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Exponential functions arise by taking one number to the power of another, just as polynomial functions like x^3 do. For exponential functions, the variable occurs as the power, not as the base.

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We develop the function 4^x , to be concrete and to be clear that for exponential functions, the variable appears in the power.

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The graph of an exponential function always starts or ends close to the x -axis (why?) and then gets far away from the axis very quickly.

Example 5. *Sketch the graphs of the exponential functions $f(x) = -3 \cdot 2^x$ and $y = \left(\frac{2}{3}\right)^x$.*

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In the limit, the answer to this question is the magic number e , whose value is approximately 2.71828.

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Example 6. *What are you paying out to the credit card company if you have a \$1000 balance at a 19% APR compounded continuously, which you finally pay after two years?*

Example 7. *Find the value of \$325,000 after 1 year with 7% interest compounded yearly, monthly, daily and continuously.*

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