EXHIBIT 6
Debt Issued with Warrants Subject to a Registration Requirement

At June 15, 2007, Company D issued $1 million of three-year notes carrying an interest rate of LIBOR plus 2%, along with an aggregate of 10,000 detachable warrants to purchase Company D's common stock at $5 per share (the market price as of the date of issuance). The allocated fair value of the warrants at the date of issuance based on the Black-Scholes formula is $200,000. The warrants' fair value at December 31, 2007, is $300,000. The subscription agreement requires that Company D register the shares underlying the warrants. At closing, Company D concludes it is not probable that it will be required to remit any payments or issue any common stock for failing to obtain an effective registration statement. The company filed a registration statement, which was declared effective on January 28, 2008.

The $1 million cash proceeds are allocated between the debt and the warrants based on their relative fair values. The $200,000 difference between the face value and the carrying value of the notes is, in effect, a discount that will be amortized over the term of the debt. For reasons other than a registration requirement, the warrants are recorded as a liability.

Cash	$1,000,000	
Notes Payable, Net of Discount		$800,000
Warrant Liability		$200,000

Interest computed at the stated rate plus the applicable portion of the amortized discount would also be recorded, but, for simplicity, is not shown here.

On December 31, 2007, Company D would adjust the warrant liability to fair value, with a corresponding charge to operations:

Unrealized Loss on Warrants	$100,000	
Warrant Liability		$100,000

Upon the registration becoming effective, the fair value of the warrants would be reclassified to equity:

Warrant Liability	$300,000	
Additional Paid-in Capital		$300,000