	2.25	2.378

Here is a 'definition' for the real number e.

k	1	2	3	4		
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378			

Here is a 'definition' for the real number e.

k	1	2	3	4		
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378			

$$\left[1+\frac{1}{k}\right]^{k} =$$

Here is a 'definition' for the real number e.

k	1	2	3	4
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	

$$\left[1+\frac{1}{k}\right]^{k} = \left[1+\frac{1}{4}\right]^{4}$$

Here is a 'definition' for the real number e.

k	1	2	3	4	
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378		

$$\left[1+\frac{1}{k}\right]^{k} = \left[1+\frac{1}{4}\right]^{4} = (5/4)^{4}$$

Here is a 'definition' for the real number e.

k	1	2	3	4		
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	625/256		

$$\left[1+\frac{1}{k}\right]^{k} = \left[1+\frac{1}{4}\right]^{4} = (5/4)^{4}$$

Here is a 'definition' for the real number e.

k	1	2	3	4	
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	625/256 ≈ 2.441	

$$\left[1+\frac{1}{k}\right]^{k} = \left[1+\frac{1}{4}\right]^{4} = (5/4)^{4}$$

Here is a 'definition' for the real number e.

k	1	2	3	4
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.441
Here is a 'definition' for the real number e.

k	1	2	3	4	5		
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.44 1			

Here is a 'definition' for the real number e.

k	1	2	3	4	5		
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.441			

$$\left[1+\frac{1}{k}\right]^{k} =$$

Here is a 'definition' for the real number e.

k	1	2	3	4	5	
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.441		

$$\left[1+\frac{1}{k}\right]^{k} = \left[1+\frac{1}{5}\right]^{5}$$

Here is a 'definition' for the real number e.

k	1	2	3	4	5	
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.441		

$$\left[1+\frac{1}{k}\right]^{k} = \left[1+\frac{1}{5}\right]^{5} = (6/5)^{5}$$

Here is a 'definition' for the real number e.

k	1	2	3	4	5	
$\left[1+\frac{1}{k}\right]^{k}$	2	2.25	2.378	2.4 41	≈ 2.488	

$$\left[1+\frac{1}{k}\right]^{k} = \left[1+\frac{1}{5}\right]^{5} = (6/5)^{5}$$

Here is a 'definition' for the real number e.

k	1	2	3	4	5	
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.441	2.488	

Here is a 'definition' for the real number e.

k	1	2	3	4	5	10	
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.441	2.488		

Here is a 'definition' for the real number e.

k	1	2	3	4	5	10
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.441	2.488	

$$\left[1+\frac{1}{k}\right]^{k} =$$

Here is a 'definition' for the real number e.

Consider the expression $\left[1 + \frac{1}{k}\right]^{k}$. We will examine how the value of this expression changes as k increases.

k	1	2	3	4	5	10	
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.4 41	2.488		

 $\left[1+\frac{1}{k}\right]^{k} = (1.1)^{10}$

Here is a 'definition' for the real number e.

Consider the expression $\left[1 + \frac{1}{k}\right]^{k}$. We will examine how the value of this expression changes as k increases.

k	1	2	3	4	5	10	
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.441	2.488	≈ 2.594	

 $\left[1+\frac{1}{k}\right]^{k} = (1.1)^{10}$

Here is a 'definition' for the real number e.

k	1	2	3	4	5	10	
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.44 1	2.488	2.594	

Here is a 'definition' for the real number e.

k	1	2	3	4	5	10	50
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.44 1	2.488	2.594	

Here is a 'definition' for the real number e.

k	1	2	3	4	5	10	50
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.441	2.488	2.594	

$$\left[1+\frac{1}{k}\right]^{k} =$$

Here is a 'definition' for the real number e.

Consider the expression $\left[1 + \frac{1}{k}\right]^{k}$. We will examine how the value of this expression changes as k increases.

k	1	2	3	4	5	10	50	
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.44 1	2.488	2.594		

 $\left[1+\frac{1}{k}\right]^{k} = (1.02)^{50}$

Here is a 'definition' for the real number e.

Consider the expression $\left[1 + \frac{1}{k}\right]^{k}$. We will examine how the value of this expression changes as k increases.

k	1	2	3	4	5	10	50	
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.441	2.488	2.594	≈ 2.692	

 $\left[1+\frac{1}{k}\right]^{k} = (1.02)^{50}$

Here is a 'definition' for the real number e.

k	1	2	3	4	5	10	50	
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.44 1	2.488	2.594	2.692	

Here is a 'definition' for the real number e.

k	1	2	3	4	5	10	50	100
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.4 41	2.488	2.594	2.692	

Here is a 'definition' for the real number e.

k	1	2	3	4	5	10	50	100
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.441	2.488	2.594	2.692	

$$\left[1+\frac{1}{k}\right]^{k} =$$

Here is a 'definition' for the real number e.

Consider the expression $\left[1 + \frac{1}{k}\right]^k$. We will examine how the value of this expression changes as k increases.

k	1	2	3	4	5	10	50	100
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.441	2.488	2.594	2.692	

 $\left[1+\frac{1}{k}\right]^{k} = (1.01)^{100}$

Here is a 'definition' for the real number e.

Consider the expression $\left[1 + \frac{1}{k}\right]^k$. We will examine how the value of this expression changes as k increases.

k	1	2	3	4	5	10	50	100	
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.441	2.488	2.594	2.692	≈ 2.705	

 $\left[1+\frac{1}{k}\right]^{k} = (1.01)^{100}$

Here is a 'definition' for the real number e.

k	1	2	3	4	5	10	50	100
$\left[1+\frac{1}{k}\right]^k$	2	2.25	2.378	2.4 41	2.488	2.594	2.692	2.705

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k	1	0,000							
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k	1	0,000							
$\left[1+\frac{1}{k}\right]^{k}$	≈ 2	.718140	6						
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k	1	0,000	10(),000					
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		[1	$\left[+ \frac{1}{k} \right]^k$	(

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k	1	0,000	10(),000					
$\left[1+\frac{1}{k}\right]^k$	2.7	18146	≈ 2.7	718268					
		[1	$\left[+\frac{1}{k}\right]^{k}$	^(1.0)	0001) ¹	00,000			
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k	1	0,000	10(),000	1,000	,000			
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$\left[1+\frac{1}{k}\right]^{k}$	2.7	18146	2.71	18268					
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k	1	0,000	100),000	1,000	,000			
$\left[1+\frac{1}{k}\right]^{k}$	2.7	18146	2.7 1	18268	≈ 2.7	18280			
		[1	$\left[+\frac{1}{k}\right]^k$	= (1.0	00001)	1,000,000	D		

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k	1	0,000	100),000	1,000),000	10,000	,000	
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k	1	0,000	100	0,000	1,000	,000	10,000	,000	
$\left[1+\frac{1}{k}\right]^k$	2.7	18146	2.7 1	18268	2.718	8280			
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k	1	0,000	10(),000	1,000	,000	10,000	,000	
			,		,))	
$\left\lfloor 1 + \frac{1}{k} \right\rfloor^{\mathbf{K}}$	2.7	18146	2.71	18268	2.718	8280			
		Γ	. <u>1</u> 7k	(1.00	00001	<u>\ 10 000 (</u>			

=(1.000001)

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k	1	0,000	100),000	1,000	,000	10,000	,000	
$\left[1+\frac{1}{k}\right]^{k}$	2.7	18146	2.7	18268	2.718	3280	≈ 2.71	828169	
		[1	$+\frac{1}{k}$] ^k	= (1.00	00001) ^{10,000,(}	000		

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e is defined	d to k	e the '	limiting	value'	of [1+	$\left[\frac{1}{k}\right]^{k}$ as	k 'goe	s to infi	nity'.



$$\mathbf{e} = \operatorname{Limit}_{\mathbf{k} \Longrightarrow \infty} \left[1 + \frac{1}{\mathbf{k}} \right]^{\mathbf{k}}$$



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$$\mathbf{A} = \mathbf{P}(1 + \frac{\mathbf{R}}{\mathbf{N}})^{\mathbf{N}\mathbf{t}}$$

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Now, we will turn our attention to the compound interest formula.

$$\mathbf{A} = \mathbf{P}(1 + \frac{\mathbf{R}}{\mathbf{N}})^{\mathbf{N}t}$$

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$$A = P(1 + \frac{R}{N})^{Nt}$$

Let $k = \frac{N}{R} \implies \frac{R}{N} = \frac{1}{k}$

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Let $k = \frac{N}{R} \implies \frac{R}{N} = \frac{1}{k}$ and $N = kR$

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 $\implies A =$

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Let $k = \frac{N}{R} \implies \frac{R}{N} = \frac{1}{k}$ and $N = kR$
 $\implies A = P(1 + kR)$

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Let $k = \frac{N}{R} \implies \frac{R}{N} = \frac{1}{k}$ and $N = kR$

$$\implies A = P(1 + \frac{1}{k})$$

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Recall that N represents the number of times per year that the interest is compounded.

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$$\implies A =$$

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$$\implies A = Pe^{Rt}$$

Recall that N represents the number of times per year that the interest is compounded. Clearly, as N increases, k increases as well. Consider what 'happens' as N (and k) approach infinity. This expression approaches e as its limiting value. This is called the 'continuously compounded interest' formula.





<mark>↑^A (dollars)</mark>

2000

3. \$600 is invested in an account paying interest at an annual rate of 6% compounded continuously.
Express the balance of the account, A, as a function of the time, t, in years.
Graph this function for values of t from 0 to 20 years.



Write the continuously compounded interest formula.

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$$A = Pe^{Rt}$$

Write the continuously compounded interest formula.



3. \$600 is invested in an account paying interest at an annual rate of 6% compounded continuously.
Express the balance of the account, A, as a function of the time, t, in years.
Graph this function for values of t from 0 to 20 years.

 $\mathbf{A} = \mathbf{P}\mathbf{e}^{\mathbf{R}\mathbf{t}}$



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```
P = 600 (dollars)
```



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P = 600 (dollars)

$$\mathbf{R}=\mathbf{0.06}$$



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$$\mathbf{P} = 600 \; (\text{dollars})$$

$$\mathbf{R}=\mathbf{0.06}$$

$$\mathbf{A} = \mathbf{600}$$



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$$\mathbf{P} = 600 \; (\text{dollars})$$

$$R = 0.06$$

$$A = 600e^{0.06t}$$



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- **P** = 600 (dollars)
 - R = 0.06

$$A = 600e^{0.061}$$



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$$A = Pe^{Rt}$$

$$\mathbf{P} = \mathbf{600} \; (\mathbf{dollars})$$

$$R = 0.06$$

$$A = 600e^{0.06t}$$

Use the function to fill out a table of values.



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P = 600 (dollars)		
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$\mathbf{A} = \mathbf{P}\mathbf{e}^{\mathbf{R}\mathbf{t}}$	<u>t</u>	<u>A</u>
P = 600 (dollars)	0 5	600 810
$\mathbf{R} = 0.06$	10	
$A = 600e^{0.06t}$		
se the function to fill out a alues.	tabl	e of

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$\mathbf{A} = \mathbf{P}\mathbf{e}^{\mathbf{R}t}$	t	A	
P = 600 (dollars) R = 0.06 $A = 600e^{0.06t}$	0 5 10	600 810 1093	-
Jse the function to fill out ຂ alues.	tab	le of	



$A = Pe^{Rt}$ $P = 600 \text{ (dollars)}$ $R = 0.06$ $A = 600e^{0.06t}$	t 0 5 10 15	A 600 810 1093
Use the function to fill out a alues.	tab	le of



$\mathbf{A} = \mathbf{P}\mathbf{e}^{\mathbf{R}\mathbf{t}}$	t	A
P = 600 (dollars) R = 0.06 $A = 600e^{0.06t}$	0 5 10 15	600 810 1093 1476
Jse the function to fill out a values.	tab)	le of



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$\mathbf{A} = \mathbf{P}\mathbf{e}^{\mathbf{R}t}$	t	A
P = 600 (dollars) R = 0.06 $A = 600e^{0.06t}$	0 5 10 15 20	600 810 1093 1476
se the function to fill out a dues.	ı tabl	le of

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$\mathbf{A} = \mathbf{P}\mathbf{e}^{\mathbf{R}t}$	t	A
P = 600 (dollars) R = 0.06 $A = 600e^{0.06t}$	0 5 10 15 20	600 810 1093 1476 1992
se the function to fill out a	tab]	le of

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$\mathbf{A} = \mathbf{P}\mathbf{e}^{\mathbf{R}t}$	t	A
P = 600 (dollars)	0 5	600 810
R = 0.06	10	1093
$A = 600e^{0.06t}$	20	1470 1992



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$\mathbf{A} = \mathbf{P}\mathbf{e}^{\mathbf{R}t}$	t	A
	0	600
P = 600 (dollars)	5	810
R = 0.06	10	109
	15	147
$A = 600e^{0.06t}$	20	199
		1



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$\mathbf{A} = \mathbf{P}\mathbf{e}^{\mathbf{R}t}$	t	A
	0	60(
P = 600 (dollars)	5	81(
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P = 600 (dollars)	0 5	600 810
R = 0.06	10	1093 1476
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P = 600 (dollars)	0 5	600 810
$\mathbf{R} = 0.06$	10	1093
IX 0.00	15	1476
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		C



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P = 600 (dollars)	0 5	600 810
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		I
		C



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$\mathbf{A} = \mathbf{P}\mathbf{e}^{\mathbf{R}t}$	t	Α
P = 600 (dollars)	05	600 810
$\mathbf{R} = 0.06$		1093
	15	<mark>1476</mark>
$A = 600e^{0.06t}$	20	1992
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$\mathbf{A} = \mathbf{P}\mathbf{e}^{\mathbf{R}t}$	t	A
$\mathbf{D} = \mathbf{A} \mathbf{D} \mathbf{D}$	0	600
P = 000 (dollars)	5	810
R = 0.06	10	1093
	15	1476
$A = 600e^{0.06t}$	20	1992
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P = 600 (dollars)	0 5	600 810
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$\mathbf{A} = \mathbf{P}\mathbf{e}^{\mathbf{R}\mathbf{t}}$	t	A
$\mathbf{D} = (00) (\mathbf{d}00\mathbf{r}\mathbf{s})$	0	600
P = 000 (domars)	5	810
R = 0.06	10	109 .
	15	147
$A = 600e^{0.06t}$	20	199 2
		1

Use the function to fill out a table of values. Plot the points. Draw the graph.



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$\mathbf{A} = \mathbf{P}\mathbf{e}^{\mathbf{R}t}$	t	A
P = 600 (dollars)	0	60 81
$\mathbf{R} = 0.06$	10	109
$A = 600e^{0.06t}$	15 20	147 199

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	0	60
$\mathbf{P} = 600 \text{ (dollars)}$	5	81
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	0	60
P = 600 (dollars)	5	81
R = 0.06	10	109
	15	147
$A = 600e^{0.06t}$	20	<mark>19</mark> 9

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A

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$\mathbf{A} = \mathbf{P}\mathbf{e}^{\mathbf{R}\mathbf{t}}$	t
	0
$\mathbf{P} = 600 \text{ (dollars)}$	5
R = 0.06	10
	15
$A = 600e^{0.06t}$	20

