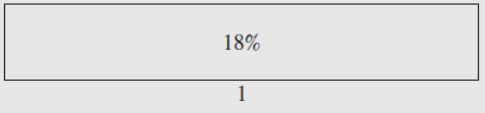
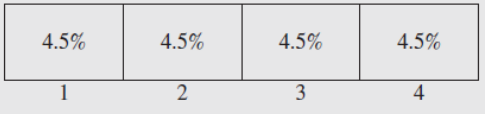
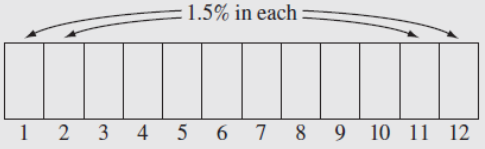
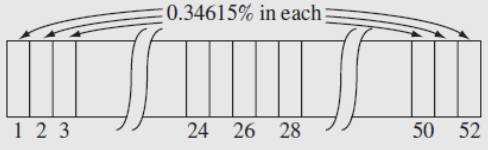
TABLE 4–2 Effective Annual Interest Rates Using Equation [4.3]

r = 18% per year, compounded CP-ly

Compounding Period, CP	Times Compounded per Year, m	Rate per Compound Period, i%	Distribution of i over the Year of Compounding Periods	Effective Annual Rate, $i_a = (1 + i)^m - 1$
Year	1	18		$(1.18)^1 - 1 = 18\%$
6 months	2	9		$(1.09)^2 - 1 = 18.81\%$
Quarter	4	4.5		$(1.045)^4 - 1 = 19.252\%$
Month	12	1.5		$(1.015)^{12} - 1 = 19.562\%$
Week	52	0.34615		$(1.0034615)^{52} - 1 = 19.684\%$