U.S. Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-KSB

(Mark One)

[x] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1999

or

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from to

Commission File Number 0-21467

FIRST PRIORITY GROUP, INC.
(Name of small business issuer in its charter)

NEW YORK	11-2750412
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

51 East Bethpage Road
Plainview, New York 11803
(Address of principal executive offices) (Zip Code)

Registrant's telephone number: (516) 694-1010

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:
Common Stock par value $.015 per share
Preferred Stock Purchase Rights par value $.01 per share

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

State the issuer's revenues for its most recent fiscal year $12,135,578

The aggregate market value of the issuer's voting stock held by non-affiliates of the issuer as of March 30, 2000, based upon the closing price on the date thereof is $25,908,825.

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

As of April 13, 2000, the issuer had outstanding a total of 8,806,999 common shares.

DOCUMENTS INCORPORATED BY REFERENCE:

Part III of this Form 10-KSB is hereby incorporated by reference to the Definitive Proxy or Definitive Information Statement issued by the Company for the Notice of the Annual Meeting of Shareholders.

Transitional Small Business Disclosure Format (check one):

Yes ___ No X --

THE REMAINING PORTION OF THIS PAGE WAS INTENTIONALLY LEFT BLANK.

Part I

Item 1. DESCRIPTION OF BUSINESS

The Company, a New York corporation formed on June 28, 1985, is engaged in automotive fleet management and administration of automotive repairs for businesses, insurance companies and members of affinity groups.

The Company's office is located at 51 East Bethpage Road, Plainview, New York 11803 and its telephone number is (516) 694-1010.

Nature of Services

The services offered by the Company consist of vehicle maintenance and repair management, including collision and general repair programs, appraisal services, subrogation services, vehicle salvage and vehicle rentals; and the administration of automotive collision repair referral services for self insured fleets, insurance companies and affinity group members.

The Company's wholly-owned subsidiary, National Fleet Service, Inc., ("NFS") conducts the Company's fleet management business. The Company itself provides the various affinity programs for all types of businesses.

Fleet Management. The Company has entered into contractual arrangements with over 2,000 independently owned and operated repair shops throughout the United States, as well as with national chains of automobile repair shops, to provide repair services for the Company's fleet management clients' vehicles. The automotive repair shops with which the Company has contracted can handle, on a per incident basis, any repair which the Company's fleet management clients' drivers may encounter. Because the Company has made arrangements with a large number of repair shops, whenever a repair to a client's vehicle is needed, the chances are excellent that a local repair shop will be available to perform the required repair work. The repairs provided consist primarily of collision and glass replacement repairs although general repairs can also be provided. In the event that a repair is needed, the driver need only call the Company's toll free telephone number. Through the development of a comprehensive proprietary management system and customized computer software, upon receipt of the call,

the driver is directed to a local repair shop to which the driver may take the vehicle for the needed repairs. The Company's staff tightly manages all the activity surrounding the repair process. Upon completion of the repair, the bill is forwarded to the Company, which in turn, bills the client. There is no need for independent negotiations between the repair shop and the client or the driver. As part of its fleet management services, the Company also offers its clients computerized appraisal services, salvage and subrogation services, and offers vehicle rentals to permit clients to avoid driver down-time while a client's vehicle is being repaired. Additionally, the Company has created a complete line of customized reports with features that allow risk managers to thoroughly assess all variables concerning the collision activity expense of their fleet. These unique systems were primarily attributable to the Company winning in 1995 the prestigious award from Inc. Magazine and MCI, as one of the nations best-run service companies.

Affinity Group Programs. These programs are a series of comprehensive vehicle-related services for consumers sold through affinity groups, financial institutions, corporations and organizations. These programs may be used as re-enrollment incentives and/or membership premiums, or resold at a profit, and may be sold individually, or a variety of services can be bundled together as a high-value package.

Driver's Shield(R). - This is the premium program consisting of components, which may be sold individually. This package consists of the Collision Damage Repair Program, Driver Discount Program and the Auto Service Hotline, as well an auto buying service, legal defense reimbursement, and custom trip routing services.

Collision Damage Repair Program (CDR). - This is the corporate collision program modified to suit consumer needs. Drivers participating in this program may utilize the Company's proprietary network of collision body repair shops. Additionally, the Company's customer service department will supervise the entire process from expediting estimates and repairs, to troubleshooting any problems or difficulties that may occur.

Driver Discount Program (DDP). This program offers drivers discounts of up to forty percent off automotive-related services through thousands of premium auto chain facilities throughout the nation. It applies these discounts to virtually all routine maintenance including oil changes, brakes, transmissions, mufflers, shocks, tires and glass. An option to this program also provides 24-hour emergency roadside assistance for drivers anywhere in the U.S.

Auto Service Hotline (ASH). This program provides drivers with their own repair specialist who will help the driver determine a course of action to repair the vehicle, and if necessary, provide a referral to one of thousands of independently owned auto repair facilities. Drivers will receive a ten percent discount off repairs and an enhanced nationwide warranty when utilizing the shop to which they were referred. Additionally, drivers will be offered rental replacement cars at preferred rates that are delivered to and picked up from the driver's home or office.

Discontinued Operations

In September 1996, the Company's FPG Direct division began to market consumer goods through direct mailing efforts to credit card customers of major oil companies and retail department stores. During the second quarter of 1997, the Company decided to discontinue its FPG Direct division. The division has not participated in any new promotions since June 1997, it continued to fill orders (to reduce inventory) through October 1997, pay vendors, collect receivables, and receive returns. The Company did not expect to incur any additional losses during the remaining phase out period; however, the Company was unable to realize certain assets being carried (consisting mostly of inventories) and wrote these assets off in 1998. Losses from this division did not provide any income tax benefit during 1998.

Recent Developments.

In April 1999 the Company established a new Internet enterprise, driversshield.com Corp., as a wholly owned subsidiary. driversshield.com is designed to serve insurance companies by offering a complete customer relationship management solution by combining its Affinity Group programs and

collision repair management services into an Internet based strategy. This new business focuses on capturing a significant

share of the North American market for managed automotive care. The first thrust into the marketplace is the introduction of a website for efficient management of collision repairs. The interactive website facilitates information gathering and distribution to launch the repair process. The website will enable insurance carriers to utilize the Company's website to directly enter the initial vehicle claim information, permit the insured to select an automobile collision repair shop from the Company's network of over 2,400 shops across the country, and enable the insurance carrier and the insured to track the repairs of the vehicle until completion. The website address is: www.driversshield.com is in development and is presently in the beta testing stage. [See Forward-Looking Statements and Cautionary Factors]

Related to the website development, in November 1999, driversshield.com entered into an agreement with Electronic Data Systems Corporation ("EDS") whereby EDS will develop and host the Company's website through December 31, 2003. Additionally, EDS will assist the Company in offering the Internet based automobile collision managed care program to EDS' customers that provide auto insurance to its insureds. driversshield.com will pay no more than $350,000 for the initial development costs of the website. Once the website is operational, driversshield shall retain the entire Net Revenue from the operation of website, total revenue less cost of sales, until it has recovered the fees paid to EDS for the website development. Thereafter, EDS shall be paid the entire Net Revenue until it has recovered the development costs in excess of $350,000, if any. The total recoverable amount allowed for EDS is not to exceed $80,000. For the remainder of the first year of this Agreement, driversshield.com shall pay EDS thirty percent (30%) of the Net Revenue. In years two, three and four of the Agreement, EDS shall receive thirty-five percent (35%), forty-two percent (42%) and forty-two percent (42%), respectively, of the Net Revenue. Throughout the term of this Agreement, EDS shall host and maintain the website, process all transactions, maintain, secure and update all database functions, design, develop and build a repair management call center, secure all transmissions over the website, upgrade the site for additional functionality, handle all accounting functions, fulfill customer material and introduce electronic data interchange throughout the repair facility network at no additional cost. First Priority Group, Inc., has guaranteed performance of this Agreement by its wholly owned subsidiary, driversshield.com

Sales and Marketing. The Company's fleet management clients generally consist of companies having a large number of vehicles on the road over a broad geographical area. The Company's clients for its affinity programs are organizations and affinity groups. The Company's clients for the driversshield.com program are property and casualty insurance companies.

Sales activities are performed by the Company's own personnel and contracted agencies outside the Company. Sales are made through referrals, cold canvassing of appropriate prospects and direct mailings. The Company also attends trade shows in order to increase its client base.

Since the Company deals with a large number of independently owned repair facilities, it is often able to offer to its fleet management clients a custom tailored program to suit their needs for vehicle repairs. The Company believes that this flexibility is important in its marketing activities and in increasing its client base.

In 1999 and 1998, one customer accounted for approximately 10% of the Company's revenue.

Employees

At year-end, the Company employed thirty-five full-time employees and three part time employees. None of the Company's employees are governed by a union contract and the Company believes that its employee relationships are satisfactory.

Competition

Fleet Management. Some leasing companies offer fleet management services, but most offer such services only to fleets leased by them. The Company is aware of three other companies that, like the Company, offer fleet management services independent of a fleet leasing arrangement.

Affinity Group Programs. Although there are several companies providing various types of auto club programs the Company believes that there is only one other company that offers a program providing similar services offered by the Company's Affinity Group division.

driversshield.com. The Company is aware of three other companies that offer automotive collision repair services to insurance companies. Two of such companies are, like the Company, in the fleet management business, while the other is in the vehicle software valuation business. The Company believes that its services for insurance companies are superior to those offered by such other companies.

Item 2. DESCRIPTION OF PROPERTY

In December 1996, the Company entered into a lease for new office space at 51 East Bethpage Road, Plainview, New York 11803. The space consists of approximately 12,000 square feet of office space. The Company relocated to this new space during April 1997. The lease is for five years and expires on March 31, 2002.

A portion of the premise is subleased under a lease expiring June 2000.

Item 3. LEGAL PROCEEDINGS.

The Company was served with a summons and complaint filed by Philip M. Panzera in United States District Court (Eastern District, NY) alleging that the Company wrongfully terminated his employment on January 29, 1998 pursuant to an employment agreement dated November 14, 1997 (the "Employment Agreement") and wrongfully converted Mr. Panzera's personal property. Mr. Panzera is seeking monetary damages in excess of $1 million. Mr. Panzera held the position in the Company of Senior Vice President, Chief Financial Officer for the period of November 17, 1997 through January 29, 1998. The Company has answered this complaint and denied all of Mr. Panzera's allegations stating that the Company properly terminated Mr. Panzera for cause pursuant to the Employment Agreement. Additionally, the Company has filed a counterclaim against Mr. Panzera alleging, among other things, that Mr. Panzera fraudulently induced the Company to enter into the Employment Agreement by making

false representations concerning his educational background, employment history, experience and skills. The Company is seeking monetary damages of no less than $1 million. The Company believes that Mr. Panzera's claim is without merit and intends to vigorously defend this suit. The discovery phase of this case has been completed, and pending a ruling by the Court on both parties' cross-motions for partial summary judgment, the case will be scheduled for trial.

PART II

Item 5. MARKET FOR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The Company's common shares are traded on The Nasdaq SmallCap market. The following table shows the high and low closing prices for the periods indicated.

	Sale Price($)	
	High	Low
1999		
First Quarter	$3.50	$1.125
Second Quarter	$2.0625	$1.375
Third Quarter	$1.825	$.75

Fourth Quarter	$3.00	$.75
1998		
First Quarter	$6.625	$4.94
Second Quarter	$6.75	$5.50
Third Quarter	$5.125	$2.50
Fourth Quarter	$4.25	$1.50

The number of record holders of the Company's common shares as of March 30, 2000 was 350.

The Company has never paid dividends on its common stock and is not expected to do so in the foreseeable future. Payment of dividends is within the discretion of the Company's Board of Directors

and would depend on, among other factors, the earnings, capital requirements and operating and financial condition of the Company.

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Results of Operations

In accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 101 (SAB 101), the Company has determined that the portion of its business representing commission revenues from its subrogation and salvage services should be displayed in the financial statements on a net basis. It had been the Company's prior policy to report such revenues and related costs on a gross basis. Accordingly, 1998 has been reclassified to reflect the net presentation. There was no effect on net loss or net cash flows used in operating activities from the reclassification. Revenues and direct costs for 1998 were reduced by $2,417,503. Accounts receivable and accounts payable for 1998 were reduced by $539,759.

Automotive Management

Revenues were $12,135,578 in 1999, as compared to $12,140,971 in 1998, representing a decrease of $5,393. The direct costs of services related to such revenue (principally charges from automotive repair facilities) were $9,338,271 in 1999, as compared to $9,712,316 in 1998, representing a decrease of $374,045, or 3.9%. Gross profit percentage increased 3.1% to 23.1% in 1999 from 20.0% in 1998. In 1998, the Company ceased operating in the insurance company market with its DRP (Direct Repair Program). DRP sales for 1998 were approximately $1,203,000 as compared to approximately $187,000 during 1999. The Company had increased revenues of approximately $600,000 for its collision repair and fleet management services, including subrogation and salvage commissions representing an increase of 5.7% as compared to 1998. Affinity sales increased 113% in 1999 or $410,526 to $773,406 as compared to $362,880 in 1998. The increased gross profit percentage is a result of the increased Affinity sales, which has a lower cost of revenue than the other programs.

Total operating expenses were $3,886,899 for 1999, as compared to $4,573,009 for 1998, representing a decrease of $686,110 or 15%. The decrease in operating expenses is attributable to the discontinuation of the DRP and Recovery Service programs as well as pay cuts taken by upper management. Operating expenses include costs of approximately $169,000 incurred for the Website development of driversshield.com.

Investment and other income was $152,976 in 1999, as compared to $245,246 in 1998, representing a decrease of $92,270. The decrease is primarily attributable to lower average cash balances available during 1999.

Interest expense was $6,784 in 1999, as compared to $2,800 in 1998, representing an increase of $3,984.

FPG Direct (Discontinued operations)

Management discontinued operations of the FPG Direct division in 1997 and has not participated in any new promotions since June 1997. FPG Direct experienced a loss on disposition of assets of $93,922 in 1998.

Liquidity and Capital Resources

As of December 31, 1999, the Company had cash and cash equivalents of $542,359 as compared to $2,782,180 as of December 31, 1998. The Company holds 106,721 shares of Salomon Smith Barney Adjustable Rate Government Income Fund securities valued at $1,036,263 at December 31, 1999. Working capital of the Company as of December 31, 1999, was $1,676,240 as compared to $2,680,475 as of December 31, 1998. The Company's operating activities used $899,336 of cash in 1999 as compared to 1998, when the Company's operating activities used $1,554,262 of cash. This is primarily a result of the decrease in net loss for 1999.

The Company believes that its present cash position will enable the Company to continue to support its operations for the next twelve months.

Forward Looking Statements - Cautionary Factors

Except for the historical information and statements contained in this Report, the matters and items set forth in this Report are forward looking statements that involve uncertainties and risks some of which are discussed at appropriate points in the Report and are also summarized as follows:

1. The Company has been able to assemble a network of independently owned and operated repair shops throughout the United States. These collision repair shops must maintain the high quality repairs standard that has enabled the Company to continue to retain and attract new clients. The Company's inability to retain these quality repair shops and maintain their individually high repair standards could have a material adverse impact upon all of the Company's vehicle collision repair programs.

2. The Company, under the DARP, or NFS, under its fleet management business, or the Affinity Division, have clients that either individually control a large number of insureds, control large fleets, or a large number of participants in FPG programs such as Driver's Shield(R). The loss of any one insurance company, large fleet operator, or affinity group, terminating its relationship with the Company or NFS, could have an adverse impact on the continued growth of that business. The Company and NFS have addressed the issue of customer retention by implementing a policy of entering into long-term contracts with its customers. In the past several years, this has materially improved the customer retention rate.

3. As the Company's proprietary programs gain more success, it is possible that the competition will attempt to copy these programs and incorporate them into their programs. This could lead to increased competitive pressures on those programs that are the most successful. The competition could result in decreased profit margins and/or the loss of certain customers.

4. As the Company has embarked on an Internet strategy whereby it will offer auto collision managed care services on its website, there will be new and additional risks that may influence the business of the Company. These risks are:

    - The Company's website will be the first to offer auto collision managed care services on the Internet, and therefore, we are not sure our business model will be successful or that we can generate revenue from this activity or be profitable.

    - As is typical for any new, rapidly evolving market, demand and market acceptance for recently introduced products and services are subject to a high level of uncertainty and

risk. It is also difficult to predict the market's future growth rate, if any. If the market fails to develop, develops more slowly than expected or becomes saturated with competitors, or our services do not achieve or sustain market acceptance, our business, results of operations and financial condition could be materially and adversely affected.

- We also depend on establishing and maintaining a number of commercial relationships with other companies. Our business could be adversely affected if we do not maintain our existing commercial relationships on terms as favorable as currently in effect, if we do not establish additional commercial relationships on commercially reasonable terms or if our commercial relationships do not result in the expected increased use of our Website.

- We cannot assure you that we will be able to establish new agreements or maintain existing agreements on commercially acceptable terms. We also may not be able to maintain relationships with third parties that supply us with software or products that are crucial to our success, and the vendors of these software or products may not be able to sustain any third- party claims or rights against their use. Furthermore, we cannot assure you that the software, services or products of those companies that provide access or links to our services or products will achieve market acceptance or commercial success.

- To remain competitive we must continue to enhance and improve the ease of use, responsiveness, functionality and features of our website and develop new services in addition to continuing to improve the customer experience. These efforts may require the development or licensing of increasingly complex technologies. We may not be successful in developing or introducing new features, functions and services, and these features, functions and services may not achieve market acceptance.

- Our future success and revenue growth depends substantially upon continued growth in the use of the Internet. Businesses will likely widely accept and adopt the Internet for conducting business and exchanging information only if the Internet provides these businesses with greater efficiencies and improvements in commerce and communication. In addition, e-commerce generally, and the purchase of automotive related products and services on the Internet in particular, must become widespread. The Internet may prove not to be a viable commercial marketplace generally, or, in particular, for

vehicle related products and services. If use of the Internet does not continue to increase, our business, results of operations and financial condition would be materially and adversely affected.

- We are dependent on certain key personnel. Our future success is substantially dependent on our senior management and key technical personnel. If one or more of our key employees decided to leave us, join a competitor or otherwise compete directly or indirectly with us, this could have a material adverse effect on our business, results of operations and financial condition. Competition for such personnel is intense, and we may not be able to attract, assimilate or retain such personnel in the future. The inability to attract and retain the necessary managerial, technical, sales and marketing personnel could have a material adverse effect on our business, results of operations and financial condition.

- We are a new business in a new industry and need to manage our growth and our entry into new business areas in order to avoid increased expenses without corresponding revenues. The growth of our operations requires us to increase

expenditures before we generate revenues. Our inability to generate satisfactory revenues from such expanded services to offset costs could have a material adverse effect on our business, financial condition and results of operations. We believe establishing industry leadership also requires us to: - test, introduce and develop new services and products, including enhancing our website, - expand the breadth of and services offered, - expand our market presence through relationships with third parties, and - acquire new or complementary businesses, products or technologies. We cannot assure you that we can successfully manage these tasks.

- Our success is dependent on keeping pace with advances in technology. If we are unable to keep pace with advances in technology, businesses may stop using our services and our revenues will decrease. The Internet and electronic commerce markets are characterized by rapid technological change, changes in user and customer requirements, frequent new service and product introductions embodying new technologies and the emergence of new industry standards and practices that could render our existing Website and technology obsolete. If we are unable to adapt to changing technologies, our business, results of operations and financial condition could be materially and adversely affected. Our performance will depend, in part, on our ability to continue to enhance our existing services, develop new technology that addresses the increasingly sophisticated and varied needs of our prospective customers, license leading technologies and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis.

- We are uncertain of our ability to obtain additional financing for our future capital needs. If we are unable to obtain additional financing, we may not be able to continue to operate our business. We currently anticipate that our cash, cash equivalents and short-term investments will be sufficient to meet our anticipated needs for working capital and other cash requirements at least for the next 12 months. We may need to raise additional funds sooner, however, in order to fund more rapid expansion, to develop new or enhance existing services or products, to respond to competitive pressures or to acquire

complementary products, businesses or technologies. There can be no assurance that additional financing will be available on terms favorable to us, or at all. If adequate funds are not available or are not available on acceptable terms, our ability to fund our expansion, take advantage of potential acquisition opportunities, develop or enhance services or products or respond to competitive pressures would be significantly limited. Such limitation could have a material adverse effect on our business, results of operations, financial condition and prospects.

- The Company's business involves the repair of motor vehicles through a contracted network of automobile collision repair shops. These shops are obligated to maintain certain minimum limits of liability insurance, indemnify the Company from any and all claims and expenses related to the shop's negligent acts or from the breach of the agreement between the Company and the shop, and name the Company as an additional insured under the shop's liability policy. However, the repair shop and/or the Company's general liability insurance may not cover all potential claims to which we are exposed and may not be adequate to indemnify us for all liability that may be imposed. Any imposition of liability that is not covered by insurance or is in excess of insurance coverage could have a material adverse effect on our business, results of operations and financial condition.

Item 7. FINANCIAL STATEMENTS

The Company's financial statements and schedules appear at the end of this Report after Item 13.

Part III

Items 9 through 12 have been incorporated by reference from the Company's definitive proxy statement .

Item 13. EXHIBITS AND REPORTS ON FORM 8-K

(a) List of Exhibits

3.1 Certificate of Incorporation of the Company, as amended, incorporated by reference to Exhibit 19.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1991.

3.2 Amendment to the Certificate of Incorporation incorporated by reference to Exhibit 3.1 of the Company's Form 10-QSB for the period ended September 30, 1996.

3.3. Amended and restated By-laws of the Company, incorporated by reference to Exhibit 4 to the Company's Current Report on Form 8-K dated December 28, 1998.

4 Shareholders Rights Agreement, dated as of December 28, 1998, between First Priority Group, Inc. and North American Transfer Co., as Rights Agent, together with Exhibits A, B and C attached thereto incorporated by reference to the Registrant's Registration Statement on Form 8-A filed on December 31, 1998.

10.1 The Company's 1995 Incentive Stock Plan incorporated by reference to Exhibit 10.1 of the Company's Form 10-QSB for the period ended September 30, 1996.

10.2 Lease Agreement dated December 6, 1996 between the Company and 51 East Bethpage Holding Corporation for lease of the Company's facilities in Plainview, New York incorporated by reference to Exhibit 10.3 of the Company's Form 10-QSB for the period ended June 30, 1997.

10.3 First Amendment to Lease Agreement dated July 14, 1997 amending the lease dated December 6, 1996 between the Company and 51 East Bethpage Holding Corporation incorporated by reference to Exhibit 10.4 of the Company's Form 10-QSB for the period ended June 30, 1997.

10.4 Employment Agreement dated March 23, 1998 between the Company and Gerald M. Zutler incorporated by reference to Exhibit 10.1 of the Company's Form 10-QSB for the period ended March 31, 1998.

10.5 Employment Agreement dated October 8, 1998 between the Company and Barry Siegel incorporated by reference to Exhibit 10.17 of the Company's Form 10-KSB for the year ended December 31, 1998.

10.6 Employment Agreement dated October 2, 1998 between the Company and Barry J. Spiegel incorporated by reference to Exhibit 10.18 of the Company's Form 10-KSB for the year ended December 31, 1998.

10.7 Employment Agreement dated December 14, 1998 between the Company and Lisa Siegel incorporated by reference to Exhibit 10.19 of the Company's Form 10-KSB for the year ended December 31, 1998.

10.8 Employment Agreement dated October 8, 1998 between the Company and Gerald M. Zutler incorporated by reference to Exhibit 10.20 of the Company's Form 10-KSB for the year ended December 31, 1998.

10.9 Severance Agreement dated August 17, 1998 between the Company and Michael Karpoff incorporated by reference to Exhibit 10.21 of the Company's Form 10-KSB for the year ended December 31, 1998.

10.10 Service Agreement dated November 29, 1999 between the Company, driversshield.com Corp., Electronic Systems Corporation and EDS Information Services L.L.C filed herein.

10.11 driversshield.com Corp. 1999 Stock Option Plan file herein

13.1 Form 10-QSB for the quarter ending March 31,1999 incorporated by reference dated and previously filed with the Commission.

13.2 Form 10-QSB for the quarter ending June 30, 1999 incorporated by reference and previously filed with the Commission.

13.3 Form 10-QSB for the quarter ending September 30, 1999 incorporated by reference and previously filed with the Commission.

21 List of subsidiaries filed herein.

(b) Reports on Form 8-K

None

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRST PRIORITY GROUP, INC.

By: /s/ Barry Siegel

Barry Siegel

Chairman of the Board of Directors,
Treasurer, Secretary,
Chief Executive Officer,
Principal Accounting Officer

Date: March 30, 2000

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Barry Siegel Date: March 30, 2000

Barry Siegel

Chairman of the Board of Directors,
Treasurer, Secretary,
Chief Executive Officer,
Principal Accounting Officer

By: /s/Barry J. Spiegel Date: March 30, 2000

Barry J. Spiegel
President
Driver's Shield, Inc.
Director

By:	/s/Kenneth J. Friedman ----------	Date:	March 30, 2000
	Kenneth J. Friedman Director		
By:	/s/R. Frank Mena ----------	Date:	March 30, 2000
	R. Frank Mena Director		

FIRST PRIORITY GROUP, INC. AND SUBSIDIARIES

YEARS ENDED DECEMBER 31, 1999 AND 1998

CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Certified Public Accountants

Board of Directors
First Priority Group, Inc.
Plainview, New York

We have audited the accompanying consolidated balance sheets of First Priority Group, Inc. and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting

the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of First Priority Group, Inc. and subsidiaries as of December 31, 1999 and 1998, and the consolidated results of their operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.

Melville, New York
March 13, 2000

NUSSBAUM YATES & WOLPOW, P.C.

FIRST PRIORITY GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1999 AND 1998

ASSETS

<TABLE>
<CAPTION>

	1999	1998
Current assets:		
<S>	<C>	<C>
Cash and cash equivalents	$ 542,359	$ 2,782,180
Accounts receivable, less allowance for doubtful accounts of $28,223 in 1999 and 1998	1,794,740	1,171,885
Investment securities (Note 3)	1,036,263	-
Prepaid expenses and other current assets	39,376	66,207
Total current assets	3,412,738	4,020,272
Property and equipment, net	689,094	601,424
Security deposits and other assets	35,288	107,972
Total assets	$ 4,137,120	$ 4,729,668
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 938,418	$ 698,330
Accrued expenses and other current liabilities	747,567	596,795
Current portion of long-term debt	50,513	44,672
Total current liabilities	1,736,498	1,339,797
Long-term debt	-	51,926
Shareholders' equity:		
Common stock, $.015 par value, authorized 20,000,000 shares; issued 8,598,467 shares in 1999 and 1998	128,977	128,977

Preferred stock, $.01 par value, authorized 1,000,000 shares; none issued or outstanding	-	-
Additional paid-in capital	7,823,916	7,762,350
Accumulated other comprehensive loss, unrealized holding loss on investment securities	(4,095)	-
Deficit	(5,429,014)	(4,463,382)
	2,519,784	3,427,945
Less common stock held in treasury, at cost, 296,667 shares in 1999 and 266,667 shares in 1998	119,162	90,000
Total shareholders' equity	2,400,622	3,337,945
Total liabilities and shareholders' equity	$4,137,120	$4,729,668

</TABLE>

See notes to consolidated financial statements.

FIRST PRIORITY GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 1999 AND 1998

<TABLE>
<CAPTION>

	1999	1998
Revenue:		
<S>	<C>	<C>
Collision repairs and fleet management services	$ 10,954,912	$ 11,366,891
Subrogation and salvage service commissions	407,260	411,200
Automobile affinity services	773,406	362,880
Total revenues	12,135,578	12,140,971
Cost of revenue (principally charges incurred at repair facilities for services)	9,338,271	9,712,316
Gross profit	2,797,307	2,428,655
Operating expenses:		
Selling	1,048,681	1,351,360
General and administrative	2,838,218	3,221,649
Total operating expenses	3,886,899	4,573,009
	(1,089,592)	(2,144,354)
Other income (expense):		
Realized loss on investment	(3,096)	-
Investment and other income	152,976	245,246
Interest expense	(6,784)	(2,800)

Total other income	143,096	242,446
Loss from continuing operations before income taxes	(946,496)	(1,901,908)
Income taxes, all current	19,136	7,928
Loss from continuing operations	(965,632)	(1,909,836)
Discontinued operations, loss on disposal of direct response marketing division, no income tax benefit	-	(93,922)
Net loss	($ 965,632)	($ 2,003,758)
Basic and diluted loss per share:		
Continuing operations	($ .12)	($ .23)
Discontinued operations	-	(.01)
Net loss	($ .12)	($ .24)
Weighted average number of common shares outstanding	8,324,649	8,197,827

</TABLE>

See notes to consolidated financial statements.

FIRST PRIORITY GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 1999 AND 1998

<TABLE>
<CAPTION>

	Common Stock		Additional Paid-in	Accumulated Other Comprehensive	
	Shares	Amount	Capital	Loss	Deficit
<S>	<C>	<C>	<C>	<C>	<C>
Balance, January 1, 1998	7,998,467	$ 119,977	$ 6,645,737	$ --	($2,459,624)
Net loss	--	--	--	--	(2,003,758)
Exercise of options	100,000	1,500	68,500	--	--
Exercise of warrants	500,000	7,500	992,500	--	--
Options granted for services	--	--	55,613	--	--
Balance, December 31, 1998	8,598,467	128,977	7,762,350	--	(4,463,382)
Net loss	--	--	--	--	(965,632)
Other comprehensive income (loss), unrealized holding loss arising during period	--	--	--	(4,095)	--

Comprehensive loss	--	--	--	--	--
Purchase of treasury stock	--	--	--	--	--
Options granted for services	--	--	61,566	--	--
Balance, December 31, 1999	8,598,467	$ 128,977	$ 7,823,916	($ 4,095)	($5,429,014)

</TABLE>

<TABLE>
<CAPTION>

	Treasury Stock		Total Share-holders' Equity
	Shares	Amount	
<S>	<C>	<C>	<C>
Balance, January 1, 1998	266,667	($ 90,000)	$ 4,216,090
Net loss	--	--	(2,003,758)
Exercise of options	--	--	70,000
Exercise of warrants	--	--	1,000,000
Options granted for services	--	--	55,613
Balance, December 31, 1998	266,667	(90,000)	3,337,945
Net loss	--	--	(965,632)
Other comprehensive income (loss), unrealized holding loss arising during period	--	--	(4,095)
Comprehensive loss	--	--	(969,727)
Purchase of treasury stock	30,000	(29,162)	(29,162)
Options granted for services	--	--	61,566
Balance, December 31, 1999	296,667	($ 119,162)	$ 2,400,622

See notes to consolidated financial statements.

</TABLE>

FIRST PRIORITY GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 1999 AND 1998

<TABLE>
<CAPTION>

	1999	1998
<S>	<C>	<C>
Cash flows used in operating activities:		
Net loss	($ 965,632)	($2,003,758)

Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	201,289	143,308
Gain on sale of property and equipment	(2,500)	--
Realized loss on investment	3,096	--
Provision for bad debts	--	16,723
Options granted for services	61,566	55,613
Changes in assets and liabilities:		
Accounts receivable	(622,855)	(50,784)
Inventories	--	61,642
Prepaid expenses and other current assets	26,831	73,069
Security deposit and other assets	8,009	(66,644)
Accounts payable	240,088	(89,856)
Accrued expenses and other current liabilities	150,772	306,425
Total adjustments	66,296	449,496
Net cash used in operating activities	(899,336)	(1,554,262)
Cash flows used in investing activities:		
Proceeds from sale of property and equipment	2,500	--
Purchase of property and equipment	(224,284)	(287,422)
Purchase of investments	(1,543,454)	--
Proceeds from sale of investments	500,000	--
Net cash used in investing activities	(1,265,238)	(287,422)
Cash flows provided by (used in) financing activities:		
Repayment of long-term debt	(46,085)	--
Purchase of treasury stock	(29,162)	--
Collection of shareholder note	--	100,000
Proceeds from issuance of common stock	--	1,070,000
Net cash provided by (used in) financing activities	(75,247)	1,170,000
Net decrease in cash and cash equivalents	(2,239,821)	(671,684)
Cash and cash equivalents at beginning of year	2,782,180	3,453,864
Cash and cash equivalents at end of year	$ 542,359	$2,782,180
Supplemental disclosure of cash flow information:		
Cash paid during the year for income taxes	$ 20,204	$ 2,876
Cash paid during the year for interest	$ 9,175	$ --

</TABLE>

See notes to consolidated financial statements

1. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of First Priority Group, Inc. and its subsidiaries, National Fleet Service, Inc., driversshield.com Corp., American Automotive Trading Corp., and First Priority Group Leasing, Inc. (collectively referred to as the "Company") all of which are wholly owned. All material intercompany balances and transactions have been eliminated.

Property and Equipment

Property and equipment are stated at cost. The Company provides depreciation for machinery and equipment and for furniture and fixtures by the straight-line method over the estimated useful lives of the assets, principally five years. Leasehold improvements are amortized over the estimated useful lives or the remaining term of the lease, whichever is less.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investment Securities

Investments consist of securities available for sale and are carried at fair value with unrealized gains or losses reported in a separate component of shareholders' equity. Realized gains or losses are determined based on the specific identification method.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. Summary of Significant Accounting Policies (Continued)

Reclassification

In accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 101 (SAB 101), the Company has determined that the portion of its business representing commission revenues from its subrogation and salvage services should be displayed in the financial statements on a net basis. It had been the Company's prior policy to report such revenues and related costs on a gross basis. Accordingly, 1998 has been reclassified to reflect the net presentation. There was no effect on net loss or net cash flows used in operating activities from the reclassification. Revenues and direct costs for 1998 were reduced by $2,417,503. Accounts receivable and accounts payable for 1998 were reduced by $539,759.

2. Fair Value of Financial Instruments, Description of Business and Concentration of Credit Risk, and Revenue Recognition

Fair Value of Financial Instruments

o Cash and Cash Equivalents

The carrying amounts approximate fair value because of the short maturity of the instruments.

- Investments

  Investments are stated at fair value as measured by quoted market prices.

- Long-Term Debt

  The carrying amount of the Company's long-term debt approximates fair value.

Description of Business and Concentration of Credit Risk

The Company is engaged in automotive fleet management and administration of automotive repairs for major corporate clients throughout the United States. The Company offers computerized collision estimates and provides its clients with a cost-effective method for repairing their vehicle. The Company also arranges for repair of the vehicles through a nationwide network of independently owned contracted facilities. The Company also provides automobile affinity services for individuals.

2. Fair Value of Financial Instruments, Description of Business and Concentration of Credit Risk, and Revenue Recognition (Continued)

Description of Business and Concentration of Credit Risk (Continued)

The Company formed driversshield.com Corp. in April 1999 to provide collision repair claims management services for the insurance industry nationwide through a website on the Internet. At December 31, 1999, the website was not yet operational and to date, there have been no revenues.

Sales to one customer accounted for 10% of revenue in 1999 and 1998.

The Company has no financial instruments with significant off-balance-sheet risk or concentration of credit risk.

Revenue Recognition

The Company recognizes revenue for its collision repairs and fleet management at the time of customer approval and completion of repair services. The Company warrants such services for varying periods ranging up to twelve months. Such warranty expense is borne by the repair facilities and has not been material to the Company. The Company recognizes commissions for its subrogation and salvage services upon completion of the services. Automobile affinity services are recognized as such services are rendered.

3. Investment Securities

At December 31, 1999:

	Cost	Fair Value	Unrealized Holding Loss
Available for sale, 106,721 shares of Salomon Smith Barney Adjustable Rate Government Income Fund	$1,040,358	$1,036,263	($4,095)

4. Property and Equipment

	1999	1998
Machinery and equipment	$ 980,894	$ 717,912
Furniture and fixtures	285,800	264,823
Leasehold improvements	19,886	19,886
	1,286,580	1,002,621
Less accumulated depreciation and amortization	597,486	401,197
	$ 689,094	$ 601,424

5. Long-Term Debt

In August 1998, the Company agreed to pay severance to its former Co-Chairman and President in the amount of $100,000 including imputed interest of 8.5% in quarterly installments of $12,500 commencing March 31, 1999 and ending December 31, 2000. This amount was accrued and charged to operations in the year ended December 31, 1998.

6. Loss Per Share

Basic loss per share is computed by dividing the loss by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if common stock equivalents, such as stock options and warrants, were exercised.

	Loss (Numerator)	Shares (Denominator)	Per-Share Amount
1999:			
Basic and Diluted Loss Per Share Loss from continuing operations	($ 965,632)	8,324,469	($.12)
1998:			
Basic and Diluted Loss Per Share Loss from continuing operations	($1,909,836)	8,197,827	($.23)

In 1999 and 1998, options and warrants were anti-dilutive.

FIRST PRIORITY GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 1999 AND 1998

7. Stock Options

Stock Compensation Plan

The Company accounts for its stock option plans under APB Opinion No. 25, "Accounting for Stock Issued to Employees," under which no compensation expense is recognized. In 1996, the Company adopted Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," (SFAS No. 123) for disclosure purposes; accordingly, no compensation expense has been recognized in the results of operations for its stock option plans as required by APB Opinion No. 25. The Company has two fixed option plans, the 1995 Stock Incentive Plan, and the 1987 Incentive Stock Option Plan. Under the plans, in the aggregate, the Company may grant options to its employees, directors and consultants for up to 7,000,000 shares of common stock. Under both plans, incentive stock options may be granted at no less than the fair market value of the Company's stock on the date of grant, and in the case of an optionee who owns directly or indirectly more than 10% of the outstanding voting stock ("an Affiliate"), 110% of the market price on the date of grant. The maximum term of an option is ten years, except, in regard to incentive stock options granted to an Affiliate, in which case the maximum term is five years.

For disclosure purposes, the fair value of each stock option grant is estimated on the date of grant using the Black Scholes option-pricing model with the following weighted average assumptions used for stock options granted in 1999 and 1998, respectively: annual dividends of $-0- for both years, expected volatility of 174% and 80%, risk-free interest rate of 5.90% and 5.02%, and expected life of five years for all grants. The weighted-average fair value of stock options granted in 1999 and 1998 was $1.08 and $.83, respectively.

Under the above model, the total value of stock options granted in 1999 and 1998 was $801,945 and $1,044,745, respectively, which would be amortized ratably on a pro forma basis over the related vesting periods, which range from immediate vesting to five years (not including performance-based stock options granted in 1999 and 1998, see below). Had compensation cost been determined based upon the fair value of the stock options at grant date consistent with the method of SFAS No. 123, the Company's loss from continuing operations and loss per share from continuing operations would have been reduced to the pro forma amounts indicated below:

7. Stock Options (Continued)

Stock Compensation Plan (Continued)

	1999	1998
Loss from continuing operations:		
As reported	($ 965,632)	($1,909,836)
Pro forma	($3,293,360)	($2,994,711)
Basic and diluted loss per share from continuing operations:		
As reported	($ .12)	($ .23)
Pro forma	($ .40)	($ .37)

During 1998, the Company repriced certain options granted in 1997, representing the right to purchase 465,000 shares of common stock. The

original 1997 grants gave the holders the right to purchase common stock at prices ranging from $2.75 to $6.84 per share. The options were repriced at prices ranging from $1.75 to $1.93 per share. In addition, during 1998, the Company repriced certain options granted at earlier dates in 1998, representing the right to purchase 1,095,000 shares of common stock. The original 1998 grants gave the holders the right to purchase common stock at prices ranging from $5.13 to $5.69 per share. The options were repriced at prices ranging from $1.75 to $1.93 per share. At the date of repricing, the new exercise price was equal to the fair market value of the shares (110% of the fair market value in the case of an affiliate).

In March 1999, the Company repriced certain options granted to employees and third parties in previous years, representing the right to purchase 1,665,000 shares of common stock. The original grants gave the holders the right to purchase common stock at prices ranging from $1.25 to $5.00 per share. The options were repriced at prices ranging from $1.13 to $3.00 per share. The Company also granted options to employees, representing the right to purchase 630,000 shares of common stock at prices ranging from $1.13 to $1.24 per share. In addition, in October 1999, the Company repriced certain options granted to employees and third parties, representing the right to purchase 2,330,000 shares of common stock, of which 2,235,000 were part of the March 1999 grant. The original grants gave the holders the right to purchase common stock at prices ranging from $1.00 to $1.24 per share. The options were repriced at prices ranging from $.75 to $.83 per share. At the date of the repricing, the new exercise price was equal to the fair market value of the shares (110% of the fair market value in the case of an affiliate).

The SFAS No. 123 method of accounting does not apply to options granted prior to January 1, 1995, and accordingly, the resulting pro forma compensation cost may not be representative of that to be expected in future years.

7. Stock Options (Continued)

Performance-Based Stock Options

Under its 1995 Stock Incentive Plan, the Company had granted options to certain key executives whose vesting was entirely contingent upon the future profits (as defined) for the division or subsidiary or commissions earned under the management of the related key executive. As of January 1, 1998, there were 1,100,000 of such options outstanding. During 1998, the Company terminated and cancelled 950,000 of such options. During 1999, the Company terminated the remainder of the options.

Non-Incentive Stock Option Agreements

The Company has non-incentive stock option agreements with five of its directors and/or officers.

Summary

Stock options transactions (other than performance-based stock options) are summarized as follows:

<TABLE>
<CAPTION>

	Number of	Exercise Price	Weighted Average Exercise

	Shares	Range	Price
<S>	<C>	<C>	<C>
Options outstanding, January 1, 1998	3,765,000	.06 - 6.84	1.17
Options granted	3,242,500	1.75 - 6.63	3.38
Options expired/canceled	(3,630,000)	.06 - 6.84	2.79
Options exercised	(100,000)	.70	.70
Options outstanding, December 31, 1998	3,277,500	.12 - 5.00	1.57
Options granted	5,035,000	.75 - 3.00	1.02
Options canceled	(4,352,500)	1.00 - 5.00	1.54
Options outstanding, December 31, 1999	3,960,000	.12 - 3.75	.91
Options exercisable, December 31, 1998	1,552,500	.12 - 5.00	1.36
Options exercisable, December 31, 1999	2,712,914	.12 - 3.75	.92

</TABLE>

7. Stock Options (Continued)

Summary (Continued)

The following table summarizes information about the options outstanding at December 31, 1999 other than performance-based stock options:

<TABLE>
<CAPTION>

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
$.14 - $.22	450,000	.46	$.19	450,000	$ .19
$.75 - $1.56	3,190,000	3.11	$.87	1,976,248	$ .90
$1.75 - $3.75	320,000	3.33	$2.36	286,666	$ 2.28

</TABLE>

driversshield.com Corp.

During 1999, the Company's subsidiary, driversshield.com Corp. established the "driversshield.com Corp. 1999 Stock Option Plan." Under this plan, options may be granted to employees of driversshield.com Corp or the Parent or other subsidiaries of the Company, and outside directors for up to 2,000,000 shares of common stock. Under this plan, incentive stock options

may be granted at no less than fair market value of the driversshield.com Corp. stock at the date of grant, and in the case of an optionee who owns directly or indirectly more than 10% of the outstanding voting stock, 110% of the market price on the date of grant. The maximum term of an option is ten years, except in regard to incentive stock options granted to an Affiliate, in which case the maximum term is five years. No options have been granted as of December 31, 1999.

8. Common Stock and Stock Warrants

In August 1997, the Company raised $1,500,000 through the private placement issuance of 750,000 units at $2.00 per unit. Each unit consists of one share of common stock and a redeemable common stock purchase warrant at $2.00 per share for a period of two years. The units were issued to an executive of the Company and a private investment group. In response to the Notice of Redemption issued by the Company, the executive exercised 250,000 shares of the warrants in December 1997. Thereafter, in January 1998, the private investment group exercised 500,000 shares of the warrants.

In December 1997, the Company raised $2,330,813 through the private placement issuance of 581,250 units at $4.01 per unit. Each unit consists of one share of common stock and a redeemable common stock purchase warrant at $5.75 per share for a period of five years. Should the price of the Company's stock exceed $11.50 per share for 20 consecutive trading days, the Company may request redemption of the warrants at a price of $.01 per share. The warrant holders would then have 30 days in which to either exercise the warrant or accept the redemption offer.

In connection with the 1995 issuance of 1,000,000 shares of its common stock, the Company issued warrants to purchase 850,000 shares of the Company's common stock. The warrants are all presently exercisable at prices ranging from $.125 to $.50 per share and these warrants expire in 2000. During the fiscal years ended December 31, 1999 and 1998, none of these warrants were exercised. In lieu of the payment of the exercise price in cash, the holders of these warrants have the right (but not the obligation) to convert the warrants, in whole or in part, into common stock as follows; upon exercise of the conversion rights of the warrant, the Company shall deliver to the holder that number of shares of common stock equal to the quotient obtained by dividing the remainder derived from subtracting (a) the exercise price multiplied by the number of shares of common stock being converted from (b) the market price of the common stock multiplied by the number of shares of common stock being converted, by the market price of the stock.

9. Preferred Stock Purchase Rights

On December 28, 1998, the Board of Directors authorized the issuance of up to 200,000 shares of non-redeemable Junior Participating Preferred Stock

("JPPS"). The JPPS shall rank junior to all other series of preferred stock (but senior to the common stock) with respect to payment of dividends and any other distributions. Among other rights, the holders of the JPPS shall be entitled to receive, when and if declared, quarterly dividends per share equal to the greater of (a) $100 or (b) the sum of 1,000 (subject to adjustment) times the aggregate per share of all cash and non cash dividends (other than dividends payable in common stock of the Company and other defined distributions). Each share of JPPS shall entitle the holders to voting rights equal to 1,000 votes per share. The holders of JPPS shall vote together with the common stockholders.

On December 28, 1998, the Board of Directors also adopted a Rights Agreement ("the Agreement"). Under the agreement, each share of the Company's common stock carries with it one preferred share purchase right ("Rights"). The Rights themselves will at no time have voting power or pay dividends. The Rights become exercisable (1) when a person or group acquires 20% or more of the Company's common stock (10% in the case of an Adverse Person as defined) and an additional 1% or more in the case of acquisitions by any shareholder with beneficial ownership of 20% or more on the record date (10% in the case of an Adverse Person as defined) or (2) on the tenth business day after a person or group announces a tender offer to acquire 20% or more of the Company's common stock (10% in the case of an Adverse Person as defined). When exercisable, each Right entitles the holder to purchase 1/1000 of a share of the JPPS at an exercise price of $27.50 per 1/1000 of a share, subject to adjustment.

10. Employee Benefit Plan

The Company has a 401(k) profit sharing plan for the benefit of all eligible employees as defined in the plan documents. The plan provides for voluntary employee salary contributions from 1% to 15% not to exceed the statutory limitation provided by the Internal Revenue Code. The Company may, at its discretion, match within prescribed limits, the contributions of the employees. Employer contributions to the plan amounted to $8,671 and $9,632 in 1999 and 1998.

11. Commitments and Contingencies

Leases

The Company leases its executive office in Plainview, New York, expiring in March 2002 under a noncancelable operating lease which requires minimum annual rentals and certain other expenses including real estate taxes. A portion of the premise is subleased under a lease expiring June 2000. Sublease income was $39,728 for the year ended December 31, 1999. Rent expense including real estate taxes for the years ended December 31, 1999 and 1998 aggregated $178,490 and $253,531, respectively.

As of December 31, 1999, the Company's future minimum rental commitments, net of sublease income of $20,000 to be received in 2000, are approximately as follows:

2000	$164,000
2001	191,600
2002	48,400
	$404,000

Employment Contracts

The Company has employment contracts with its two principal officers expiring during 2001. The agreements provide minimum annual salaries of $300,000 to the Chief Executive Office ("CEO") and $150,000 to the President.

In March 1999, in consideration for several senior executives who volunteered to temporarily reduce their salaries (without changing the terms of employment contracts), the Company granted stock options representing the right to purchase 145,000 shares of the Company's common stock at prices ranging from $1.13 to $1.24. These options were subsequently repriced in October 1999 (see Note 7). All grants were at no less than the fair market value at date of grant or repricing. Such temporary salary reduction amounts to approximately $145,000 on an annualized basis, of which $100,000 is attributable to the CEO. Such salary reductions can be terminated by the executives at any time without forfeiture of the options. During the year ended December 31, 1999, salary reductions were approximately $123,000.

11. Commitments and Contingencies (Continued)

Employment Contracts (Continued)

The CEO's employment contract provides that, in the event of termination of the employment of the officer within three years after a change in control of the Company, then the Company would be liable to pay a lump sum severance payment of three years' salary (average of last five years), less $100, in addition to the cash value of any outstanding but unexercised stock options. The President's employment contract provides that, in the event of termination of the employment of the officer within one year after a change in control of the Company, then the Company would be liable to pay a lump sum severance payment of two years' salary as determined on the date of termination or the date on which a change in control occurs, whichever is greater. In no event would the maximum amount payable exceed the amount deductible by the Company under the provisions of the Internal Revenue Code.

Purchase Commitment

In September 1999, the Company entered into an agreement with a vendor for the design, development and operational services for an Internet website. The Company will pay the vendor the lesser of $350,000 or the actual rate determined by the number of hours accumulated on the project as defined for the design and development services. The operational services require the Company to compensate the vendor with 30% of any net revenue during the first contract year, provided, however, that the Company shall be entitled to retain for itself 100% of the net revenue until it has recouped the amount paid for the design and development services. After the Company has recouped the amount for the design and development services, the vendor shall be paid 100% of the revenue until it has recouped its cost, as defined. During the remainder of the contract which expires December 31, 2003, the vendor shall be paid between 35% to 42% of any net revenue generated from the website. Through December 31, 1999, the Company has expensed $168,794 for the development of the website.

11. Commitments and Contingencies (Continued)

Litigation

On January 29, 1998, the Company terminated the employment of its chief financial and accounting officer, who had been employed by the Company since November 17, 1997 pursuant to an employment contract. The employment contract provided for a base salary of $145,000 during the first year of the contract, $152,250 during the next year of the contract and $160,000 during the third year of the contract. The employment contract also provided for the employee to receive incentive compensation equal to 2% of annual pre-tax earnings of the Company, and health and other fringe benefits. Further, the employee was granted options to purchase 120,000 shares of common stock of the Company. Such options were cancelled upon the termination of employment. The employee has asserted a claim against the Company in excess of $1,000,000, including, but not limited to, the remaining unpaid portion of the employment contract and other losses sustained. The Company has served an answer denying liability and interposing a counterclaim to recover amounts previously paid to the former employer. Both parties have cross-motions for partial summary judgment pending before the Court and are awaiting a decision. Counsel for the Company is unable to form an opinion as to the outcome of this matter, and the Company intends to vigorously defend the action.

The Company has not provided for any loss on this matter in the accompanying financial statements.

12. Income Taxes

The Company accounts for income taxes according to the provisions of Statement of Financial Accounting Standards (SFAS) 109, "Accounting for Income Taxes." Under the liability method specified by SFAS 109, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse.

12. Income Taxes (Continued)

At December 31, 1999, the Company has an operating loss carryforward of approximately $4,950,000 which is available to offset future taxable income. A valuation allowance has been recognized to offset the full amount of the related deferred tax asset of approximately $1,880,000 and $1,520,000 at December 31, 1999 and 1998 due to the uncertainty of realizing the benefit of the loss carryforwards.

At December 31, 1999, the Company's net operating loss carryforwards are scheduled to expire as follows:

Year ended December 31,	
2002	$ 232,000
2003	24,000

2005	50,000
2008	36,000
2012	1,685,000
2018	1,973,000
2019	950,000
	$ 4,950,000

The Company's effective income tax rate differs from the Federal statutory rate as follows:

	1999	1998
Federal statutory rate	(34.0%)	(34.0%)
Valuation allowance	34.0	34.0
State income taxes	2.0	.4
	2.0%	.4%

13. Advertising Expense

Advertising expense, which is expensed as incurred, amounted to $95,947 and $125,873 in 1999 and 1998.

14. Discontinued Operations

At June 30, 1997, the Company decided to discontinue its direct-response marketing division. Accordingly, the loss on disposal of the division has been segregated from continuing operations and reported separately on the statement of operations.

At the measurement date, the Company did not provide for any loss on disposal or anticipate any continuing losses from this division. Subsequent to the measurement date, the division reflected a loss of $93,922 during the year ended December 31, 1998 which is reflected as a disposal loss in the accompanying financial statements. As of December 31, 1998, there were no remaining assets or liabilities of this division.

15. Fourth Quarter Adjustments

During the fourth quarter of the year ended December 31, 1998, the Company recorded a severance agreement (see Note 5) and an accrual for consulting services of $50,000, applicable to earlier periods in 1998.

INDEX OF EXHIBITS

3.1 Certificate of Incorporation of the Company, as amended, incorporated by reference to Exhibit 19.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1991.

3.2 Amendment to the Certificate of Incorporation incorporated by reference to Exhibit 3.1 of the Company's Form 10-QSB for the period ended September 30, 1996.

3.3. Amended and restated By-laws of the Company, incorporated by reference to Exhibit 4 to the Company's Current Report on Form 8-K dated December 28, 1998.

4 Shareholders Rights Agreement, dated as of December 28, 1998, between First Priority Group, Inc. and North American Transfer Co., as Rights Agent, together with Exhibits A, B and C attached thereto incorporated by reference to the Registrant's Registration Statement on Form 8-A filed on December 31, 1998.

10.1 The Company's 1995 Incentive Stock Plan incorporated by reference to Exhibit 10.1 of the Company's Form 10-QSB for the period ended September 30, 1996.

10.2 Lease Agreement dated December 6, 1996 between the Company and 51 East Bethpage Holding Corporation for lease of the Company's facilities in Plainview, New York incorporated by reference to Exhibit 10.3 of the Company's Form 10-QSB for the period ended June 30, 1997.

10.3 First Amendment to Lease Agreement dated July 14, 1997 amending the lease dated December 6, 1996 between the Company and 51 East Bethpage Holding Corporation incorporated by reference to Exhibit 10.4 of the Company's Form 10-QSB for the period ended June 30, 1997.

10.4 Employment Agreement dated March 23, 1998 between the Company and Gerald M. Zutler incorporated by reference to Exhibit 10.1 of the Company's Form 10-QSB for the period ended March 31, 1998.

10.5 Employment Agreement dated October 8, 1998 between the Company and Barry Siegel incorporated by reference to Exhibit 10.17 of the Company's Form 10-KSB for the year ended December 31, 1998.

10.6 Employment Agreement dated October 2, 1998 between the Company and Barry J. Spiegel incorporated by reference to Exhibit 10.18 of the Company's Form 10-KSB for the year ended December 31, 1998.

10.7 Employment Agreement dated December 14, 1998 between the Company and Lisa Siegel incorporated by reference to Exhibit 10.19 of the Company's Form 10-KSB for the year ended December 31, 1998.

10.8 Employment Agreement dated October 8, 1998 between the Company and Gerald M. Zutler incorporated by reference to Exhibit 10.20 of the Company's Form 10-KSB for the year ended December 31, 1998.

10.9 Severance Agreement dated August 17, 1998 between the Company and Michael Karpoff incorporated by reference to Exhibit 10.21 of the Company's Form 10-KSB for the year ended December 31, 1998.

10.10 Service Agreement dated November 29, 1999 between the Company, driversshield.com Corp., Electronic Systems Corporation and EDS Information Services L.L.C filed herein.

10.11 driversshield.com Corp. 1999 Stock Option Plan file herein

13.1 Form 10-QSB for the quarter ending March 31,1999 incorporated by reference dated and previously filed with the Commission.

13.2 Form 10-QSB for the quarter ending June 30, 1999 incorporated by reference and previously filed with the Commission.

13.3 Form 10-QSB for the quarter ending September 30, 1999 incorporated by reference and previously filed with the Commission.

21 List of subsidiaries filed herein.

Exhibit 10.10

Services Agreement

This Services Agreement (the "Agreement"), documents the business relationship between each of driversshield.com Corp., a Delaware corporation ("driversshield"), driversshield's parent, First Priority Group, Inc., a New York corporation ("FPG"), Electronic Data Systems Corporation, a Delaware corporation ("EDS"), and EDS Information Services L.L.C., a Delaware limited liability company ("EIS"), and describes the terms and conditions under which EDS will perform for driversshield the website design and website hosting services described below. The obligations of EDS set forth in this Agreement will be performed by EDS, itself and through its direct and indirect wholly-owned subsidiaries, including EIS. All references to EDS in this Agreement will be deemed to include all such subsidiaries, and EDS and driversshield may be referred to in this Agreement individually as a "party" and together as the "parties".

1. Term, Definitions, and Exhibits. The term of this Agreement will begin on September 15, 1999 (the "Effective Date"), and, unless earlier terminated as provided in Section 11 of this Agreement, will continue through December 31, 2003. Such original term may be extended by mutual written agreement of the parties. Unless defined elsewhere in this Agreement, or the context clearly indicates otherwise, all capitalized terms used in this Agreement shall have the definitions set forth in Exhibit A. This Agreement shall consist of the terms and conditions set forth herein, as well as the following Exhibits, which are incorporated herein:

   Exhibit A: Definitions
   Exhibit B: Description of EDS Services
   Exhibit C: driversshield's Role
   Exhibit D: Compensation
   Exhibit E: Confidentiality
   Exhibit F: Warranties and Covenants
   Exhibit G: Indemnities

2. EDS Services. The EDS Services to be provided by EDS hereunder shall consist of the Design and Development Services, the Operational Services, and the Additional Services, and will be performed in two separate phases, as set forth below:

   (a) Design and Development Services. During the period from September 15, 1999 through the Operational Date, the EDS Services will consist of design and development services (the "Design and Development Services") to provide driversshield with an internet website and underlying database management application in accordance with a jointly developed and mutually agreeable technical specification (the "Website Specification"). Upon completion of joint acceptance testing by both parties in accordance with mutually agreeable acceptance criteria, driversshield will transition the Website from a test environment to an operational environment by making the Website available for operational use (processing "live" Repair data) by insurance carriers.

   (b) Operational Services. After the Operational Date, the EDS Services will consist of the basic and, if required, the incremental services generally described in Exhibit B (the "Operational Services").

   (c) Additional Services. From time to time, driversshield may request, and EDS may provide, services in addition to those expressly required to be provided hereunder (the "Additional Services").

3. Representatives. During the term of this Agreement, EDS and driversshield will each maintain a representative who will be its primary point of contact in dealing with the other under this Agreement

and will have the authority and power to make decisions with respect to actions to be taken by it under this Agreement. Either party may change its representative by giving notice to the other of the new representative and the date upon which such change will become effective. In performing its obligations under this Agreement, EDS will be entitled to rely upon any routine instructions, authorizations, approvals or other

information provided to EDS by driversshield's representative or, as to areas of competency specifically identified by such representative, by any other driversshield personnel identified by driversshield's representative, from time to time, as having authority to provide the same on behalf of driversshield in such person's area of competency. Unless EDS knew of any error, incorrectness or inaccuracy in such instructions, authorizations, approvals or other information, EDS will incur no liability or responsibility of any kind in relying on or complying with any such instructions, authorizations, approvals or other information.

4. driversshield's Role. During the term of this Agreement and in addition to the other obligations of driversshield described herein, driversshield will, at its own cost and expense, have the obligations to EDS described in Exhibit C. driversshield acknowledges and agrees that EDS' ability to perform the EDS Services in accordance with this Agreement is contingent upon driversshield's timely performance of those obligations assigned to driversshield hereunder. driversshield agrees and acknowledges that it shall not use the Website to process, track or record any collision repair information of any other person or entity (including its Affiliates) deriving revenue therefrom until driversshield and EDS have agreed upon an equitable adjustment in EDS' compensation hereunder.

5. Payment.

(a) Design and Development Services. In consideration for the performance of the Design and Development Services as described in Section 2(a) above, driversshield will pay EDS the lesser of (i) Three Hundred and Fifty Thousand Dollars ($350,000.00), or (ii) the rate of One Hundred and Twenty Five Dollars ($125.00) per hour (which rate will be increased to One Hundred and Fifty Dollars ($150.00) per hour effective January 1, 2000) for each hour of Design and Development Services provided. EDS will submit a written invoice to driversshield monthly in arrears reflecting the amount owed to EDS by driversshield for Design and Development Services provided during the previous month, with such supporting documentation as driversshield reasonably requests, and driversshield will pay the invoiced amount by the 15th day following receipt by driversshield of the invoice.

(b) Operational Services. Within the first ten (10) days of each month of this Agreement beginning with the Operational Date, in consideration for the performance of the Operational Services as described in Section 2(b) above, driversshield will pay EDS the EDS Percentage applicable to the prior month, as set forth on Exhibit D. The EDS Percentage covers all of EDS' out of pocket expenses related to providing the services that EDS is expressly required to perform hereunder.

(c) Additional Services. For any Additional Services provided by EDS hereunder, EDS will (unless otherwise set forth in Sections B-1(a), B-2(b)(i), or B-3(b)(i) of Exhibit B), invoice driversshield therefor at the EDS Labor Rate, plus any expenses associated therewith, which amounts shall be paid in accordance with Section 5(d); provided, however, that the Fulfillment Services and the transition services described in Section 11(d) will be invoiced at EDS' then current commercial billing rates.

(d) Invoicing. Unless expressly agreed otherwise, driversshield shall pay all invoiced amounts by the fifteenth (15th) day following receipt by driversshield of EDS' invoice. For all EDS Services provided, driversshield will pay or reimburse EDS for all taxes, assessments, duties, permits and fees, however designated, that are levied upon this Agreement, the EDS Services or the software, equipment, materials or other property, or their use, provided hereunder, excluding income or franchise taxes that are based on or measured by EDS' net income. EDS will submit a written invoice to driversshield monthly in arrears reflecting the amount owed to EDS by driversshield for such expenses or taxes incurred during the previous month, with such supporting documentation as driversshield reasonably requests, and driversshield will pay the invoiced amount by the 15th day following receipt by driversshield of the invoice. Any past due amounts hereunder will bear interest until paid at a rate of interest equal to the lesser of (i) the prime rate established from time to time by Citibank of New York plus two percent or (ii) the maximum rate of interest allowed by applicable law.

(e) Audit Rights. Upon EDS' request, driversshield will provide EDS or its designee with access to its facilities, books and records, for audit as reasonably necessary to determine the amounts due to EDS hereunder. Upon driversshield's request, EDS will provide driversshield or its designee with access to its facilities, books and records, for audit as reasonably necessary to determine the amounts due to driversshield hereunder; provided, however, that in no event will EDS be required to disclose its internal costs.

6. Employees. The EDS personnel performing the EDS Services will be and remain the employees of EDS, and EDS will provide for and pay the compensation and other benefits of such employees, including salary, health, accident and workers' compensation benefits and all taxes and contributions which an employer is required to pay relating to the employment of employees. During the term of this Agreement and for a period of 12 months thereafter, neither party will solicit, directly or indirectly, for employment or employ any employee of the other who is or was involved in the performance of the EDS Services without the prior written consent of the other.

7. Confidentiality and Announcements. EDS and driversshield will have the confidentiality obligations set forth in Exhibit E. Neither party will make any media release or other public announcement relating to or referring to this Agreement without the other's prior written consent.

8. Warranties and Additional Covenants. EDS and driversshield will have the obligations relating to warranties and additional covenants set forth in Exhibit F.

9. Ownership. Each party will retain all rights in any software, ideas, concepts, know-how, development tools, techniques or any other proprietary material or information that it owned or developed prior to the Effective Date, or acquired or developed after the Effective Date without reference to or use of the intellectual property of the other party. All software that is licensed by a party from a third party vendor will be and remain the property of such vendor. EDS shall obtain any applicable third party consents or licenses necessary for EDS to host the Website as required hereunder, and, thereafter, such consents or licenses shall be the responsibility of driversshield. Subject to any third party rights or restrictions and the other provisions of this Section 9, driversshield will own the deliverables that (a) are developed and delivered by EDS under this Agreement and (b) are paid for by driversshield (the "Deliverables"). Notwithstanding anything to the contrary in this Agreement, EDS (i) will retain all right, title and interest in and to all software development tools, know-how, methodologies, processes, technologies or algorithms used in performing the EDS Services which are based on trade secrets or proprietary

information of EDS or are otherwise owned or licensed by EDS (collectively, "tools"), (ii) will be free to use the ideas, concepts, methodologies, processes and know-how which are developed or created in the course of performing the EDS Services and may be retained by EDS' employees in intangible form and (iii) will retain ownership of any EDS-owned software or tools that are used in producing the Deliverables and become embedded in the Deliverables. EDS hereby grants to driversshield a perpetual (subject to compliance with this sentence), royalty-free, nontransferable, nonexclusive license to use such embedded software and tools (if any) solely in connection with driversshield's internal use and exploitation of the Deliverables and only so long as such software and tools (if any) remain embedded in the Deliverables and are not separated therefrom. No licenses will be deemed to have been granted by either party to any of its patents, trade secrets, trademarks or copyrights, except as otherwise expressly provided in this Agreement. Nothing in this Agreement will require EDS or driversshield to violate the proprietary rights of any third party in any software or otherwise. The provisions of this Section 9 will survive the expiration or termination of this Agreement for any reason.

10. Mediation; Arbitration. Any dispute, controversy or claim arising under, out of, in connection with or in relation to this Agreement, or the breach, termination, validity or enforceability of any provision hereof (a "Dispute"), if not resolved informally through negotiation between the parties, will be submitted to non-binding mediation. The parties will mutually determine who the mediator will be from a list of mediators obtained from the American Arbitration Association office located in the city determined as set forth below in this Section 10 (the "AAA"). If the parties are unable to agree on the mediator, the mediator will be selected by the AAA. If any Dispute is not resolved through mediation, it will be resolved by final and binding arbitration

conducted in accordance with and subject to the Commercial Arbitration Rules of the AAA then applicable. One arbitrator will be selected by the parties' mutual agreement or, failing that, by the AAA, and the arbitrator will allow such discovery as is appropriate, consistent with the purposes of arbitration in accomplishing fair, speedy and cost effective resolution of disputes. The arbitrator will reference the rules of evidence of the Federal Rules of Civil Procedure then in effect in setting the scope of discovery, except that no requests for admissions will be permitted and interrogatories will be limited to identifying (a) persons with knowledge of relevant facts and (b) expert witnesses and their opinions and the bases therefor. Judgment upon the award rendered in any such arbitration may be entered in any court having jurisdiction thereof. Any negotiation, mediation or arbitration conducted pursuant to this Section 10 and initiated by driversshield will take place in Plano, Texas, and in Plainview, New York if initiated by EDS. Other than those matters involving injunctive relief or any action necessary to enforce the award of the arbitrator, the parties agree that the provisions of this Section 10 are a complete defense to any suit, action or other proceeding instituted in any court or before any administrative tribunal with respect to any Dispute or the performance of the EDS Services by EDS. Each party acknowledges and agrees that the other party may seek injunctive relief in order to enforce the covenants set forth in Section 16(b) and (c). Nothing in this Section 10 prevents the parties from exercising their right to terminate this Agreement in accordance with Section 11.

11. Termination.

(a) Default. If either party materially defaults in the performance of any of its obligations under this Agreement, which default (a) if of a non-monetary nature, is not substantially cured within 60 days after notice is given to the defaulting party specifying the default or, with respect to those defaults that cannot reasonably be cured within 60 days, should the defaulting party fail to proceed within 60 days to commence curing the default and thereafter to proceed with all reasonable diligence to substantially cure the default, or (b) if of a monetary nature, is not cured within

10 days after notice is given to the defaulting party specifying the default, the party not in default may, by giving written notice thereof to the defaulting party, terminate this Agreement as of a date specified in such notice of termination.

(b) Other Than Default. This Agreement may be terminated for reasons other than default as set forth below:

(i) If, during the final two (2) calendar months of the First Contract Year, the Contracted Net Revenue averages less than Two Hundred and Twenty Five Thousand Dollars ($225,000.00) per month, then either party shall have the option to terminate this Agreement upon thirty (30) days' prior written notice, which option must be exercised within thirty (30) days following the date that driversshield provides EDS with such information as set forth in Section C-1 of Exhibit C; or

(ii) If the EDS Revenues for the Second Contract Year are less than Three Million, Two Hundred and Fifty Five Thousand Dollars ($3,255,000.00), then EDS shall have the option to terminate this Agreement upon thirty (30) days' notice, which option must be exercised within sixty (60) days following the end of the Second Contract Year; or

(iii) If the EDS Revenues for the Third Contract Year are less than Twelve Million, Eight Hundred Thousand Dollars ($12,800,000.00), then EDS shall have the option to terminate this Agreement upon thirty (30) days' notice, which option must be exercised within sixty (60) days following the end of the Third Contract Year; or

(iv) If, during any two (2) consecutive calendar months after EDS begins to provide the incremental services that are described in Sections B-2(b), B-3(b) or B-4(b) of Exhibit B, the Contracted Net Revenue or the EDS Revenues, as applicable, fall below the amounts that "triggered" EDS' provision of such additional services, EDS may terminate this Agreement upon sixty (60) days' written notice; provided, however, that (A) during this 60-day period

the parties will negotiate in good faith an amendment to this Agreement in lieu of such termination, and (B) if the parties are unable to agree to such an amendment, EDS will provide the transition services described in subparagraph 11(d) below.

(c) Effect of Termination or Expiration. Upon expiration or termination of this Agreement for any reason, (i) EDS will cease to perform the EDS Services for driversshield; and (ii) driversshield will pay to EDS all sums due to EDS as a result of the EDS Services performed through the effective date of such expiration or termination, including the then current EDS Percentage applicable to any Repair, or data relating thereto, that was processed, tracked, or otherwise recorded using the Website prior to such expiration or termination. Expiration or termination of this Agreement for any reason will not release either party from any liabilities or obligations set forth in this Agreement which (i) the parties have expressly agreed will survive any such expiration or termination or (ii) remain to be performed or by their nature would be intended to be applicable following any such expiration or termination.

(d) Transition Services. In connection with the termination of

this Agreement, EDS will, at driversshield's request and at EDS' then current commercial billing rates, assist in the orderly transition and migration to driversshield of the Deliverables and the EDS Services then being performed by EDS, including assisting driversshield in the installation of any hardware and/or software or equipment purchased by driversshield in connection with the transition.

12. Indemnities. EDS and driversshield will have the indemnity obligations set forth in Exhibit G.

13. Liability.

(a) General Limitation. Neither party's liability to the other (and any Affiliate) for any damages arising out of or related to this Agreement, whether based in contract, equity, negligence, tort or otherwise (excluding willful misconduct), will be limited to and will not exceed, in the aggregate for all claims, actions and causes of action of every kind and nature, the lesser of (i) the sum of the payments to EDS hereunder during the six (6) months prior to the event giving rise to the liability, or (ii) Five Million Dollars ($5,000,000.00).

(b) Limitation on Other Damages. In no event will the measure of damages payable by either party include, nor will either party be liable for, any amounts for loss of income, profit or savings or indirect, incidental, consequential, exemplary, punitive or special damages of any party, including third parties, even if such party has been advised of the possibility of such damages in advance, and all such damages are expressly disclaimed.

(c) Contractual Statute of Limitations. No claim, demand for mediation or arbitration or cause of action which arose out of an event or events which occurred more than two years prior to the filing of a demand for mediation or arbitration or suit alleging a claim or cause of action may be asserted by either party against the other. The provisions of this Section 13 will survive the expiration or termination of this Agreement for any reason.

14. Excused Performance. Neither party will be deemed to be in default hereunder, or will be liable to the other, for failure to perform any of its non-monetary obligations under this Agreement for any period and to the extent that such failure results from any event or circumstance beyond that party's reasonable control (each, a "force majeure event"), including natural disasters, riots, war, civil disorder, court orders, acts or omissions of the other party or third parties, acts or regulations of governmental bodies, labor disputes or failures or fluctuations in electrical power, heat, light, air conditioning or telecommunications equipment or lines, or other equipment failure, and which it could not have prevented by reasonable precautions or could not have remedied by the exercise of reasonable efforts.

15. Export Regulations. This Agreement is expressly made subject to any United States government laws, regulations, orders or other restrictions regarding export from the United States of computer hardware, software, technical data or derivatives of such hardware, software or technical data. Notwithstanding

anything to the contrary in this Agreement, neither party will directly or indirectly export (or reexport) any computer hardware, software, technical data or derivatives of such hardware, software or technical data, or permit the shipment of same: (a) into (or to a national or resident of) Cuba, North Korea, Iran, Iraq, Libya, Syria or any other country to which the United States has embargoed goods; (b) to anyone on the U.S. Treasury Department's List of Specially Designated Nationals, List of Specially Designated Terrorists or List of Specially

Designated Narcotics Traffickers, or the U.S. Commerce Department's Denied Parties List; or (c) to any country or destination for which the United States government or a United States governmental agency requires an export license or other approval for export without first having obtained such license or other approval. Each Party will reasonably cooperate with the other and will provide to the other promptly upon request any end-user certificates, affidavits regarding reexport or other certificates or documents as are reasonably requested to obtain approvals, consents, licenses and/or permits required for any payment or any export or import of products or services under this Agreement. The provisions of this Section 15 will survive the expiration or termination of this Agreement for any reason.

16. Right to Engage in Other Activities; Limited Restrictions; Exclusivity.

(a) General Right to Engage in Other Activities. driversshield acknowledges and agrees that EDS may provide information technology services for third parties at any EDS facility that EDS may utilize from time to time for performing the EDS Services. Except as expressly set forth in Section 16(b), nothing in this Agreement will impair EDS' right to acquire, license, market, distribute, develop for itself or others or have others develop for EDS similar technology performing the same or similar functions as the technology and EDS Services contemplated by this Agreement.

(b) Limited Restrictions. In consideration of driversshield's exclusivity covenant described in Section 16(c), EDS agrees that:

(i) it will not, prior to January 17, 2001, enter into an agreement with any party to design, develop and operate a website with functionality substantially similar to that of the Website, and the purpose of which is to provide insurance carriers with the ability to offer its individual insureds (as opposed to its corporate or fleet customers) collision repair management services in the United States of America, Canada, Mexico or Puerto Rico (collectively, "North America") via the internet; and

(ii) it will not, prior to January 17, 2001, dedicate any of the three (3) key Website developers (David Shapiro, Jay Dunning and Christine Boudreau), to the design and development of a website with functionality substantially similar to that of the Website for an EDS client that is in the business of providing insurance carriers with the ability to offer its individual insureds (as opposed to its corporate or fleet customers) collision repair management services in North America via the internet; and

(iii) it will not, prior to January 17, 2004, enter into an agreement with any party under which (i) EDS is required to design, develop and operate a website with functionality substantially similar to that of the Website, and the purpose of which is to provide insurance carriers with the ability to offer its individual insureds (as opposed to its corporate or fleet customers) collision repair management services in North America via the internet, and (ii) EDS' compensation under for such services is based upon a percentage of the client's revenues;

provided, however, that the restrictions enumerated in this Section 16(b) shall lapse upon termination or expiration of this Agreement for any reason.

(c) Exclusivity. driversshield shall market, promote and utilize the Website exclusively to support its respective clients providing individual insureds (as opposed to corporate or fleet customers) with collision repair management services in

North America via the internet.

17. Notices. All notices under this Agreement will be in writing and will be deemed to have been duly given if delivered personally or by a nationally recognized courier service, faxed or mailed by registered or certified mail, return receipt requested, postage prepaid, to the parties at the addresses set forth herein. All notices under this Agreement that are addressed as provided in this Section 17, (a) if delivered personally or by a nationally recognized courier service, will be deemed given upon delivery, (b) if delivered by facsimile, will be deemed given when confirmed and (c) if delivered by mail in the manner described above, will be deemed given upon receipt. Either party may change its address or designee for notification purposes by giving notice to the other of the new address or designee and the date upon which such change will become effective.

18. FPG Guarantee. From the Effective Date through the Operational Date, FPG hereby unconditionally guarantees the performance by driversshield of all of driversshield's duties and obligations under this Agreement (including payment for the Design and Development Services), which guarantee is an absolute, present and continuing guaranty of performance. Beginning with the Operational Date and ending with the earlier of the first date that (i) driversshield's voting stock is publicly traded over a nationally recognized exchange, or (ii) the percentage of FPG's ownership of driversshield's voting stock falls below fifty percent (50%), or (iii) FPG controls less than fifty percent (50%) of the total voting rights of driversshield, FPG shall guarantee the performance of driversshield's duties and obligations hereunder (including payment of the EDS Percentage) in proportion to the percentage of FPG's equity in driversshield. The guarantee shall remain in full force and effect without regard to, and the obligations of FPG shall not be affected or impaired by: (a) any amendment or modification of or addition or supplement to any of the respective guaranteed obligations; (b) any extension, indulgence or other action or inaction in respect of any of the respective guaranteed obligations; (c) any exercise or nonexercise of any right, remedy, power or privilege in respect of such guarantee, or any of the respective guaranteed obligations; (d) any transfer of assets to, or any consolidation or merger with or into, any person corporation, partnership or other entity; (e) any bankruptcy, insolvency, reorganization or similar proceeding: (f) any assignment or subcontract by driversshield; or (g) any other circumstance, whether or not FPG shall have had notice or knowledge of any of the foregoing. FPG unconditionally waives (i) notice of any of the matters referred to in the preceding sentence and (ii) all notice which may be required by statute, rule of law or otherwise to preserve the rights thereof, including, without limitation, the right to notice of default, presentment to and demand of payment and protest for non-payment or dishonor. Any notice to FPG must be in writing and delivered in accordance with the terms, and to the address of such party, originally set forth in this Agreement.

19. Other. Where agreement, approval, acceptance or consent of either party is required by this Agreement, such action will not be unreasonably withheld or delayed. The Parties are independent contractors, and this Agreement will not be construed as constituting either party as partner, joint venturer or fiduciary of the other. If any provision (other than a provision relating to any payment obligation) of this Agreement or the application thereof to any persons or circumstances is, to any extent, held invalid or unenforceable, the remainder of this Agreement or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable will not be affected thereby, and each provision of this Agreement will be valid and enforceable to the extent permitted by law. Nothing in this Agreement may be relied upon or will benefit any party other than EDS and driversshield. This Agreement (a) will be governed by the substantive laws of the State of Texas (without giving effect to any choice-of-law rules that may require the application of the laws of another jurisdiction), (b) may not be assigned by either party without

the prior written consent of the other (except that EDS will have the right to perform the EDS Services itself and through its direct and indirect wholly-owned subsidiaries and to subcontract to unaffiliated third parties portions of the EDS Services, so long as EDS remains responsible for the obligations performed by any of its subsidiaries or subcontractors to the same extent as if such obligations were performed by EDS employees), (c) may not be changed or modified orally or through a course of dealing, but only by a written amendment or revision signed by the parties and (d) together with the exhibits attached hereto (each of which is incorporated into this Agreement by this reference), constitutes the entire agreement of the parties with respect to the subject matter hereof, superseding any previous or contemporaneous representations, understandings or agreements with respect thereto.

--- END OF TEXT - SIGNATURE PAGE FOLLOWS ---

In Witness Whereof, the parties have duly executed and delivered this Agreement as of the date first set forth above.

driversshield.com CORP.	ELECTRONIC DATA SYSTEMS CORPORATION
By: _____	By: _____
Title: _____	Title: _____
Address:51 East Bethpage Rd. Plainview, NY 11803-4224	Address: 5400 Legacy Drive; Mail Stop Plano, TX 75024
Date: _____	Date: _____
FIRST PRIORITY GROUP, INC. [For purposes of Section 18 only]	EDS INFORMATION SERVICES L.L.C.
By: _____	By: _____
Title: _____	Title: _____

Address: _____ Address: 5400 Legacy Drive; Mail Stop Plano, TX 75024

Date: _____ Date: _____

Exhibit A

Definitions

As used in this Agreement, the following terms shall be defined as follows:

Affiliate shall mean every corporation or other entity directly or indirectly controlling, controlled by or under the direct or indirect common control with driversshield. A corporation or other entity shall be deemed to control a corporation or other entity if such corporation or other entity possesses directly or indirectly the power to (i) vote 10% or more of the securities having ordinary voting power for the election of the directors of such other corporation or (ii) direct or cause the direction of the management and policies of such other corporation or other entity whether through the ownership of voting securities, by contract or otherwise.

Contract Year shall mean, as applicable, the First Contract Year, and each one-year period thereafter.

Contracted Net Revenue shall mean that portion of the Net Revenue that is received, recognized or accrued by driversshield from a driversshield client pursuant to an agreement that does not contain a clause permitting the termination of such agreement, without cause, or such clause has expired without cancellation of that agreement.

Cost of Sales shall mean (i) payments by driversshield to a Vendor for a Repair, and (ii) the direct cost to driversshield of the Fulfillment Services, whether such services are performed by driversshield, or performed by EDS and invoiced to driversshield as set forth in Section B-5 of Exhibit B, and (iii) any Additional Services that are paid for by driversshield in accordance with Sections B-1(a), B-2(b)(i), or B-3(b)(i) of Exhibit B.

EDS Labor Rate shall mean eighty percent (80%) of EDS' then current commercial billing rates (which rates shall be subject to adjustment in accordance with Section D-5 of Exhibit D), discounted by the amount of the then current EDS Percentage.

EDS Percentage shall mean, for each calendar month of this Agreement after the Operational Date, the percentage of Net Revenue that is received, recognized or accrued by driversshield applicable to the prior calendar month, and payable to EDS in accordance with the terms of this Agreement.

EDS Revenue shall mean the amounts, derived from the EDS Percentage, actually paid to EDS hereunder.

First Contract Year shall mean the period of time beginning with the Operational Date, and ending on the last day of the twelfth (12th) calendar month thereafter. For example, if the Operational Date is January 15, 2000, the last day of the First Contract Year will be January 31, 2001.

Fulfillment Services shall mean the printing, assembly, material insertion, and postage to deliver the Driver's Shield(R) membership kit (which, as of the Effective Date, driversshield represents costs approximately Five Dollars ($5.00) per kit).

Net Revenue shall mean an amount determined, for any applicable period of time, by subtracting Cost of Sales from Total driversshield Revenue.

Operational Date shall mean the first date that the Website is made available for access by insurance carriers.

Repair shall mean a claim for the physical damage or mechanical repair of a

motor vehicle that is processed, tracked or otherwise recorded on the Website.

Second Contract Year shall mean the one-year period beginning on the day after the last day of the First Contract Year.

Third Contract Year shall mean the one-year period beginning on the day after the last day of the Second Contract Year.

Total driversshield Revenue shall mean, for any applicable period of time, all revenues that are received, recognized or accrued by driversshield (and any Affiliate that EDS and driversshield may agree, pursuant to Section 4, may utilize the Website to process, track or otherwise record any data relating to a Repair) following the Operational Date, including but not limited to all: Repair payments from insurance carriers; Website listing fees; and driversshield membership fees (including renewal thereof) derived solely from memberships that were originated following the completion of a Repair processed, tracked, or otherwise recorded on the Website.

Vendor shall mean a motor vehicle repair facility, rental agency, appraiser, glass replacement company, salvage facility or other facility providing Repair-related services.

Website shall mean the internet website developed pursuant to the Website Specification.

Exhibit B

Description of EDS Services

The EDS Services to be provided hereunder shall consist of (i) the Design and Development Services generally described in Section 2(a) of this Agreement, for which EDS shall be compensated as set forth in Section 5(a) of this Agreement, and (ii) the Operational Services, as described below, for which EDS shall be compensated as set forth in Section 5(b) of this Agreement.

B-1. First Contract Year.

(a) Basic Services. During the First Contract Year, EDS will generally be responsible for providing the following items:

- EDS will use reasonable efforts to introduce driversshield to EDS' customers that provide auto insurance to its insureds.
- EDS will provide an account manager responsible for:
- Coordinates and prioritizes resources to meet driversshield business requirements, ongoing and incremental
- Accountable for deliverables
- driversshield communications
- Advises driversshield on IT aspects of its business plan
- Escalation of relevant issues within EDS
- Web hosting and help desk - as described in the Website Specification
- Website enhancements - up to 100 hours monthly
- EDS will provide additional website enhancements, as mutually agreed, above 100 hours and, in consideration thereof, driversshield will pay for such additional hours at the lesser of (i) EDS' then current commercial billing rates, or (ii) an adjustable rate that shall start, as of the Effective Date, at One Hundred and Fifty Dollars ($150.00) per hour, and shall be

subject to adjustment in accordance with Section D-5 of Exhibit D, which amount shall be invoiced by EDS and payable by driversshield in accordance with Section 5(d), and then, upon payment, included in the Cost of Sales.

- Implementation support to insurance carrier - up to 40 hours per carrier, with roles and responsibilities to be mutually agreed upon between EDS and driversshield, which may include:

- Documentation / creation of training materials

- Training tech support of carrier MIS department on:

- Firewall / network issues

- Password administration

- EDS will provide additional implementation support to insurance carriers, as mutually agreed, above 40 hours and, in consideration thereof, driversshield will pay for such additional hours at the lesser of (i) EDS' then current commercial billing rates, or (ii) an adjustable rate that shall start, as of the Effective Date, at One Hundred and Fifty Dollars ($150.00) per hour, and shall be subject to adjustment in accordance with Section D-5 of Exhibit D, which amount shall be invoiced by EDS and payable by driversshield in accordance with Section 5(d), and then, upon payment, included in the Cost of Sales.

(b) Incremental EDS Services During the First Contract Year. If the trigger described in Section B-2(b) is satisfied during the First Contract Year, then EDS agrees to perform, during the first two (2) months after such trigger is satisfied, up to One Thousand (1,000) hours of the additional services described in Section B-2(b)(i) below. Additionally, if during the First Contract Year the Contracted Net Revenue exceeds Four Hundred Thousand Dollars ($400,000.00) during any calendar month, then EDS will provide (during the two (2) months immediately following the completion of the first One Thousand (1,000) hours of services described in the preceding sentence), an additional One Thousand (1,000) hours to begin implementing some of the incremental services described in Section B-2(b)(i) below.

It is understood and agreed that (i) nothing in this Section B-1(b) shall require EDS to provide, during the First Contract Year, more than Two Thousand (2,000) hours of the incremental services

described in Section B-2(b) below; and (ii) the services performed by EDS pursuant to this Section B-1(b) shall be credited toward EDS' obligations described in Section B-2(b).

B-2. Second Contract Year.

(a) Basic Services. During the Second Contract Year, EDS will generally be responsible for providing the basic services described in Section B-1(a) above.

(b) Trigger for Incremental EDS Services. If during the First Contract Year, either (i) the Contracted Net Revenue exceeds Three Hundred and Eight Thousand, Three Hundred and Thirty Three Dollars ($308,333.00) for two (2) consecutive calendar months, or (ii) the Net Revenue exceeds Five Hundred Thousand Dollars ($500,000.00) for two (2) consecutive calendar months, EDS will provide, during the Second Contract Year, the following incremental services:

(i) up to Six Thousand (6,000) hours of implementation and/or development services (less any hours provided by EDS pursuant to Section B-1(b)), to be used as mutually agreed for activities including but not limited to developing and implementing call center services similar to those provided by driversshield during the First Contract Year; additional definition and/or development work on the website; development and/or implementation of additional services like iBilling,

financial EDI, or EDS*FAX; or a carrier interface (similar to informational website developed by EDS prior to the commencement of the Design and Development Services). If diversshield requests additional hours of support, diversshield will pay for such additional hours at the lesser of (i) EDS' then current commercial billing rates, or (ii) an adjustable rate that shall start, as of the Effective Date, at One Hundred and Fifty Dollars ($150.00) per hour, and shall be subject to adjustment in accordance with Section D-5 of Exhibit D, which amount shall be invoiced by EDS and payable by diversshield in accordance with Section 5(d), and then, upon payment, included in the Cost of Sales; and

(ii) up to 25 total people to staff the call center, assuming up to 4,000 Repairs per month and based upon diversshield's estimate that each Repair will require an average of fifty (50) minutes. Should the average amount of call minutes required per Repair exceed fifty (50), then EDS shall have the right to add additional personnel and invoice diversshield therefor at the EDS Labor Rate, which amount shall be due and payable in accordance with Section 5(d) of this Agreement. So long as the average amount of call minutes required per Repair does not exceed fifty (50), EDS agrees to increase the staffing of the call center (over the original 25) at no additional charge, at the rate of one additional person per each additional 160 Repairs per month; and

(iii) up to 3 total Account Executives; and

(iv) An accounting system with a maximum cost of Fifty Thousand Dollars ($50,000.00) for acquisition/development and implementation, with diversshield and EDS to mutually define functionality/scope.

B-3. Third Contract Year.

(a) Basic Services. During the Third Contract Year, EDS will generally be responsible for providing the Operational Services performed during the Second Contract Year.

(b) Trigger for Incremental EDS Services. If, during the final two (2) calendar months of the Second Contract Year, the EDS Revenue averages more than Three Hundred and Twelve Thousand, Two Hundred Dollars ($312,200.00) per month, then EDS will provide, during the Third Contract Year, the following incremental services:

(i) up to Three Thousand (3,000) hours of implementation and/or development services to be

used as mutually agreed for such activities as developing and implementing enhancements to the website. If diversshield requests additional hours of support, diversshield will pay for such additional hours at the lesser of (i) EDS' then current commercial billing rates, or (ii) an adjustable rate that shall start, as of the Effective Date, at One Hundred and Fifty Dollars ($150.00) per hour, and shall be subject to adjustment in accordance with Section D-5 of Exhibit D, which amount shall be invoiced by EDS and payable by diversshield in accordance with Section 5(d), and then, upon payment, included in the Cost of Sales; and

(ii) up to 43 total people to staff the call center, assuming up to 9,333 Repairs per month and based upon diversshield's estimate that each Repair will require an average of forty (40) minutes. Should the average amount of call minutes required per Repair exceed forty (40), then EDS shall have the right to add additional personnel and invoice diversshield therefor at the EDS Labor Rate, which amount shall be due and payable in accordance with Section 5(d) of this Agreement. So

long as the average amount of call minutes required per Repair does not exceed forty (40), EDS agrees to increase the staffing of the call center (over the original 43) at no additional charge, at the rate of one additional person per each additional 217 Repairs per month; and

(iii) up to 4 total Account Executives.

B-4. Fourth Contract Year.

(a) Basic Services. During the Fourth Contract Year, EDS will generally be responsible for providing the Operational Services performed during the Third Contract Year.

(b) Trigger for Incremental EDS Services. If, during the final two (2) calendar months of the Third Contract Year, the EDS Revenue averages more than One Million, Nine Hundred and Thirty Three Thousand, Three Hundred and Thirty Three Dollars ($1,933,333.00) per month, then EDS will provide, during the Fourth Contract Year, the following incremental services:

(i) up to 66 total people to staff the call center, assuming up to 20,000 Repairs per month and based upon driversshield's estimate that each Repair will require an average of thirty (30) minutes. Should the average amount of call minutes required per Repair exceed thirty (30), then EDS shall have the right to add additional personnel and invoice driversshield therefor at the EDS Labor Rate, which amount shall be due and payable in accordance with Section 5(d) of this Agreement. So long as the average amount of call minutes required per Repair does not exceed thirty (30), EDS agrees to increase the staffing of the call center (over the original 66) at no additional charge, at the rate of one additional person per each additional 303 Repairs per month; and

(ii) up to 5 total Account Executives.

B-5. Fulfillment Services. The parties anticipate that EDS will assume responsibility for performing the Fulfillment Services (the mailing of the driversshield membership kits) during the Second Contract Year; however, since EDS has not had the opportunity to estimate the resources required for such performance, the parties will negotiate in good faith a mutually agreeable price therefor, which amount will be invoiced to driversshield on a monthly basis and included in the Cost of Sales.

Exhibit C

driversshield's Role

C-1. Data Transfers. Within five (5) days following the end of each month of this Agreement, driversshield will transmit to EDS, in a mutually agreed upon format, an updated file containing the current status of all Repair-related activity (including but not limited to Cost of Sales, Total driversshield Revenue, Contracted Net Revenue and Net Revenue), as necessary for EDS to (i) perform the EDS Services, and (ii) verify the amounts due EDS hereunder.

C-2. DELETED

C-3. Software. driversshield will provide, or cause to be provided, to EDS the right to access driversshield-owned software (including any Deliverables) and software licensed to driversshield or a customer of driversshield by a vendor if such is required for EDS to perform the EDS Services, but for no other purpose. EDS will assist driversshield in determining whether driversshield will need to obtain any consents, licenses or other rights from vendors as contemplated by this Section C-3. driversshield will be responsible for obtaining any such consents, licenses or other rights and for finding an alternative solution in the

event a vendor refuses consent.

C-4. Inability to Access. Notwithstanding C-3, if for any reason (including a determination that the costs and expenses associated with obtaining consents, licenses or other rights or with finding an alternative solution are unreasonable) driversshield declines or is unable to provide to EDS the right to access any hardware, related equipment or software for any reason, EDS will be relieved of those of its obligations under this Agreement that are affected by such lack of access rights, and the parties will mutually agree in writing on any appropriate adjustments to this Agreement, whether with respect to the scope of the EDS Services, EDS' charges or otherwise.

C-5. Personnel Resources. driversshield will provide and make available to EDS appropriate management and technical personnel of driversshield who will work with EDS and will perform, on a timely basis, those activities referenced in this Agreement, the responsibility for which is required therein to be assumed by driversshield. In addition, driversshield will cooperate with EDS through making available such personnel, management decisions, information, authorizations, approvals and acceptances in order that EDS' performance of the EDS Services may be properly, timely and efficiently accomplished.

C-6. Other Resources. Unless this Agreement specifically states otherwise, driversshield will provide and be responsible for all:

- Call center staff including:
  - Shop management personnel
  - Account executive personnel
  - Accounting workstation / system
- Fulfillment services
- Sales and marketing
- Fax servers and support
- Implementation support to insurance carrier (to be determined by EDS & driversshield)

Exhibit D

Compensation

D-1. First Contract Year.

During the First Contract Year, the EDS Percentage shall be Thirty Percent (30%) of Net Revenue; provided, however, that

(i) driversshield shall be entitled to retain for itself one hundred percent (100%) of the Net Revenue until it has recouped the amount that it paid EDS for the Design and Development Services pursuant to Section 5(a) of this Agreement; and

(ii) after driversshield has recouped the amount set forth in (i) above, EDS shall be paid one hundred percent (100%) of the Net Revenue until it has recouped an amount equal to $100 per hour for each hour in excess of 2,800 that it expended performing the Design and Development Services (up to 3,600 hours).

D-2. Second Contract Year.

For each month of the Second Contract Year, the EDS Percentage shall be Thirty Five Percent (35%).

D-3. Third Contract Year.

For each month of the Third Contract Year, the EDS Percentage shall be Forty Two Percent (42%).

D-4. Fourth Contract Year.

For each month of the Fourth Contract Year, the EDS Percentage shall be Forty Two Percent (42%).

D-5. Annual Adjustment to Charges Using Hewitt Index. The Parties acknowledge and agree to use the percent change in "Total Cash Compensation" for Systems Integration Job Families (the "Percent Change") as the basis for annual adjustments to all charges to be paid by driversshield to EDS under this Agreement as being subject to this Section D-5 (the "Hewitt Index Adjustable Charges"), as the Percent Change is either reported in the Hewitt Associates Index for Total Cash Compensation (the "Index") or as such Systems Integration Job Families information is otherwise made available by the management consulting firm of Hewitt Associates LLC (or another comparable measure published or made available by a mutually agreeable source should the Index no longer be published, the content or format of the Index substantially change or Hewitt Associates LLC no longer make comparable Systems Integration Job Families information available). If, on any September 1 during the term of this Agreement, the most recently published or available Percent Change is positive, an adjustment to the Hewitt Index Adjustable Charges will be made by increasing the Hewitt Index Adjustable Charges by such Percent Change. If an adjustment is not made on a September 1 for any reason, then the basis for measuring the Percent Change for the following September 1 will be same as the basis for measuring the Percent Change for the September 1 on which no adjustment was made. The Parties acknowledge and agree that EDS will adjust the Hewitt Index Adjustable Charges and will advise driversshield of such adjustment in writing so that the new charges will amend this Agreement and become effective on the applicable September 1. If no adjustment is made on a September 1 for any reason, EDS will advise driversshield in writing of such fact.

Exhibit E

Confidentiality

E-1. Scope of Obligation. Except as otherwise expressly provided in this Agreement, EDS and driversshield each agrees that (a) all information communicated to it by the other and identified as confidential, whether before or after the date hereof, (b) all information identified as confidential to which it has access in connection with the EDS Services, whether before or after the date hereof, and (c) this Agreement and the parties' rights and obligations hereunder, will be and will be deemed to have been received in confidence and will be used only for purposes of this Agreement, and each of EDS and driversshield agrees to use the same means as it uses to protect its own confidential information, but in no event less than reasonable means, to prevent the disclosure and to protect the confidentiality thereof. No such information will be disclosed by the recipient party without the prior written consent of the other party; provided, however, that each party may disclose this Agreement and the other party's confidential information to those of the recipient party's attorneys, auditors, insurers (if applicable), subcontractors and full time employees who have a need to have access to such information in connection with their employment (or engagement, if applicable) by the recipient party, so long as the recipient party requires, in the case of its attorneys, auditors and insurers, that each of them execute a confidentiality agreement containing terms and conditions no less restrictive than those set forth in this Exhibit E and advises, in the case of its subcontractors and employees, each such subcontractor and employee of the confidentiality obligations set forth in this Exhibit E. In any event, compliance by each of the persons referenced in the preceding sentence with the confidentiality obligations set forth in this Exhibit E will remain the responsibility of the party employing or engaging such persons.

E-2. Exceptions. The foregoing will not prevent either party from disclosing information that belongs to such party or (i) is already known by the recipient party without an obligation of confidentiality other than

under this Agreement, (ii) is publicly known or becomes publicly known through no unauthorized act of the recipient party, (iii) is rightfully received from a third party, (iv) is independently developed without use of the other party's confidential information or (v) is disclosed without similar restrictions to a third party by the party owning the confidential information. If confidential information is required to be disclosed pursuant to a requirement of a governmental authority, such confidential information may be disclosed pursuant to such requirement so long as the party required to disclose the confidential information, to the extent possible, provides the other party with timely prior notice of such requirement and coordinates with such other party in an effort to limit the nature and scope of such required disclosure; provided, however, that, in the event of a tax audit, (A) notice of a disclosure requirement in connection therewith will not be given prior to the commencement of the audit, and (B) the parties will use commercially reasonable efforts to ensure that any confidential information that is subject to a valid request for delivery of a copy of such information (including a copy of this Agreement) to the taxing authority is not subject to further disclosure by it (such as by marking such information as a trade secret). If confidential information is required to be disclosed in connection with the conduct of any mediation or arbitration proceeding carried out pursuant to Section 10 of this Agreement, such confidential information may be disclosed pursuant to and in accordance with the approval and at the direction of the mediator or arbitrator, as the case may be, conducting such proceeding. Upon written request of the disclosing party at the expiration or termination of this Agreement for any reason, all documented confidential information (and all copies thereof) of the disclosing party will be returned to the disclosing party or will be destroyed, with written certification thereof being given to the disclosing party. The provisions of this Exhibit E will survive the expiration or termination of this Agreement for any reason. Notwithstanding anything to the contrary herein, the parties acknowledge that certain disclosure of this Agreement may be required to be filed with the U.S. Securities and Exchange Commission ("SEC") and/or an exchange on which the party's common stock is traded, and nothing in this Agreement shall prevent either party from making such required disclosures upon advice of their respective counsel. Additionally, the terms of this Agreement may be disclosed to potential investors of driversshield so long as driversshield requires such potential investors to execute a confidentiality agreement containing terms and conditions no less restrictive than those set forth in this Exhibit E.

Exhibit F

Warranties and Additional Covenants

F-1. Performance. EDS represents and warrants that all EDS Services will be performed in a professional and workmanlike manner.

F-2. driversshield Information. driversshield represents and warrants that, to the best of its knowledge, the information furnished by driversshield to EDS on which EDS based the description of the EDS Services and the charges to be paid by driversshield therefor, in each case as set forth in this Agreement, is accurate and complete in all material respects.

F-3. Viruses. Each party will use commercially reasonable measures to screen any software provided or made available by it to the other party hereunder for the purpose of avoiding the introduction of any "virus" or other computer software routine or hardware components which are designed (i) to permit access or use by third parties to the software of the other party not authorized by this Agreement, (ii) to disable or damage hardware or damage, erase or delay access to software or data of the other party or (iii) to perform any other similar actions.

F-4. Disabling Codes. EDS will not, without informing driversshield's Representative, knowingly insert into the software used by it hereunder any code or other device which would have the effect of disabling, damaging, erasing, delaying or otherwise shutting down all or any portion of the EDS Services or the hardware, software or data used in performing the EDS Services. EDS will not invoke such code or other device at any time, including upon expiration or termination of this Agreement for any reason, without driversshield's prior written consent.

F-5. Year 2000. driversshield acknowledges and agrees that EDS will not be responsible for:

(a) Changes, modifications, updates or enhancements to, and any inaccuracies, delays, interruptions or errors caused by, interfaces between any EDS-proprietary system and any system that EDS does not operate under this Agreement;

(b) Any inaccuracies, delays, interruptions or errors occurring as a result of incorrect data or data from other systems, including telecommunications systems, software, hardware, processes or third parties provided in a format that is inconsistent with the format and protocols established for any EDS-proprietary system, including date data in two digit format, even if such data is required for the operation of that system; and

(c) any inaccuracies, delays, interruptions or errors occurring as a result of incorrect data or data from telecommunication systems.

F-6. Disclaimer. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS EXHIBIT F, EDS MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, REGARDING ANY MATTER, INCLUDING THE MERCHANTABILITY, SUITABILITY, ORIGINALITY, FITNESS FOR A PARTICULAR USE OR PURPOSE, OR RESULTS TO BE DERIVED FROM THE USE, OF ANY INFORMATION TECHNOLOGY SERVICE, SOFTWARE, HARDWARE OR OTHER MATERIALS PROVIDED UNDER THIS AGREEMENT. EDS DOES NOT REPRESENT OR WARRANT THAT THE OPERATION OF ANY SOFTWARE WILL BE UNINTERRUPTED, ERROR-FREE OR YEAR 2000 COMPLIANT.

Exhibit G

Indemnities

G-1. Claims Relating to Personal Injury and Property Damage.

(a) General. EDS and driversshield each will be responsible for any and all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees and expenses (collectively, "Losses"), to their respective tangible personal or real property (whether owned or leased), and each party agrees to look only to its own insuring arrangements (if any) with respect to such Losses. EDS and driversshield each will be responsible for Losses for the death of or personal injury to any person (including any employee of either party) and Losses for damages to any third party's tangible personal or real property (whether owned or leased), in accordance with the law of the jurisdiction in which such Loss is alleged to have occurred. Subject to Section 13 of this Agreement and the procedures set forth below in Section G-4, each party will indemnify and defend the other party and hold the other party harmless from any and all Losses arising out of, under or in connection with claims for which the indemnitor is responsible under the preceding sentence.

(b) Waiver of Subrogation. EDS and driversshield waive all rights to recover against each other for any Loss to their respective

tangible personal property (whether owned or leased) from any cause covered by insurance maintained by each of them, including their respective deductibles or self-insured retentions. EDS and driversshield will cause their respective insurers to issue appropriate waivers of subrogation rights endorsements to all property insurance policies maintained by each Party. Each Party will give the other written notice if a waiver of subrogation is unobtainable or obtainable only at additional expense. If the Party receiving such notice agrees to reimburse the other Party for such additional expense, the other Party will obtain such waiver of subrogation. If a waiver is unobtainable or if a Party elects not to pay the additional expense of a waiver, then neither Party nor their insurers will waive such subrogation rights.

G-2. Infringement Claims.

(a) General. Subject to Section 13 of this Agreement, the limitations set forth below in this Section G-2 and the procedures set forth below in Section G-4, EDS and driversshield each agrees to defend the other party against any action to the extent that such action is based upon a claim that the software (other than third party software) or confidential information provided by the indemnitor, or any part thereof, (i) infringes a copyright perfected under United States statute, (ii) infringes a patent granted under United States law or (iii) constitutes an unlawful disclosure, use or misappropriation of another party's trade secret. The indemnitor will bear the expense of such defense and pay any Losses that are attributable to such claim finally awarded by a court of competent jurisdiction.

(b) Exclusions. Neither EDS nor driversshield will be liable to the other for claims of indirect or contributory infringement. The indemnitor will have no liability to the indemnitee hereunder if (i) the claim of infringement is based upon the use of software provided by the indemnitor hereunder in connection or in combination with equipment, devices or software not supplied by the indemnitor or used in a manner for which the software was not designed, (ii) the indemnitee modifies any software provided by the indemnitor hereunder and such infringement would not have occurred but for such modification, or uses the software in the practice of a patented process and there would be no infringement in the absence of such practice, or (iii) the claim of infringement arises out of the indemnitor's compliance with specifications provided by the indemnitee and such infringement would not have occurred but for such compliance.

(c) Additional Remedy. If software or confidential information becomes the subject of an infringement claim under this Section G-2, or in the indemnitor's opinion is likely to become the subject of such a claim, then, in addition to defending the claim and paying any damages and attorneys' fees as required above in this Section G-2, the indemnitor may, at its option and in its sole discretion, (A) replace or modify the software or confidential information to make it noninfringing or cure any claimed misuse of another's trade secret or (B) procure for the indemnitee the right to continue using the software or confidential information pursuant to this Agreement. Any costs associated with

implementing either of the above alternatives will be borne by the indemnitor but will be subject to Section 13 of this Agreement. If neither alternative is pursued by, or (if pursued) is available to, the indemnitor, (x) the indemnitee will return such software or confidential information to the indemnitor and (y) if requested by the indemnitee in good faith, the parties will negotiate, pursuant to Section 10 of

this Agreement but subject to Section 13 of this Agreement, to reach a written agreement on what, if any, monetary damages (in addition to the indemnitor's obligation to defend the claim and pay any damages and attorneys' fees as required above in this Section G-2) are reasonably owed by the indemnitor to the indemnitee as a result of the indemnitee no longer having use of such software or confidential information. The payment of any such monetary damages will be the indemnitee's sole and exclusive remedy for the inability of the indemnitor to implement either of the above alternatives.

G-3. Claims Relating to Internet Usage. driversshield warrants that the publication of any material delivered by or through it hereunder will not violate the copyright laws of the United States or any other jurisdiction, unlawfully infringe or interfere in any way with the literary property or rights of another or contain libelous or indecent matter. Subject to Section 13 of this Agreement and the procedures set forth below in Section G-4, driversshield will indemnify and defend EDS and hold EDS harmless from any and all Losses, including those associated with claims for indirect or contributory infringement, arising out of, under or in connection with any claims relating to (i) content, whether of an editorial, advertising or other nature, (ii) the provision, use, alteration or distribution thereof, the accessibility thereto or the exchange of information over the Internet in connection therewith, including copyright infringement, libel, indecency, false light, misrepresentation, invasion of privacy or image or personality rights, (iii) statements or other materials made or made available by readers of the content or by persons to whom the content is linked at the request of driversshield or (iv) the conduct of driversshield's business.

G-4. Procedures. The indemnification obligations set forth in this Exhibit G will not apply unless the party claiming indemnification: (a) notifies the other promptly in writing of any matters in respect of which the indemnity may apply and of which the notifying party has knowledge, in order to allow the indemnitor the opportunity to investigate and defend the matter; provided, however, that the failure to so notify will only relieve the indemnitor of its obligations under this Exhibit G if and to the extent that the indemnitor is prejudiced thereby; and (b) gives the other party full opportunity to control the response thereto and the defense thereof, including any agreement relating to the settlement thereof; provided, however, that the indemnitee will have the right to participate in any legal proceeding to contest and defend a claim for indemnification involving a third party and to be represented by legal counsel of its choosing, all at the indemnitee's cost and expense. However, if the indemnitor fails to promptly assume the defense of the claim, the party entitled to indemnification may assume the defense at the indemnitor's cost and expense. The indemnitor will not be responsible for any settlement or compromise made without its consent, unless the indemnitee has tendered notice and the indemnitor has then refused to assume and defend the claim and it is later determined that the indemnitor was liable to assume and defend the claim. The indemnitee agrees to cooperate in good faith with the indemnitor at the request and expense of the indemnitor.

Exhibit 10.11

driversshield.com Corp.

1999 STOCK OPTION PLAN

SECTION 1
DEFINITIONS

As used herein, the following terms have the meanings hereinafter set forth unless the context clearly indicates to the contrary:

(a) "Act" means the Securities Act of 1933, as amended.

(b) "Administrator" means the Board or the Committee, whichever shall be administering the Plan from time to time in the discretion of the Board, as described in Section 3 of the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means the committee appointed by the Board in accordance with Section 3 of the Plan.

(f) "Company" means driversshield.com Corp., a Delaware corporation.

(g) "Director" means a member of the Board of Directors of the Company.

(h) "Employee" means an individual who is employed (within the meaning of Section 3401 of the Code and the regulations thereunder) by the Company or any future Parent Corporation or Subsidiary Corporation of the Company.

(i) "Employer Company" means the company, whether the Company or a Parent Corporation or Subsidiary Corporation of the Company, which employs the Employee.

(j) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(k) "Fair Market Value of Shares" shall mean (i) if the Shares are not publicly traded on the day in question, the fair market value of the Shares on the day in question as determined and set forth in writing by the Administrator (which, in making such determination, shall make a good faith effort to establish the true fair market value of the Shares as of such date using such methods as it deems appropriate, including independent appraisals, and taking into consideration any requirements set forth in the Code or the regulations thereunder), (ii) if the Shares are publicly traded on the day in question, the closing price of the Shares on the day in question. The closing price shall be the average of the highest and lowest quoted selling prices on the New York Stock Exchange or, if the Shares are not listed or admitted to trading on such Exchange, on the principal national securities exchange on which the Shares are listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, as reported by the Nasdaq Stock Market's National Market on the day in question, or (iii) if the Shares are not listed or admitted to trading on any national securities exchange or reported by the Nasdaq Stock Market's National Market, the closing price of the Shares shall be the average of the highest and lowest quoted selling prices as reported by The Wall Street Journal for the over-the-counter market on the day in question.

(l) "Incentive Stock Option" means an Option for Shares which is intended to be, designated in writing as, and qualifies as an Incentive Stock Option within the meaning of Section 422 of the Code.

(m) "Inside Director" means a Director who is an Employee.

(n) "Key Employee" means any Employee so designated pursuant to Section 3.2 by the Administrator to receive Options.

(o) "Non-statutory Stock Option" means an Option which is not an Incentive Stock Option and which is designated as a Non-statutory Stock Option by the Board.

(p) "Option" means an option to purchase a Share pursuant to the provisions of this Plan.

(q) "Optionee" means an Employee or Outside Director to whom an Option has been granted hereunder.

(r) "Option Price" means the price per share of the Shares subject to each Option as provided in Section 6.4.

(s) "Option Term" means the maximum period of time during which an Option may be exercised as set forth in Section 6.5 below.

(t) "Outside Director" means a Director who is not an Employee.

(u) "Parent Corporation" shall have the meaning assigned to that term under Section 424 of the Code.

(v) "Plan" means the driversshield.com Corp. 1999 Stock Option Plan, the terms of which are set forth herein.

(w) "Share" or "Shares" means Common Stock of the Company, par value $.01 per share, or, in the event that the outstanding Shares are hereafter changed into or exchanged for different shares or securities of the Company or some other corporation or other entity, such other shares or securities.

(x) "Stock Option Agreement" means the agreement described in Section 6.1 between the Company and the Optionee under which the Optionee may purchase Shares hereunder.

(y) "Subsidiary Corporation" shall have the meaning assigned to that term under Section 424 of the Code.

(z) "Total and Permanent Disability", unless otherwise specified in the applicable Stock Option Agreement, means the inability of an Employee to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve months.

SECTION 2

THE PLAN

2.1. Name. This Plan shall be known as "driversshield.com Corp. 1999 Stock Option Plan."

2.2. Purpose. The purpose of this Plan is to advance the interests of the Company and its stockholders by affording Employees of the Employer Company and Outside Directors an opportunity to acquire or increase their proprietary interest in the Company by the grant to such individuals of Options under the terms set forth herein. By thus encouraging such individuals to acquire or increase their proprietary interest in the Company, the Company seeks to attract, motivate and retain those highly competent individuals upon whose judgment, initiative, leadership, and continued efforts the success of the Company in large measure depends.

2.3. Intention. It is intended that Options (if any) issued to Employees as Incentive Stock Options under this Plan will qualify as Incentive Stock Options under Section 422 of the Code and the terms of this Plan shall be interpreted in accordance with such intention. Options issued to Outside Directors shall be Non-Statutory Stock Options.

SECTION 3

ADMINISTRATION

3.1. Administration. The Plan shall be administered, in the discretion of the Board from time to time, by the Board or by the Committee acting as the Administrator. The Committee shall be appointed by the Board, in a manner consistent with the Company's Bylaws, and shall consist of not less than three (3) members of the Board; provided, however, that, after the Company effects an initial public offering, the Committee will be comprised of solely two (2) or more members, each of who is an outside director (within the meaning of Code Section 162(m) and the Treasury Regulations thereunder) as well as a non-employee director (within the meaning of Rule 16(b)-3 of the Securities and Exchange Commission adopted under the Securities Exchange Act of 1934, as amended). The Board may from time to time remove members from, or add members to, the Committee. Vacancies on the Committee, however caused, shall be filled by the Board. The Board may appoint one (1) of the members of the Committee as Chairman. The Administrator shall hold meetings at such times and places as it may determine. Acts of a majority of the Administrator at which a quorum is present, or acts reduced to or approved in writing by the unanimous consent of the members of the Administrator, shall be the valid acts of the Administrator.

3.2. Duties. The Administrator shall from time to time at its discretion select the Employees who are to be granted Options, determine the

number of Shares to be subject to Options to be granted to each Optionee and designate any such Options granted to Employees as Incentive Stock Options or Non-Statutory Stock Options. The interpretation and construction by the Administrator of any provisions of the Plan or of any Option granted thereunder shall be final. No member of the Administrator shall be liable for any action or determination made in good faith with respect to the Plan or any Option granted hereunder.

SECTION 4

PARTICIPATION

4.1. Eligibility. The Optionees shall be:

(a) such persons (collectively, "Participants"; individually a "Participant") as the Administrator may select from among the following

classes of persons, subject to the terms and conditions of Section 4.2 below:

(1) Key Employees of the Company;

(2) Key Employees of the Company's Parent Corporations or Subsidiary Corporations; and (b) Outside Directors, who shall automatically be eligible to participate in the Plan in accordance with Section 6.12 below.

4.2. Ten-Percent Stockholders. An Employee who beneficially owns more than ten percent (10%) of the total combined voting power of all classes of outstanding stock of the Company, as determined under Sections 422 and 424 of the Code, shall not be eligible to receive an Incentive Stock Option unless (i) the Option Price of the Shares subject to such Option is at least one hundred ten percent (110%) of the Fair Market Value of such Shares on the date of grant and (ii) such Option by its terms is not exercisable after the expiration of five (5) years from the date of grant.

(a) Stock Ownership. For purposes of Section 4.2 above, in determining stock ownership, an Employee's beneficial ownership of any class of outstanding stock of the Employer Company or a Parent Corporation or a Subsidiary Corporation shall be determined as provided in Rule 16a-1(a) of the Securities and Exchange Commission adopted under the Exchange Act, and in any event (i) such Participant shall be considered as owning the stock owned, directly or indirectly, by or for his or her brothers and sisters, spouse, ancestors and lineal descendants; (ii) stock owned, directly or indirectly, by or for a corporation, partnership, estate or trust shall be considered as being owned proportionately by or for its stockholders, partners or beneficiaries; and (iii) stock with respect to which such Participant holds an Option shall not be counted.

(b) Outstanding Stock. For purposes of Section 4.2 above, "outstanding stock" shall include all stock actually issued and outstanding immediately after the grant of the Option to the Optionee. "Outstanding stock" shall not include shares authorized for issue under outstanding Options held by the Optionee or by any other person.

SECTION 5

SHARES SUBJECT TO PLAN

5.1. Shares Available for Options. Subject to adjustment pursuant to the provisions of Section 5.2 hereof, the total number of Shares which may be issued upon the exercise of all Options shall not exceed 2,000,000 Shares. Such Shares may be either authorized and unissued Shares or issued Shares which have been reacquired by the Company (pursuant to Section 6.7(d) or otherwise). If any Option shall expire or terminate for any reason without having been exercised in full, new Options may be granted covering Shares originally set aside for the unexercised portion of such expired or terminated Option.

5.2. Adjustments.

(a) Stock Splits and Dividends. Subject to any required action by the Board, the number of Shares covered by the Plan as provided in Section 5.1 hereof, the number of Shares covered by each outstanding Option and the Option Price thereof shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a recapitalization, reclassification, subdivision or consolidation of Shares or the payment of a stock dividend (but only if paid in Shares), a stock split or any other increase or decrease in the

number of issued Shares effected without receipt of consideration by the Company.

(b) Mergers. Subject to any required action by the Board and/or stockholders, if the Company shall merge with another corporation and the Company is the surviving corporation in such merger and under the terms of such merger the Shares outstanding immediately prior to the merger remain outstanding and unchanged, each outstanding Option shall continue to apply to the Shares subject thereto and shall also pertain and apply to any additional securities and other property, if any, to which a holder of the number of Shares subject to the Option would have been entitled as a result of the merger.

(c) Adjustment Determination. To the extent that the foregoing adjustments relate to securities of the Company, such adjustments shall be made by the Administrator, whose determination shall be conclusive and binding on all persons. In computing any adjustment under this Section 5.2, any fractional Share which might otherwise become subject to an Option shall be eliminated.

(d) Special Dividends. Subject to any required action by the Board, the Administrator shall be entitled to determine whether any adjustment shall be made with respect to the number of Shares covered by the Plan as provided in Section 5.1 hereof, the number of Shares covered by each outstanding Option and the Option Price thereof if the Company pays a special or extraordinary dividend.

SECTION 6

OPTIONS

6.1. Option Grant and Agreement.

(a) The Administrator may from time to time, subject to the terms of this Plan, grant to any Participant (other than a person who is an Outside Director) one or more Options but in no event may any such Participant receive Options under this Plan on more than 500,000 Shares during any one calendar year. Each Option grant shall be evidenced by a written Stock Option Agreement, dated as of the date of grant and executed by the Company and the Optionee, which Stock Option Agreement shall set forth the number of Options granted, whether the Options are Incentive Stock Options or Non-statutory Stock Options, the Option Price, the Option Term and such other terms and conditions as may be determined appropriate by the Administrator, provided that such terms and conditions are not inconsistent with the Plan. The Stock Option Agreement shall incorporate this Plan by reference and provide that any inconsistencies or disputes shall be resolved in favor of the Plan language.

(b) Except as provided in Section 6.12 below, grants under the Plan shall be made by the Administrator selectively among the Participants and the terms and provisions of such grants and the agreements evidencing the same (including, without limitation, the form, the amount, the timing, the exercisability and the vesting schedule of such grants) need not be uniform, whether or not the Optionees are similarly situated.

6.2. Conditions with Respect to Non-Statutory Stock Options. Certain Non-Statutory Stock Options ("Performance Grants") shall be subject to the following conditions, which conditions shall be stated within the applicable Stock Option Agreement.

(a) At the time of grant, the Administrator may, in its discretion, place additional restrictions on Performance Grants requiring that, for example, the Option will vest only if and when, or on an accelerated basis if and when, the Common Stock price exceeds a specific amount. Generally, Performance Grants will be subject to the same requirements described herein, unless the Administrator decides otherwise.

(b) At the time of grant, the Administrator may, in its discretion, place additional restrictions on the Performance Grants requiring that on the exercise of such a grant an Employee will purchase Shares that will be forfeited if the Optionee terminates employment within a certain number of years. Additional transferability restrictions may be imposed in connection with Performance Grants.

6.3. Conditions with Respect to Incentive Stock Options. Each Incentive Stock Option shall be subject to the following conditions, which conditions shall be stated within the applicable Stock Option Agreement. Any Incentive Stock Option which does not comply with these provisions shall not be considered an Incentive Stock Option and instead shall be considered a Non-statutory Option

issued under the Plan:

(a) To the extent that the aggregate Fair Market Value of Shares (determined as of the time an Option is granted) exercisable for the first time by an Optionee during any calendar year under such Incentive Stock Option and any other Incentive Stock Option issued by the Company or any Subsidiary Corporation or Parent Corporation exceeds $100,000, such excess Incentive Stock Options shall be deemed Non-statutory Stock Options.

(b) No Incentive Stock Option may be assigned or transferred by an Optionee other than by will or by the laws of descent and distribution. During the lifetime of an Incentive Stock Optionee, the Option may be exercisable only by the Optionee. Transfer of an Incentive Stock Option by will or by the laws of descent and distribution shall not be effective to bind the Company unless the Company shall have been furnished with written notice thereof and an authenticated copy of the will or such other evidence as the Administrator may deem necessary to establish the validity of the transfer and the acceptance by the transferee of the terms and conditions of such Incentive Stock Option.

6.4. Option Price. The Option Price shall be determined by the Administrator, subject to any limitations imposed by this Plan and, in any event, shall not be less than eighty-five (85) percent of the Fair Market Value on the date of grant. The Option Price for Incentive Stock Options shall not be less than the Fair Market Value of Shares on the date such Incentive Stock Options are granted and, in the case of Incentive Stock Options granted to an Optionee described in Section 4.2 hereof, the Option Price shall not be less than one hundred ten percent (110%) of the Fair Market Value of Shares on the date of grant.

6.5. Option Term. The Option Term shall be determined by the Administrator at the time of grant, subject to any limitations imposed by this Plan, but in any event shall not be more than ten years from the date such Option is granted, and, in the case of an Incentive Stock Option granted to an Optionee described in Section 4.2 hereof, shall not be more than five years from the date such Option is granted. Options may be subject to earlier termination as provided in this Plan.

6.6. Limitations on Exercise of Options. Notwithstanding anything contained in this Plan to the contrary:

(a) Options may not be exercised until the Plan has been ratified by the a majority of the stockholders as provided in Section 9.8.

(b) Options shall be exercisable in full or in such equal or unequal installments as the Administrator shall determine; provided that if an

Optionee does not purchase all of the Shares which the Optionee is entitled to purchase on a certain date or within an established installment period, the Optionee's right to purchase any unpurchased Shares shall continue during the Option Term (taking into account any early termination of such Option Term which may be provided for under the Plan); provided, further that an Optionee who is not an officer, director or consultant shall have the right to exercise at least 20% of the options granted per year over five (5) years from the grant date.

6.7. Method of Exercising Options; Withholding Tax.

(a) Options shall be exercised by a written notice, delivered to the Company at its principal office located at 51 East Bethpage Road, Plainview, New York 11803, Attention: Stock Option Committee, or such other address that may be designated by the Company, specifying the number of Shares to be purchased and tendering payment in full for such Shares. Payment may be tendered in cash or by certified, bank cashier's or teller's check or by Shares (valued at Fair Market Value as of the date of tender), or some combination of the foregoing or such other form of consideration which has been approved by the Board or the Committee, including any approved cashless exercise mechanism or a promissory note given by the Optionee. The right to deliver in full or partial payment of such Option Price any consideration other than cash shall be limited to such frequency as the Board or the Committee shall determine in its absolute discretion from time to time. In the event all or part of the Option Price is paid in Shares, any excess of the value of such Shares over the Option Price will be returned to the Optionee as follows: (i) any whole Share remaining in excess of the Option Price will be returned in kind, and may be represented by one or more share certificates; and (ii) any partial Shares remaining in excess of the Option Price will be returned in cash.

(b) In the event an Optionee pays all or part of the Option Price in Shares, the Administrator shall be entitled as it deems appropriate to award to the Optionee additional Options equal to the number of Shares tendered to exercise, provided such Option has an Option Price equal to Fair Market Value.

(c) In the event the Company determines that it is required to withhold state or Federal income tax as a result of the exercise of an Option, as a condition to the exercise thereof, the Optionee may be required to make arrangements satisfactory to the Company to enable it to satisfy such withholding requirements. Payment of such withholding requirements may be made, in the discretion of the Administrator, (i) in cash, (ii) by delivery of Shares registered in the name of the Optionee having a Fair Market Value at the time of exercise equal to the amount to be withheld, (iii) by the Company retaining or not issuing such number of Shares subject to the Option as have a Fair Market Value at the time of exercising equal to the amount to be withheld or (iv) any combination of (i), (ii) and (iii) above.

(d) The Administrator shall be entitled as it deems appropriate to make available for issuance under the Plan Shares tendered by an Optionee as payment of the Option Price or Shares used to satisfy the Company's withholding requirements.

6.8. Rights in the Event of Sale, Merger or Other Reorganization. Except as expressly provided in Section 5.2 and this Section 6.8, the Optionee shall have no rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class or by reason of any dissolution, liquidation, merger or consolidation or spin-off of assets or stock of another corporation, and any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Option Price of Shares subject to an Option. The grant of an Option pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets. In any such event (other than a merger in which the Company is the surviving corporation as described in Section 5.2(b) and under the terms of which the shares of Common Stock outstanding immediately prior to the merger remain outstanding and unchanged):

(a) Unless otherwise provided in the Stock Option Agreement for any given Option, upon any such merger, consolidation, or sale or transfer of assets, all rights of the Optionee with respect to the unexercised portion of any Option shall become immediately vested and may be exercised immediately, except to the extent that any agreement or undertaking of any party to any such merger, consolidation, or sale or transfer of assets, shall make specific provision for the assumption of the obligations of the Company with respect to the Plan and the rights of Optionees with respect to Options granted thereunder.

(b) Unless otherwise provided in the Stock Option Agreement for any given Option, upon any such liquidation or dissolution, all rights of the Optionee with respect to the unexercised portion of any Option shall wholly and completely terminate and all Options shall be canceled at the time of any such liquidation or dissolution, except to the extent that any plan pursuant to which such liquidation or dissolution is effected, shall make specific provision with respect to the Plan and the rights of Optionees with respect to Options granted thereunder.

Notwithstanding the foregoing, the holder of any such Option or right theretofore granted and still outstanding shall have the right immediately prior to the effective date of such merger, consolidation, sale or transfer of assets, liquidation or dissolution to exercise such Option in whole or in part without regard to any installment provision that may have been made part of the terms and conditions of such Option or right; provided, that any conditions precedent to such exercise set forth in the Stock Option Agreement other than the passage of time, have occurred

or been waived. In no event, however, may any Incentive Stock Option which becomes exercisable pursuant to this Section 6.8 be exercised, in whole or in part, later than the date preceding the tenth anniversary date of the grant thereof.

6.9. Rights in the Event of Death. Unless otherwise provided in the

Stock Option Agreement for any given Option, if an Optionee's employment with the Employer Company or service as a member of the Board is terminated on account of death, the person or persons who shall have acquired the right, by will or the laws of descent and distribution, to exercise the Optionee's Options shall continue to have (subject to Sections 6.3 and 6.6 above) the right, for a period of at least six (6) months from the date of termination by death or such longer period (if any) as may be specified in the applicable Stock Option Agreement, to exercise any Options which such Optionee would have been entitled to exercise on the Optionee's death or during the first year thereafter. At the expiration of such period any such Options which remain unexercised shall expire. Unless the Administrator provides otherwise in the Stock Option Agreement, any Options that could not have been exercised by an Optionee as of the Optionee's death or during the first year thereafter may not be exercised.

6.10. Rights in the Event of Total and Permanent Disability. Unless otherwise provided in the Stock Option Agreement for any given Option, if an Optionee's employment with the Employer Company or service as a member of the Board is terminated on account of Total and Permanent Disability, the Optionee shall have (subject to Sections 6.3 and 6.6 above) the right, for a period of at least six (6) months from the date of termination by disability or such longer period (if any) as may be specified in the applicable Stock Option Agreement, to exercise any Options which such Optionee would have been entitled to exercise on the date of such Optionee's Total and Permanent Disability. At the expiration of such period any such Options which remain unexercised shall expire. Unless the Administrator provides otherwise in the Stock Option Agreement, any Options that could not have been exercised by an Optionee on the date of such Optionee's Total and Permanent Disability may not be exercised.

6.11. Rights in the Event of Termination of Employment or Service. Unless otherwise provided in the Stock Option Agreement for any given Option, in the event that an Optionee's employment with the Employer Company or service as a member of the Board terminates, other than by reason of death or Total and Permanent Disability and other than due to termination for "Cause," the Optionee shall have (subject to Sections 6.3 and 6.6 above) the right, for a period of at least ninety (90) days from the date of such termination or such longer period (if any) as may be specified in the applicable Stock Option Agreement, to exercise any Options which such Optionee would have been entitled to exercise on the date of such Optionee's termination. At the expiration of such period any such Options which remain unexercised shall expire. Unless the Administrator provides otherwise in the Stock Option Agreement, any Options that could not have been exercised by an Optionee on the date of such Optionee's termination of employment or service as a member of the Board may not be exercised. Notwithstanding the foregoing, if an Optionee's employment or service is terminated for "Cause," the Company may notify the Optionee that any Options not exercised prior to the termination are canceled, provided, however, that such Optionee shall have fifteen (15) days to cure such termination for "Cause." For purposes hereof and unless the Administrator provides otherwise in the Stock Option Agreement, a termination of employment or service for "Cause" shall include dismissal as a result of (1) Optionee's conviction of any crime or offense involving money or other property of the Company or its subsidiaries or which constitutes a felony in the jurisdiction involved; (2) Optionee's gross negligence, gross incompetence or willful gross misconduct in the performance of his or her duties; or (3) Optionee's willful failure or refusal to perform his or her duties.

6.12. Automatic Option Grants to Outside Directors.

(a) First Option. Each person who becomes an Outside Director after December 1, 1999 shall be automatically granted an Option to purchase twenty thousand (20,000) Shares (the "First Option") on the date on which such person first becomes an Outside Director, whether through election by the stockholders of the Company or appointment by the Board to fill a vacancy; provided, however, that an Inside Director who ceases to be an Inside Director but who remains a member of the Board shall not receive the grant of a First Option; provided further, that if any person serving as an Outside Director on December 1, 1999 received less that 20,000 shares (as adjusted for any stock splits or combinations subsequent to the date of such grant) on the date such person became a member of the Board, such person shall be granted an Option to purchase a number of Shares equal to the difference between twenty thousand (20,000) Shares and the Shares actually granted (as adjusted).

(b) Subsequent Option. Each Outside Director shall be automatically granted an Option to purchase ten thousand (10,000) Shares (a "Subsequent Option") on their annual anniversary date as a member of the Board of Directors.

(c) Terms of Options. The terms of First Options and Subsequent Options

granted hereunder shall be as follows:

(i) Term. The term of the Option shall be five (5) years.

(ii) Exercise Price. The exercise price per Share shall be one hundred percent (100%) of the Fair Market Value on the date of grant. In the event that the date of grant is not a trading day, the exercise price per Share shall be the Fair Market Value on the next trading day immediately following the date of grant.

(iii) Vesting Schedule. Each grant of Shares subject to the Option shall vest in its entirety and become exercisable on the first anniversary of the grant date, subject to the Optionee remaining an Outside Director as of the applicable vesting date.

(c) Stock Option Agreement. Each Option granted to Outside Directors shall be evidenced by a Stock Option Agreement, which shall contain such other provisions as may be applicable to such Options under this Plan.

6.13 Changes in Control of Company. In the event there occurs a Change in Control of the Company (as hereafter defined) all of the Shares subject to the Option shall vest and become exercisable upon the effective date of any such Change in Control.

(a) Definition of "Change in Control." For purposes of the Plan, "Change in Control" shall be defined as:

(i) When any "person" as defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d) and 14(d) thereof (including a "group" as defined in Section 13(d) of the Exchange Act, but excluding the Company, any Subsidiary or any employee benefit plan sponsored or maintained by the Company or any Subsidiary (including any trustee of such plan acting as trustee), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act, as amended from time to time), of securities of the Company representing more than 50% or more of the combined voting power of the Company's then outstanding securities.

(ii) The individuals, who were members of the Board as of the first date the Board was constituted of at least (5) five members (the "Incumbent Board"), cease for any reason to constitute at least a majority of the Board; provided however, that any individual becoming a director subsequent to the Effective Date, whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall not, for purposes of this section, be counted in determining whether the Incumbent Board constitutes a majority of the Board.

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another corporation (a "Business Combination"), in each case, unless, following such Business Combination:

A. all or substantially all of the individuals and entities who were the beneficial owners of the then outstanding shares of common stock of the Company and the beneficial owners of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors immediately prior to such Business Combination beneficially own, directly or indirectly, more than seventy percent (70%) of the then outstanding shares of common stock and the combined voting power of the then outstanding securities entitled to vote generally in the election of directors, respectively, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or indirectly or through one or more subsidiaries); and

B. no person (excluding any employee benefit plan or related trust) of the Company or such corporation resulting from such Business Combination beneficially owns, directly or indirectly, fifty percent (50%) or more of the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the corporation except to the extent that such ownership existed prior to the Business Combination; or

(iv) The Company offers its common stock shares to the public in an initial public offering whereby such shares are traded on an national securities market.

SECTION 7

SHARES ISSUED PURSUANT TO AN OPTION

7.1. Issuance of Certificates. The Company shall not be required to issue or deliver any certificate for Shares purchased upon the exercise of any Option, or any portion thereof, prior to fulfillment of all of the following applicable conditions:

(a) The admission of such Shares to listing on all stock exchanges or markets on which the Shares are then listed to the extent such admission is necessary;

(b) The completion of any registration or other qualification of such Shares under any federal or state securities laws or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, which the Board shall in its sole discretion deem necessary or advisable, or the determination by the Board in its sole discretion that no such registration or qualification is required;

(c) The obtaining of any approval or other clearance from any federal or state governmental agency which the Board shall, in its sole discretion, determine to be necessary or advisable; and

(d) The lapse of such reasonable period of time following the exercise of the Option as the Board from time to time may establish for reasons of administrative convenience.

7.2. Compliance with Securities and Other Laws. In no event shall the Company be required to sell, issue or deliver Shares pursuant to Options if in the opinion of the Company the issuance thereof would constitute a violation by either the Optionee or the Company of any provision of any law or regulation of any governmental authority or any securities exchange. As a condition of any sale or issuance of Shares pursuant to Options, the Company may place legends on the Shares, issue stop-transfer orders and require such agreements or undertakings from the Optionee as the Company may deem necessary or advisable to assure compliance with any such law or regulation, including if the Company or its counsel deems it appropriate, representations from the Optionee that the Optionee is acquiring the Shares solely for investment and not with a view to distribution and that no distribution of the Shares acquired by the Optionee will be made unless registered pursuant to applicable federal and state securities laws or unless, in the opinion of counsel to the Company, such registration is unnecessary.

7.3. Requirements in the Event of a Disposition of Shares. Any Optionee, or person representing such Optionee, who sells, exchanges, transfers or otherwise disposes of any Shares acquired pursuant to the exercise of an Incentive Stock Option within two (2) years following the grant of such Incentive Stock Option or within one (1) year following the actual transfer of such Shares to the Optionee, shall be obligated to notify the Company in writing of the date of disposition, the number of Shares so disposed and the amount of consideration received as a result of such disposition. The Company shall have the right to take whatever reasonable action it deems appropriate against an Optionee, including early termination of any Options which remain outstanding, in order to recover any additional taxes the Company incurs as a result of such Optionee's failure to so notify the Company.

7.4. Legend. All certificates for Shares purchased upon the exercise of an Incentive Stock Option shall bear a legend indicating that such Shares were issued pursuant to an Incentive Stock Option grant.

SECTION 8

TERMINATION, AMENDMENT AND MODIFICATION OF PLAN

8.1. Board Termination, Amendment and Modification of Plan. The Board may at any time amend or modify the Plan; provided, however, that no such action of the Board, without approval of the stockholders of the Company (in the same manner as provided in Section 9.8), may:

(a) Increase the number of Shares which may be issued under the Plan;

(b) Modify the requirements as to eligibility for participation in the Plan;

(c) Change the Option Price provisions in Sections 1.(p) or 6.4 other than to change the manner of determining the Fair Market Value of the Shares to conform with any then applicable provisions of the Code or regulations or rulings thereunder, unless such change does not have a materially adverse effect on the Company; or

(d) Amend this Section 8.1 to defeat its purpose.

Notwithstanding anything above to contrary, the Board shall be entitled adjust the Option Price with respect to any outstanding Option at any time provided that the Optionee shall so consent.

8.2. Plan Termination. Subject to Section 9.8 below, unless terminated earlier as provided in Section 8.1, the Plan shall terminate ten (10) years from the date it is adopted by the Board and no Option shall be granted under this Plan after such expiration date. Termination of the Plan shall not alter or impair any of the rights or obligations under any Option theretofore granted under the Plan unless the Optionee shall so consent.

8.3. Effect of Termination, Amendment or Modification of Plan. Notwithstanding Sections 8.1 and 8.2, no termination, amendment or modification of the Plan shall in any manner affect any Option theretofore granted under the Plan without the written consent of the Optionee or a person who shall have acquired the right to exercise the Option by will or the laws of descent and distribution.

SECTION 9

MISCELLANEOUS

9.1. Non-assignability of Options. No Option shall be assignable or transferable by the Optionee except by will or by the laws of descent and distribution. During the lifetime of the Optionee, the Option shall be exercisable only by the Optionee.

9.2. Leaves of Absence. Unless the Administrator determines otherwise, the vesting of an Option granted under the Plan shall not be tolled during any unpaid leave of absence taken by an Optionee.

9.3. No Employment Rights. Nothing in the Plan or in any Option granted hereunder or in any Stock Option Agreement relating thereto shall confer upon any individual the right to continue in the employ or service of the Employer Company.

9.4. Purchase Offer. The Administrator may offer to purchase, for cash or Shares, any Option granted hereunder and such offer to purchase any Option shall be on such terms and conditions as the Administrator establishes and communicates to the Optionee at the time the offer is extended to the Optionee.

9.5. Binding Effect. The Plan shall be binding upon the successors and assigns of the Company.

9.6. Singular, Plural, Gender. Whenever used herein, except where the context clearly indicates to the contrary, nouns in the singular shall include the plural, and the masculine pronoun shall include the feminine gender.

9.7. Headings. Headings of the Sections hereof are inserted for convenience and reference and constitute no part of the Plan.

9.8. Effective Date; Ratification by Stockholders. This Plan shall become effective upon its adoption by the Board but is subject to the ratification and approval by the affirmative vote of the holders of a majority of the Company's outstanding shares of capital stock within 12 months following such adoption. If this Plan is not so approved by the stockholders this Plan shall become null and void and of no force or effect. Any Options granted pursuant to the Plan may not be exercised until the Plan shall have been ratified and approved by the stockholders pursuant to this Section.

9.9. Rights as Stockholder. An Optionee or transferee of an Option shall have no rights as a stockholder with respect to any Shares subject to such Option prior to the purchase of such Shares by exercise of such Option as

provided herein.

9.10. Applicable Law. This Plan and the Options granted hereunder shall be interpreted, administered and otherwise subject to the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

9.11. Reports. The Company will comply with all applicable reporting requirements applicable to Incentive Stock Options under the Code.

9.12. Information to Employees. All Optionees shall be provided with financial statements of the Company annually unless the Optionee is a key employee whose duties in connection with the Company assure him or her access to equivalent information.

Exhibit 21

List of Subsidiaries	State of Incorporation
National Fleet Service, Inc.	New York
Driver's Shield, Inc.	New York
driversshield.com Corp.	Delaware

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