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 [FEE REQUIRED]

For the fiscal year ended December 31, 1995

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 33-00412-NY

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.)

270 Duffy Avenue
Hicksville, New York 11801
(Address of principal executive offices) (Zip Code)

Issuer's telephone number: (516) 938-1010

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

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

Page 1 of 61 pages.

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. [X]

State the issuer's revenues for its most recent fiscal year $10,150,086

The aggregate market value of the issuer's voting stock held by non-affiliates of the issuer as of March 28, 1996, based upon the average bid and asked prices was $2,336,672 and $2,670,483, respectively.

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

As of March 27, 1995, the issuer had outstanding a total of 5,883,883 common shares.

DOCUMENTS INCORPORATED BY REFERENCE: None.

Transitional Small Business Disclosure Format (check one):

Yes ____ No X

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Part I

Item 1. DESCRIPTION OF BUSINESS

First Priority Group, Inc. (the "Company"), a New York corporation formed in October 1983, is engaged directly and through its wholly-owned subsidiaries in automotive fleet management and administration of automotive repairs for businesses, insurance companies and members of affinity groups. The services provided by the Company include the computerized compilation and analysis of vehicle usage and maintenance data and the repair and maintenance of vehicles through thousands of contracted repair facilities nationwide. The Company's office is located at 270 Duffy Avenue, Hicksville, New York 11801 and its telephone number is (516) 938-1010.

Nature of Services

The services offered by the Company consist of vehicle maintenance and

repair management, including collision and general repair programs, subrogation services, vehicle salvage and vehicle rentals; and the administration of automotive collision repair referral services for insurance companies.

The Company's wholly-owned subsidiary, National Fleet Service, Inc., conducts the Company's fleet management business. The Company itself provides the ServiceGram program and the automotive collision repair referral services provided to insurance companies.

Fleet Management. The Company has entered into contractual arrangements with thousands of 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. Upon receipt of the call, the driver is directed to a local repair shop to which the driver may take the vehicle for repair. The repair is billed 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 salvage and subrogation services, and offers vehicle rentals to permit clients to avoid driver down-time while a client's vehicle is being repaired.

Affinity Group Programs. These programs are a series of comprehensive vehicle-related services for consumers that are provided 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.

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 twenty 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, and tires. 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 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.

ServiceGram. This program is a computerized tracking and notification program that generates maintenance reminders in accordance with manufacturer's specifications. ServiceGram archives a vehicle's history including mileage and repairs that provides an accurate record for tax purposes, warranty validation or to increase resale value.

Direct Appraisal and Repair Service (DARP). In 1992 the Company entered into the business of providing automotive collision repair services for insured persons referred to the Company by insurance companies. The Company believes that provision of such services to persons referred to the Company by insurance companies can be an important source of revenue for the Company because of the high volume of collision repair referrals that insurance companies can provide. The Company has entered into agreements with several insurance companies whereby such insurance companies have agreed to refer their insured persons to the Company for repair services. The Company proposes to try to expand its insurance company referral business, and to that end has retained several marketing agencies to market the Company's repair services to insurance companies.

Recent Developments.

The Company has been attempting to increase the number of insurance companies participating in the insurance company referral program and to expand the volume of referrals provided by existing participants in the program. Additionally, the Company has begun marketing consumer oriented auto club programs through a network of outside marketing agents. The Company has recently entered into agreements with several marketing agencies and affinity groups and is providing fee based services. Several of these agreements provide for clients

to meet minimum participation guarantees.

Sales and Marketing. The Company's fleet maintenance clients generally consist of companies having a large number of vehicles on the road over a broad geographical area. The Company's clients for ServiceGram are organizations and affinity groups. The Company's clients for the insurance company referral program are auto insurance companies.

Sales activities are performed by the Company's own personnel, except that the Company has retained several marketing agencies to market the Company's service of furnishing collision repairs to persons referred to the Company by insurance companies. 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 and maintenance. The Company believes that this flexibility is important in its marketing activities and in increasing its client base.

During the years 1995 and 1994, none of the Company's customers accounted for more than 10 percent of the Company's revenues.

Employees

At year end, the Company employed 29 employees, 27 being full-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. The Company believes that there are no other companies that offer a program providing all of the services offered pursuant to the Company's Affinity Group Programs.

Insurance Company Referral Business. The Company is aware of two other companies that offer automotive collision repair services to persons referred by insurance companies. One of such companies is, like the Company, in the fleet management business, while the other is in the vehicle valuation business. The Company believes that its services for persons referred to it by insurance companies are superior to those offered by such other companies.

Item 2. DESCRIPTION OF PROPERTY

In September 1990, the Company entered into a lease for new office space at 270 Duffy Avenue, Hicksville, New York 11801. The space consists of approximately 5,400 square feet of office space. The Company exercised an option to renew the lease for an additional three year term at an annual rent of $74,220. The Company holds several options of cancellation during the lease term. The office space leased by the Company is in good condition.

Item 3. LEGAL PROCEEDINGS

There is no pending legal proceeding which could have a material effect upon the Company's financial position and/or operating results.

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PART II

Item 5. MARKET FOR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The Company's common shares are traded in the over-the- counter market. The following table shows the high and low bid quotations for the periods indicated, based upon information received from National Quotation Bureau Incorporated of Cedar Grove, New Jersey. Such quotations represent prices between dealers without retail markup, markdown or commission and may not necessarily represent actual transactions.

	Bid Price($)	
	High	Low
1995		
First Quarter	$.05	$.05
Second Quarter	.09	.05
Third Quarter	.69	.09
Fourth Quarter	1.03	.06
1994		
First Quarter	$.06	$.03

Second Quarter	.06	.05
Third Quarter	.05	.05
Fourth Quarter	.05	.05

The number of record holders of the Company's common shares as of March 27, 1996 was 463.

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

The Company's revenues increased $2,272,991 (28.9 %) to $10,150,086 in 1995 from $7,877,095 in 1994. Increased revenues reflect the Company's continued success in acquiring several large additional accounts and increasing the revenues generated by existing customers in 1995. Additionally, the Company has improved its customer retention rate reflecting the high service level that it provides its customers.

Gross profit in 1995 increased $368,214 (25.4%) as compared to 1994. Gross profit was $1,817,599 in 1995, a 17.9 gross profit percentage, while gross profit in 1994 was $1,449,385, a 18.4 gross profit percentage. The slight reduction in gross profit percentage reflects the Company's added emphasis in attracting larger corporate

customers that offer substantial increases in revenue and market share, but require very competitive fee based pricing that results in a increased gross profit dollars, but reduced gross profit as a percentage of revenue.

Selling, general and administrative expenses ("SG&A") increased $255,476 (19.1%) to $1,593,280 in 1995 from $1,337,804 in 1994. However, SG&A as a percentage of sales decreased to 15.7 percent in 1995, as compared to 17.0 in 1994. This was primarily attributable to fixed overhead being absorbed by the increase in revenue, more efficient use of personnel and the installation of a technologically advanced telephone system that provided the Company greater cost savings in long distance telephone rates.

Net income increased $122,852 (114.3%) over 1994 to $230,334, or $.04 per share, as compared to $107,482, or $.02 per share.

Liquidity and Capital Resources

The Company's cash flow improved in 1995 reflecting its profitable operations and the Company believes that it can continue to meet its cash requirements for both the short and long term from internally generated sources. On December 18, 1995, the Company sold, through a private placement, 1 million shares of common stock generating net proceeds of $435,000. These funds will be applied to the working capital needs of the Company.

The Company does not presently have any material commitments for capital expenditures.

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Item 7. FINANCIAL STATEMENTS

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[Letterhead of Nussbaum Yates & Wolpow, P.C.]

Report of Independent Certified Public Accountants

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

We have audited the accompanying consolidated balance sheets of First Priority Group, Inc. and subsidiaries as of December 31, 1995 and 1994, 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, 1995 and 1994, and the consolidated results of their operations and their consolidated cash flows for the years then ended, in conformity with generally accepted accounting principles.

/s/ Nussbaum Yates & Wolpow, P.C.

Melville, New York
March 15, 1996

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FIRST PRIORITY GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1995 AND 1994

ASSETS

	1995	1994
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 779,074	$ 126,918
Accounts receivable, less allowance for doubtful accounts of $11,500 in 1995 and 1994	1,069,786	744,708
Other current assets	10,940	14,155
Total current assets	1,859,800	885,781
Property and equipment, net (Notes 3 and 4)	116,039	63,850
Security deposits	10,575	10,575
	$ 1,986,414	$ 960,206

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LIABILITIES AND SHAREHOLDERS' EQUITY

<S>	<C>	<C>
Current liabilities:		
Note payable (Note 4)	$ 37,264	-
Accounts payable	720,375	$ 434,616
Accrued expenses, taxes and other current liabilities	338,913	301,062
Total current liabilities	1,096,552	735,678
Commitments and contingency (Notes 7 and 8)		
Shareholders' equity (Notes 5, 6 and 10):		
Common stock, $.015 par value, authorized 8,000,000 shares; issued 6,150,550 shares in 1995 and 5,150,550 in 1994	92,258	77,258
Additional paid-in capital	1,929,310	1,509,310
Deficit	(1,041,706)	(1,272,040)
	979,862	314,528
Less common stock held in treasury, at cost, 266,667 shares	90,000	90,000
	889,862	224,528
	$ 1,986,414	$ 960,206

</TABLE>

See notes to consolidated financial statements.

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FIRST PRIORITY GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 1995 AND 1994

	1995	1994
<S>	<C>	<C>
Revenue	$10,150,086	$7,877,095
Cost of revenue (principally charges incurred		

at repair facilities for services)	8,332,487	6,427,710
Gross profit	1,817,599	1,449,385
Operating expenses:		
Selling	509,206	434,052
General and administrative	1,084,074	903,752
	1,593,280	1,337,804
Income from operations	224,319	111,581
Interest and other income	7,554	2,753
Income before income taxes	231,873	114,334
Income taxes, all current (Note 9)	1,539	6,852
Net income	$ 230,334	$ 107,482
Income per common share	$ .04	$ .02
Weighted average number of common shares outstanding	4,922,239	4,883,883

</TABLE>

See notes to consolidated financial statements.

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FIRST PRIORITY GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 1995 AND 1994

	Common Stock		Additional Paid-in		Treasury Stock		Total Shareholders'
	Shares	Amount	Capital	Deficit	Shares	Amount	Equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, January 1, 1994	5,150,550	$77,258	$1,509,310	($1,379,522)	266,667	$90,000	$117,046
Net income				107,482			107,482
Balance, December 31, 1994	5,150,550	$77,258	$1,509,310	($1,272,040)	266,667	$90,000	$224,528
Issuance of common stock (Note 10)	1,000,000	15,000	420,000	-	-	-	435,000
Net income	-	-	-	230,334	-	-	230,334
Balance, December 31, 1995	6,150,550	$92,258	$1,929,310	($1,041,706)	266,667	$90,000	$889,862

</TABLE>

See notes to consolidated financial statements.

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FIRST PRIORITY GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 1995 AND 1994

	1995	1994
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$230,334	$107,482
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	32,940	26,311
Changes in assets and liabilities:		
Accounts receivable	(325,078)	(144,120)
Other current assets	3,215	(4,159)
Security deposit	-	952
Accounts payable	285,759	25,136
Accrued expenses, taxes and other current liabilities	37,851	173,999
Total adjustments	34,687	78,119
Net cash provided by operating activities	265,021	185,601
Cash flows used in investing activities, additions to property and equipment	(85,129)	(35,344)

Cash flows provided by (used in) financing activities:		
Repayment of notes payable	-	(67,500)
Proceeds from bank loan	41,600	-
Principal payments on bank loan	(4,336)	-
Proceeds from issuance of common stock	435,000	-
Net cash provided by (used in) financing activities	472,264	(67,500)
Net increase in cash	652,156	82,757
Cash and cash equivalents at beginning of year	126,918	44,161
Cash and cash equivalents at end of year	$779,074	$126,918
Supplemental disclosure of cash flow information:		
Cash paid during the year for income taxes	$ 5,346	$ 1,789
Cash paid during the year for interest	$ 1,407	$ -

</TABLE>

See notes to consolidated financial statements.

FIRST PRIORITY GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1995 AND 1994

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., 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.

Revenue Recognition

The Company recognizes revenue 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.

Property and Equipment

Property and equipment are stated at cost. The Company provides depreciation primarily by the straight-line method over the estimated useful lives of the assets, ranging from three to five years.

Cash

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

Per Share Data

Income per share data is based upon the weighted average number of common shares plus, in 1995, 820,500 common equivalent shares. Common equivalent shares were anti-dilutive in 1994.

FIRST PRIORITY GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 1995 AND 1994

1. Summary of Significant Accounting Policies (Continued)

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. Significant estimates are used in accounting for income taxes.

Future Effect of Recently Issued Accounting Pronouncement

In October 1995, the Financial Accounting Standards Board issued Statement

of Financial Accounting Standards 123, Accounting for Stock Based Compensation (SFAS 123). SFAS 123 requires entities to disclose the fair value of their employee stock options. Disclosure requirements are effective for 1996.

2. Description of Business and Concentration of Credit Risk

The Company is engaged in automotive management, including fleet management, for major corporate clients. The Company provides computerized compilation and analysis of vehicle usage and maintenance data and the repair and maintenance of vehicles through over 3,000 independently contracted repair facilities nationwide.

The Company also has a service called the Direct Appraisal Repair Program. The program provides automotive collision repair and appraisal services to insurance companies. The Company receives commissions from participating body shop vendors for referring clients of the insurance companies to them.

3. Property and Equipment

	1995	1994
Machinery and equipment	$197,047	$167,960
Furniture and fixtures	56,904	39,336
	253,951	207,296
Less accumulated depreciation	137,912	143,446
	$116,039	$ 63,850

4. Note Payable

In July 1995, the Company borrowed $41,600 under a term note from a bank used to purchase equipment which was pledged as collateral. The note was interest bearing at a rate of 1 1/2% above prime. On March 15, 1996, the balance of this note was paid off.

5. Stock Options

1987 Incentive Stock Option Plan

The Company has an incentive stock option plan effective since October 2, 1987 ("The 1987 Plan"). The 1987 Plan authorizes up to 1,000,000 options to be granted to employees at an exercise price equal to 100% (or 110% if the optionee owns directly or indirectly more than 10% of the outstanding voting stock) of the fair market value of the shares on the date of the grant. No charge to income is made in connection with the grant of options granted under The 1987 Plan. Options are to be exercisable over a period not to exceed five years. During 1994, no options were granted, 200,000 options expired and 75,000 options were canceled. During 1995, the Company granted 200,000 options to the Company's two principal officers, 150,000 options to employees and 33,333 options expired. No options have been exercised to date. As of December 31, 1995, options for 175,000 shares were exercisable and 300,000 options are available for future grant.

5. Stock Options (Continued)

1995 Incentive Stock Plan

On October 1, 1995, the Board of Director adopted and authorized a new stock option plan ("The 1995 Plan"). The plan is subject to shareholder approval. In the event that shareholder approval is not obtained, any options granted under The 1995 Plan will be voided. The 1995 Plan, if approved by the shareholders, authorizes up to 3,000,000 stock options (both incentive and non-statutory stock options) to be granted to employees, officers, directors and others. Those options granted under The 1995 Plan which are incentive stock options, are to be granted at an exercise price equal to 100% (or 110% if the optionee owns directly or indirectly more than 10% of the outstanding voting stock) of the fair market value of the shares on the date of the grant. No charge to income is made in connection with the grant of incentive stock options granted

under The 1995 Plan. Options granted are to be exercisable over a period not to exceed ten years (five years if the optionee owns directly or indirectly more than 10% of the outstanding voting stock). On October 1, 1995, 600,000 incentive stock options were granted to the Company's two principal officers. None of the options granted in 1995 were exercisable at December 31, 1995.

Under the terms of The 1995 Plan, annually, each non-employee Director shall be granted options to purchase 15,000 shares of common stock commencing in 1996.

Non-Incentive Stock Option Agreements

The Company has non-incentive stock option agreements with four of its directors and/or officers. Under these agreements, the Company, as of December 31, 1993 had granted 700,000 options. The options were granted at the fair market value as of the date of the grant. During 1994, 300,000 options expired. During 1995, the Company granted an additional 100,000 options to a director of the Company.

The options under the non-incentive stock option agreements are exercisable in whole or in part at any time prior to their expiration dates, which range from 1996 to 2000.

5. Stock Options (Continued)

Summary

All option activity is summarized as follows:

		Exercise Price Range
Outstanding at January 1, 1994	1,358,333	$0.06-$0.25
Canceled and expired during 1994	(575,000)	$0.06-$0.1375
Outstanding at December 31, 1994	783,333	$0.06-$0.25
Granted during 1995	1,050,000	$0.12-$0.41
Expired during 1995	(33,333)	$0.25
Outstanding at December 31, 1995	1,800,000	$0.06-$0.41

6. Stock Warrants

In connection with the 1995 issuance of 1,000,000 shares of its common stock (Note 10), the Company issued 850,000 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.

During the fiscal year ended December 31, 1995, none of these warrants were exercised. All warrants expire in 2000.

In lieu of the payment of the exercise price in cash, the holders 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.

7. Employee Benefit Plan

During 1995, the Company instituted a new 401(k) profit sharing plan. This plan is 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 $4,513 in 1995.

The 401(k) profit sharing plan which was in effect in the previous year, was frozen during 1995. Employer contributions to the frozen plan amounted to none in 1995 and $3,420 in 1994.

8. Commitments and Contingency

Leases

The Company is obligated through January 1999 under a noncancelable operating lease for its premises, which requires minimum annual rentals and certain other expenses including real estate taxes. Rent expense including real estate taxes for the years ended December 31, 1995 and 1994 aggregated approximately $80,000 and $71,000.

As of December 31, 1995, the Company's approximate future minimum rental commitments are as follows:

1996	$ 68,000
1997	74,000
1998	74,000
1999	6,000
	$222,000

8. Commitments and Contingency (Continued)

Employment Contracts

The Company has employment contracts with its two principal officers expiring on December 31, 1998. The agreements provide for minimum annual salaries each of $175,000 effective January 1, 1996; $192,500 effective January 1, 1997; and $211,750 effective January 1, 1998. The agreements also provide for additional incentive compensation based on a stated percentage of earnings, as defined in the agreements. Incentive compensation for the year ended December 31, 1995 totaled $23,542.

Each 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. In no event would the maximum amount payable exceed the amount deductible by the Company under the provisions of the Internal Revenue Code.

9. Income Taxes

The Company accounts for income taxes on the liability method, as provided by Statement of Financial Accounting Standards 109, Accounting for Income Taxes (SFAS 109).

At December 31, 1995, the Company has an operating loss carryforward of approximately $660,000 which is available to offset future taxable income. At December 31, 1994 the Company had an operating loss carryforward of approximately $910,000. A valuation allowance has been recognized to offset the full amount of the related deferred tax asset of approximately $250,000 at December 31, 1995 and $363,000 at December 31, 1994 due to the uncertainty of realizing the benefit of the loss carryforwards.

At December 31, 1995, the Company's net operating loss carryforwards are scheduled to expire as follows:

Year ended December 31,	
2002	$552,000
2003	24,000
2005	50,000
2008	34,000
	$660,000

9. Income Taxes (Continued)

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

	1995	1994
Federal statutory rate	34.0%	34.0%
Utilization of net operating loss carryforwards	(34.0)	(34.0)
State income taxes	.7	6.0
	.7%	6.0%

10. Common Shares

On December 18, 1995, the Company issued 1,000,000 shares of its common stock to Kirlin Securities, Inc. and several of its executive officers for $.50 per share and received net proceeds of $435,000 after underwriting commissions of $65,000 (see Note 6 for warrants issued).

The total number of shares obtainable upon potential exercise of all outstanding options and warrants would, when added to the presently outstanding shares, require the Company to issue more shares than it is previously authorized to issue. Accordingly, it is the intention of the Company to seek shareholder approval at the 1996 shareholder meeting to obtain authorization to issue the required shares. If such approval is not granted, options to purchase 600,000 shares will be voided, thereby curing the requirement to issue more shares than the Company is presently authorized to issue (Note 5).

11. Transactions With Related Parties

In December 1994, the Company repaid outstanding notes totaling $67,500 to officers and directors of the Company. The notes were payable on demand within thirty days and were non-interest bearing. Proceeds of the notes were used to establish a Payment Fund as defined. Withdrawals from the payment Fund were made solely for the purpose of allowing the Company to take advantage of discounts (additional commission income) offered by vendors for early payment of accounts payable. The notes provided that the additional commission income earned by the use of funds from other than the Payment Fund would be fully retained by the Company. Additional commissions earned from the Payment Fund were allocated 20% to the Company and 80% (Loan Fees) to the holders of the notes. Loan fees totaled $16,482 in 1994.

Item 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

The following schedule sets forth the name and age of each director and executive officer of the Company and the title of all positions and offices with the Company presently held by him or her.

Name	Age	Position
Michael Karpoff	52	Co-Chairman of the Board of Directors, Co-Chief Executive Officer, and President
Barry Siegel	44	Co-Chairman of the Board of Directors, Co-Chief Executive Officer, Secretary, and Treasurer
Lisa Siegel	35	Vice President of Operations
Leonard Giarraputo	51	Director

The directors of the Company are elected by the Company's shareholders or by the other members of the Board of Directors, and the Company's officers are elected annually by the Board of Directors. Each officer devotes his full business time to the Company.

Michael Karpoff has been President of the Company since June, 1986. Mr. Karpoff became a director of the Company at its inception and became Co-Chairman of the Company's Board of Directors and Co-Chief Executive Officer in October, 1987. Mr. Karpoff was President of National Fleet Service, Inc. from August, 1984 until January, 1991. On October 22, 1992, Mr. Karpoff was again elected President of National Fleet Service, Inc. and has continued to hold this position through the present date.

Barry Siegel became a director of the Corporation at its inception and became Co-Chairman of the Board of Directors and Co-Chief Executive Officer in October, 1987. Mr. Siegel was the Executive Vice-President of the Company from June, 1986 until October, 1987. He became the Company's Treasurer in June, 1986, and its Secretary in November, 1987. He was the Executive Vice-President of National Fleet Service, Inc. from February 1984 until October, 1987, and he has been the Treasurer of National Fleet Service, Inc., since February, 1984 and the Secretary of National Fleet Service, Inc., since January, 1991. He is married to Lisa Siegel.

Lisa Siegel was elected Vice President of Operations of the Company and

its wholly owned subsidiary, National Fleet Service, Inc. in February, 1994. Previously, she held the position of Manager of Subrogation Services. She has held various management positions in the Company since its inception. She is married to Barry Siegel.

Leonard Giarraputo was elected a director of the Company in September, 1988. He has also been a director of National Fleet Service, Inc. since February, 1984. Since March, 1972, he has been Vice President of Block Trading with Paine Webber Incorporated, a member of the New York Stock Exchange.

There are no arrangements or understandings between any of the Company's directors or officers, or anyone else, pursuant to which directors or officers were, or are, to be selected for a particular office or position.

The issuer does not have a class of securities registered under Section 12 of the Exchange Act.

Item 10. EXECUTIVE COMPENSATION

(b) Summary Compensation Table

SUMMARY COMPENSATION TABLE

		Annual Compensation	
(a)	(b)	(c)	(d)
Name and Principal Position	Year	Salary($)	Bonus($)
Michael Karpoff Co-Chairman of the Board of Directors, Co-Chief Executive Officer and President	1995	$125,000	$11,771 (1)
	1994	$122,319	$ 6,229 (2)
	1993	$120,000	$ 0
Barry Siegel Co-Chairman of the Board of Directors, Co-Chief Executive Officer, Treasurer and Secretary	1995	$125,000	$11,771 (1)
	1994	$122,319	$ 6,229 (2)
	1993	$120,000	$ 0

(1) Incentive compensation for the year ended December 31, 1995 was paid in 1996.
(2) Incentive compensation for the year ended December 31, 1994 was paid in 1995.

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(Cc) Option/SAR Grants Table

	Individual Grants			
(a)	(b)	(c)	(d)	(e)
Name	Number of Securities Underlying Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)	Expiration Date
Michael Karpoff	100,000	10.5	$.22	7/19/00
	300,000 (1)	31.6	$.41	9/30/00
Barry Siegel	100,000	10.5	$.22	7/19/00
	300,000 (1)	31.6	$.41	9/30/00
Lisa Siegel	75,000	7.9	$.14	6/11/00

(1) Options granted under 1995 Incentive Stock Plan (the "Plan") which is subject to shareholder approval within twelve months of adoption by the Company. Should the shareholders not approve this Plan within the requisite period, this option grant will be voided.

(d) Aggregated Option/SAR Exercises and Fiscal Year-End Option/SAR Value Table

(a)	(b)	(c)	(d)	(e)
	Shares		Number of Securities Underlying Unexercised Options/SARs at FY-End (#)	Value of Unexercised In-the-Money Options/SARs at FY-End ($)

Name	Acquired on Exercise (#)	Value Realized ($)	Exercisable/ Unexercisable	Exercisable/ Unexercisable
Michael Karpoff	None	None	150,000/450,000	$134,500/283,500
Barry Siegel	None	None	150,000/450,000	$134,500/283,500
Lisa Siegel	None	None	37,500/112,500	$33,750/95,250

(f) Compensation of Directors

No compensation is paid to the directors in consideration of the director's service on the board.

(g) Employment contracts and termination of employment and change in control arrangements.

The Company has employment agreements with its two principal officers, Barry Siegel and Michael Karpoff. The Company entered into employment agreements that expire on December 31, 1998. The agreements provide for minimum annual salaries each of $175,000 effective January 1, 1996; $192,500 effective January 1, 1997; and $211,750 effective January 1, 1998. Each contract provides for options to purchase 300,000 shares of the Company's common stock under the 1995 Incentive Stock Option Plan. Additionally, the agreements also provide for additional incentive compensation based on a stated percentage of earnings as defined in the agreements. Incentive compensation for the year ended December 31, 1995 totaled $23,542.

These employment agreements also contain a change in control provision whereby the executive, following a change of control as defined in the agreement, would receive: (a) a severance payment of 300 percent of the average annual salary for the past five years, less $100; (b) the cash value of the outstanding, but unexercised stock options, and (c) other perquisites, should the executive be terminated for various reasons as defined in the agreement. The agreements provide that in no event, shall the severance payment exceed the amount deductible by the Company under the provisions of the Internal Revenue Code.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following information is as of March 28, 1996.

(a) Security ownership of certain beneficial owners.

(1) Title of Class	(2) Name and Address of Beneficial Owner	(3) Amount and Nature of Beneficial Owner	(4) Percent of Common Stock(1)
Common	Kirlin Holding Corp. 6901 Jericho Turnpike Syosset, NY. 11791	1,140,000 (2)	15.60
Common	Kirlin Securities, Inc. 6901 Jericho Turnpike Syosset, NY. 11791	1,140,000 (2)	15.60
Common	Frances Giarraputo 6 Fox Hunt Court Huntington, NY 11743	1,005,999 (3)	13.76%

(1) The percentages set forth in this Annual Report on Form 10-KSB have been calculated in accordance with Instruction 3 to Item 403 of Regulation S-B.

(2) Includes 800,000 shares owned directly by Kirlin Holding Corp. and warrants to purchase 40,000 and 300,000 shares of the Company's common stock that are exercisable in full, held by Kirlin Securities, Inc.

(3) Includes 749,000 owned directly by Frances Giarraputo, 56,999 shares owned directly or as custodian for others by Leonard Giarraputo, and 200,000 shares representing options that are exercisable within sixty

days by Leonard Giarraputo to purchase the common stock of the Company. Leonard and Frances Giarraputo are husband and wife. Each disclaims beneficial ownership of shares held by the other.

(b) Security ownership of management.

(1) Title Class	(2) Name and Address of Beneficial Owner	(3) Amount and Nature of Beneficial Owner	(4) Percent of Common Stock(1)
Common	Michael Karpoff 32 Gramercy Park South New York, NY 10010	952,333 (3)	13.03%

Common	Barry Siegel 8 Indian Well Court Huntington, NY 11743	992,568 (4)	13.58%
Common	Leonard Giarraputo 6 Fox Hunt Court Huntington, NY 11743	1,005,999 (2)	13.76%
Common	Lisa Siegel 8 Indian Well Court Huntington, NY 11743	992,568 (4)	13.58%
Common	Directors and officers as a group	2,950,900	40.37%

(1) The percentages set forth in this Annual Report on Form 10-KSB have been calculated in accordance with Instruction 3 to Item 403 of Regulation S-B.

(2) Includes 749,000 owned directly by Frances Giarraputo, 56,999 shares owned directly or as custodian for others by Leonard Giarraputo, and 200,000 shares representing options that are exercisable within sixty days by Leonard Giarraputo to purchase the common stock of the Company. Leonard and Frances Giarraputo are husband and wife. Each disclaims beneficial ownership of shares held by the other.

(3) Owned jointly with another. Includes 150,000 shares representing options that are exercisable within sixty days by Michael Karpoff to purchase the common stock of the Company.

(4) Includes options exercisable by Barry Siegel within sixty days to purchase 150,000 shares, 3,334 shares held by Barry Siegel as custodian for two nephews, 67 shares held directly by Barry Siegel's wife, Lisa Siegel, and 37,500 shares representing options held by her that are exercisable within sixty days. Both Barry and Lisa Siegel disclaim beneficial ownership of shares held by the other.

(c) Changes in control. None.

Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In May 1992, certain directors, officers and employees of the Company loaned National Fleet Service, Inc. $60,000 in the aggregate in order to permit National Fleet Service, Inc. to create a fund that National Fleet Service, Inc. could use to pay certain of its accounts payable prior to their due dates where, and only where, such early payment would result in National Fleet Service, Inc.'s receiving a discount on the amount payable. To compensate the persons making such loans for doing so, National Fleet Service, Inc. agreed to pay to each such lender, on a pro rata basis, a fee equal to 80 percent of the amount of any discounts obtained as the result of any such early payments made with the proceeds of such loans (the "Loan Fees"). National Fleet Service, Inc. is not required to use money from the fund created by such loans to pay its accounts payable early, and may use any other funds available to it to do so in any instance, in which case such lenders will not receive any fee with respect to such early payment. (In this regard, since the date that the loans referred to above were made, National Fleet Service, Inc.'s practice has been to apply $75,000 from its operating funds each month to the prepayment of its accounts payable before applying the proceeds of such loans for such purpose.) Except for the fee referred to above, no other amount (including interest) is payable to the makers of such loans in respect of such loans. The principal amount of each such loan is subject to repayment in full upon 30 days' notice from the maker thereof.

The Company determined to obtain the loans referred to above for National Fleet Service, Inc. from the directors, executive officers and employees of the Company who made such loans only after the Company determined that National Fleet Service, Inc. would not have sufficient cash flow to enable it to take full advantage of the opportunities available to it to pay its accounts payable early and after it determined that it would not be able to obtain financing from commercial sources to permit it to take full advantage of such opportunities.

In July, 1992, the persons making such loans to National Fleet Service, Inc. loaned, in the aggregate, an additional $30,000 to National Fleet Service, Inc., such additional loans being upon the same terms and conditions, and for the same purpose, as the earlier loans.

The names of the persons making the loans referred to above, their offices in the Company and the total amount loaned by each, are as follows: Michael Karpoff, Co-Chairman of the Company, $22,500; Barry Siegel, Co-Chairman, Treasurer and Secretary of the Company, and his wife, Lisa Siegel, Vice President of Operations of the Company, $22,500 in the aggregate; Leonard Giarraputo, a director of the Company, $22,500. The entire $22,500 principal amount owed to one participant was repaid when his employment with the Company terminated in October, 1992. In December, 1994 the Company repaid the outstanding notes totaling $67,500 to officers and directors of the Company. Loan Fees totaled $16,482 in 1994 and $12,960 in 1993

The Company entered into an Investment Banking Agreement with Kirlin

Securities, Inc. ("Kirlin") (the "Investment Banking Agreement") on August 1, 1995. For a term of eighteen months, Kirlin will provide financial consulting and investment banking services to the Company. It is anticipated that Kirlin will assist the Company in exploring the possibility of raising additional capital through the issuance of additional shares of its common stock. In consideration, Kirlin has been granted a warrant to purchase 750,000 shares of the Company's Common Stock which is exercisable at various prices.

On December 18, 1995, the Company sold through a private placement, 1 million shares of common stock generating net proceeds of $435,000. Kirlin Holding Corp. parent of its wholly owned subsidiary Kirlin Securities, and the principal shareholders of Kirlin Holding Corp., were the sole purchasers of the 1 million shares of this private placement. Kirlin earned a placement agent fee from this private placement, under the Investment Banking Agreement, of $50,000, non-accountable expenses of $15,000, and a warrant to purchase 100,000 shares of the Company's common stock.

Item 13. EXHIBITS AND REPORTS ON FORM 8-K

(a) List of Exhibits

Exhibit No.	Description
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	By-laws of the Company, incorporated by reference to Exhibit 19.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1991.
10.1	Sample employment agreement executed between the Barry Siegel and Michael Karpoff dated January 18, 1996 filed with this Report.
10.2	Sample subscription agreement executed by subscribers to the Company's private placement dated December 18, 1995.
10.3	Sample warrant granted to transferees of Kirlin Securities, Inc., placement agent to the private placement, dated December 18, 1995.
13.1	Form 10-QSB for the quarter ending March 31, 1995 incorporated by reference dated and previously filed.
13.2	Form 10-QSB for the quarter ending June 30, 1995 incorporated by reference and previously filed with the Commission.
13.3	Form 10-QSB for the quarter ending September 30, 1995 incorporated by reference and previously filed with the Commission.
21	Subsidiaries of the Company, incorporated by reference to Exhibit 22 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1990.

(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/ Michael Karpoff
Michael Karpoff, Co-Chairman of the Board of Directors and President

Date: 3/29/96

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/ Michael Karpoff
Michael Karpoff, Co-Chairman of the Board of Directors, Co-Chief Executive Officer, President and Director

Date: 3/29/96

By: /s/ Barry Siegel
Barry Siegel, Co-Chairman of the Board of Directors, Co-Chief Executive Officer, Treasurer, Secretary and Director (Principal Financial and Accounting Officer)

Date: 3/29/96

By: /s/ Leonard Giarraputo
Director

Date: March 29, 1996

Exhibit 10.1

EMPLOYMENT AGREEMENT

AGREEMENT made as of January 18, 1996, by and between FIRST PRIORITY GROUP, INC., a New York corporation (hereinafter referred to as the "Company"), having an office at 270 Duffy Avenue, Hicksville, New York 11801 and , residing at (hereinafter referred to as the "Executive").

W I T N E S S E T H :

WHEREAS, the Company desires to engage the services of the Executive, and the Executive desires to render such services;

NOW, THEREFORE, in consideration of the premises, the parties agree as follows:

1. Employment. The Company hereby employs the Executive as Co-Chairman of the Board of Directors, Co-Chief Executive Officer, Secretary and Treasurer, and the Executive hereby accepts such employment, subject to the terms and conditions hereinafter set forth.

2. Term. The term of the Executive's employment hereunder shall commence on October 1, 1995 and shall continue to December 31, 1998. Notwithstanding this provision, the employment may be terminated by the Company for cause as hereinafter provided.

3. Duties. The Executive agrees that the Executive will serve the Company on a full-time basis faithfully and to the best of his ability as the Co-Chairman of the Board of Directors, Co-Chief Executive Officer, Secretary and Treasurer of the Company, subject to the general supervision of the Board of Directors of the Company. The Executive agrees that the Executive will not, during the term of this Agreement, engage in any other business activity which interferes with the performance of his obligations under this Agreement. The Executive further agrees to serve as a director of the Company and/or of any parent, subsidiary or affiliate of the Company if the Executive is elected to such directorship.

Upon the Date of Termination, the Executive shall resign as an officer and director of the Company and any of its subsidiaries.

4. Compensation.

(a) In consideration of the services to be rendered by the Executive hereunder, including, without limitation, any services rendered by the Executive as director of the Company or of any parent, subsidiary or affiliate of the Company, the Company agrees to pay the Executive, and the Executive agrees to accept fixed compensation at the rate as set forth below:

(i) Effective October 1 ,1995 at the rate of compensation presently being paid to the Executive as provided for in the Employment Agreement dated January 1, 1990, as amended on December 28, 1992 and August 5, 1993.

(ii) Effective January 1, 1996 at the rate of One Hundred Seventy-Five Thousand Dollars ($175,000.00) per annum.

(iii) Effective January 1, 1997 at the rate of One Hundred Ninety-Two Thousand and Five Hundred Dollars ($192,500) per annum.

(iv) Effective January 1, 1998 at the rate of Two Hundred Eleven Thousand and Seven Hundred Fifty Dollars ($211,750) per annum.

(b) The Executive shall also be entitled to five weeks vacation, unlimited sick leave and fringe benefits in accordance with Company policies and plans in effect, from time to time, for Executive officers of the Company.

(c) The Executive will receive an incentive stock option of three hundred thousand (300,000) shares of common stock of the Company exercisable over a five year period at an exercise price and pursuant to such terms and provisions of the 1995 Incentive Stock Plan as approved by the Company's Board

of Directors.

(d) Except as hereinafter provided in Section 5(a), the Company shall pay the Executive, for any period during which the Executive is unable fully to perform his duties because of physical or mental illness or incapacity, an amount equal to the fixed compensation due the Executive for such period less the aggregate amount of all income disability benefits which the Executive may receive or to which the Executive may be entitled under or by reason of (i) any group health and/or disability insurance plan provided by the Company; (ii) any applicable state disability law; (iii) the Federal Social Security Act; (iv) any applicable worker's compensation law or similar law; and (v) any plan towards which the Company or any parent, subsidiary or affiliate of the Company has contributed or for which it has made payroll deductions, such as group accident, health and/or disability policies.

(e) The Executive shall receive additional compensation (hereinafter called "Incentive Compensation") as calculated by the formula as set forth below: The Executive shall receive throughout the Term of this Agreement Incentive Compensation equal to Five percent (5%) of the Company's net pre-tax income for each fiscal year that shall end during the Term of this Agreement. Should this Agreement be terminated for any reason, other than Termination for Cause, the Executive shall receive such Incentive Compensation pro-rated by multiplying the total Incentive Compensation, that would have been earned had the Agreement not been terminated prior to the completion of the current fiscal year, by that fraction using as the numerator the total number of quarters that were completed for the fiscal year just prior to the Executive's termination, and as denominator the number four.

The Executive shall not receive any Incentive Compensation should the Executive be terminated for Termination for Cause.

(f) Such Incentive Compensation for the particular fiscal year shall be paid to the Executive no later than upon the filing of the Company's Form 10-KSB, or equivalent form.

5. Compensation Upon Termination.

Upon termination of the Executive's employment or during a period of Disability the Executive shall be entitled to the following benefits:

(a) Termination for Cause, Disability, Death or Retirement etc.

(i) If the Executive's employment shall be terminated by the Company for Termination for Cause, or by the Company or the Executive for Disability, or by either the Company or the Executive for Retirement, the Company shall pay to the Executive the Executive's full base salary through the Date of Termination at the rate in effect at the date that Notice of Termination is given, plus all other amounts to which the Executive is entitled under any compensation plan of the Company in effect on the date the payments are due, in addition to any other benefits set forth in this Agreement, and the Company shall have no further obligations to the Executive under this Agreement. If the Executive's employment shall be terminated by the Company for Death, the Company shall pay to the estate of the Executive the Executive's full base salary through the period of four (4) months following the Date of Termination at the rate in effect at the date that Notice of Termination is given, plus all other amounts to which the Executive is entitled under any compensation plan of the Company in effect on the date the payments are due, in addition to any other benefits set forth in this Agreement, and the Company shall have no further obligations to the Executive under this Agreement.

(ii) If the Executive's employment shall be terminated by the Executive for any reason other than for Termination for Cause, Death, Disability, Retirement or Good Reason after a Change in Control, the Company shall pay to the Executive the Executive's full base salary through the Term of this Agreement, or for one (1) year following the Date of Termination, which ever is less, at the rate in effect at the date that Notice of Termination is given, plus all other amounts to which the Executive is entitled under any compensation plan of the Company in effect on the date the

payments are due , in addition to any other benefits set forth in this Agreement, and the Company shall have no further obligations to the Executive under this Agreement

(b) Severance Benefits. If the Executive's employment shall be terminated by the Company within three (3) years after a Change in Control of the Company, for reasons other than for Termination for Cause, Retirement, Death or Disability, or terminated by the Executive for Good Reason within three (3) years after a Change in Control of the Company, then, subject to the limitations set forth in Subparagraph 5(d) below, the Executive shall be entitled to the benefits provided below:

(i) the Company shall pay the Executive the Executive's full base salary through the Date of Termination at the rate equal to the greater of the rate in effect on the date prior to the Change of Control and the rate in effect at the time Notice of Termination is given, plus all other amounts to which the Executive is entitled under any compensation plan of the Company in effect on the date, the payments are due, except as otherwise provided below;

(ii) in lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination, except as provided in Paragraph 5(d) below, the Company shall pay as severance pay to the Executive a lump sum severance payment equal to 300% of an average amount actually paid by the Company or any parent or subsidiary of the Company to the Executive and included in the Executive's gross income for services rendered in each of the five prior calendar years (or shorter period during which the Executive shall have been employed by the Company or any parent or subsidiary of the Company), less $100;

(iii) in consideration of the surrender on the Date of Termination of the then outstanding options ("Options") granted to the Executive, if any, under the stock option plans of the Company, or otherwise, for shares of common stock of the Company ("Company Shares"), except as provided in Paragraph 5(d) below, the Executive shall receive an amount in cash equal to the product of (A) the excess of, (x) in the case of options granted after the date of this Agreement that qualify as incentive stock options ("ISOs") under Section 422A of the Internal Revenue Code of 1986, as amended (the "Code"), the closing price on or nearest the Date of Termination of Company Shares as reported in the principal consolidated transaction reporting system with respect to securities as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Company's Shares are listed or admitted to trading or, if the Company Shares are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") or such other system then in use, or, if on any such date the Company Shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Company Shares selected by the Board of Directors of the Company, and (y) in the case of all other Options, the higher of such closing price or the highest per share price for any Company Shares actually paid in connection with any Change in Control of the Company, over the per share exercise price of each Option held by the Executive (irrespective of whether or not such Option is then fully exercisable), times (B) the number of Company Shares covered by each such Option (irrespective of whether or not such Option is then fully exercisable). The parties hereto acknowledge and agree that the benefits afforded to the Executive under this Subparagraph (iii) do not, and shall not be deemed to, materially increase the benefits accruing to the Executive under any stock option plan under which any such Options are granted. Insofar as the Executive receives full payment under this Subparagraph (iii) with respect to the surrender of all such Options, such Options so surrendered shall be canceled upon the Executive's receipt of

such payment. However, if pursuant to the limitations set forth under Paragraph 5(d) below, the full amount described under this Subparagraph 5(b)(iii) cannot be paid, the number of Options which are canceled shall be reduced so that the ratio of the value of the canceled Options to the value of all such Options equals the ratio of the amount payable under this Subparagraph 5(b)(iii) after the application of the limitation described under Paragraph 5(d), to the amount that otherwise would have been paid under this Subparagraph 5(b)(iii) in the absence of such limitations. The Options canceled pursuant to the immediately preceding sentence shall be those Options providing the smallest "excess amounts" as determined under Subparagraph 5(b)(iii)(A); and

(iv) The Company shall also pay to the Executive all legal fees and expenses incurred by the Executive as a result of such termination (including all such fees and expenses, if any, incurred in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of Section 499 of the Code to any payment or benefit provided hereunder).

(c) Date Benefits Due. The payments provided for in Paragraph 5(b) above shall be made not later than the fifth day following the Date of Termination, provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments and shall pay the remainder of such payments (together with interest at the rate provided in Section 7872(f)(2) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to the Executive repayable on the fifth day after demand by the Company (together with interest at the rate provided in Section 7872(f)(2) of the Code).

(d) Reduction to Avoid Non-Deductibility. Any of the other provisions of this Agreement notwithstanding, if any payment to be made by the Company pursuant to this Agreement to the Executive or for the Executive's benefit (the "Payments") otherwise would not be deductible by the Company for Federal income tax purposes due to the provisions of Code Section 280G, the aggregate present value (determined as of the date of the Change in Control) of the Payments shall be reduced (but not to a negative amount) to an amount expressed in the present value as of such date (the "Reduced Amount") that maximizes the present value of the Payments without causing any payment to be nondeductible by the Company due to Code Section 280G. The determination of the Reduced Amount and the accompanying reduction in Payments shall be made by the independent certified public accountants for the Company. Any such decrease in Payments shall be applied to the amounts to be paid to the Executive or for the Executive's benefit hereunder in the following order but only to the extent such amounts would be taken into account in determining whether the Payments constitute "parachute payments" within the meaning of Code Section 280G(b)(2)(A): (i) to decrease the amounts payable to the Executive pursuant to Subparagraph 5(b)(ii); (ii) to decrease the amounts payable to the Executive pursuant to Subparagraph 5(b)(iv); (iii) to decrease the amounts payable to the Executive pursuant to Section 5(j); (iv) to decrease the amounts payable to the Executive pursuant to Section 5(a); and (v) to decrease the amounts payable to the Executive pursuant Subparagraph 5(b)(iii).

(e) Determination of Reduced Amount. The determination of the Reduced Amount and of the reduction in the Payments shall be communicated to the Executive in writing by the Company. If the Executive does not agree with such determinations, the Executive may give written notice of such disagreement to the Board within five (5) days of the Executive's receipt of the determination, and within fifteen (15) days after the Executive's notice of disagreement, the Executive shall deliver to the Board the Executive's calculation of the reduction in Payments. If the Executive fails to give notice of disagreement or to furnish the Executive's calculation in accordance with the provisions of the immediately preceding sentence, the Executive shall be conclusively deemed to have accepted the determinations made by the independent public accountants for the Company. If the accountants for the Company and the Executive's accountants are unable to agree upon the reduction of Payments within ten (10) days of the

receipt of the Board of the Executive's calculation, the determination of the reduction in Payments shall be made by a third accounting firm picked by the Company's accountants and the Executive's accountants (the "Arbiter") whose determination shall be final and binding upon the Executive and the Company, except to the extent provided below. The Company shall withhold for income tax purposes all amounts that the Company's independent certified public accountants believe that the Company is required to withhold.

(f) Arbiter to Resolve Disputes. If the Arbiter's and the Company's accountant's fees shall be borne solely by the Company. The Executive's accountant's fees shall be borne by the Executive.

(g) Final Payment. As promptly as practicable after the final determination of the reduction in Payments, the Company shall pay to the Executive or for the Executive's benefit the amounts determined to be payable.

(h) IRS Ruling. In the event there is a final determination by the Internal Revenue Service or by a court of competent jurisdiction that any portion of the Payments are not deductible by the Company by reason of Section 280G, then the amount of the Payments that exceeds the amount deductible by the Company shall be deemed to be a loan by the Company to the Executive, which shall be repaid by the Executive five (5) days after delivery of a demand by the Company therefor together with interest from the date paid by the Company to the date repaid by the Executive at the rate provided for a demand loan in Section 7872(f)(2) of the Code.

(i) Interpretation. The provisions of this Section 4 shall be interpreted in a manner that will avoid the disallowance of a deduction to the Company pursuant to Section 280G and the imposition of excise taxes on the Executive under Section 4899 of the Code.

(j) Additional Fringe Benefits. If the Executive's employment shall be terminated by the Company other than for Termination for Cause, Retirement, Death or Disability or by the Executive within three years after a Change of Control of the Company for Good Reason, then for a three (3) year period after such termination, the Company shall arrange to provide the Executive with life, disability, and accident insurance benefits substantially similar to those that the Executive was receiving immediately prior to the Notice of Termination. In addition to the benefits set forth above, the Company shall reimburse the Executive for the cost of leasing, insuring and maintaining (including the cost of fuel) a luxury automobile of the Executive's choice similar to the Infiniti Q45 or the Lexus LS400, during the three (3) year period following the Executive's termination.

Benefits otherwise receivable by the Executive pursuant to this Paragraph 5(j) shall be reduced to the extent comparable benefits are otherwise received by the Executive during the three (3) year period following the Executive's termination and any such benefits otherwise received by the Executive shall be reported to the Company.

(k) No Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in this Paragraph 5 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Paragraph 5 be reduced by any compensation earned by the Executive as the result of the Executive's employment by another employer, by any retirement benefits, by offset against any amount claimed to be owing by the Executive to the Company, or otherwise, except as specifically provided in this Paragraph 5.

(l) The benefits provided in this Paragraph 5 shall replace benefits provided to the Executive other than in this Agreement only in the circumstances set forth herein, and under all other circumstances, the Executive's benefits will be determined in accordance with other agreements between the Company and the Executive and other plans, arrangements and programs of the Company in which the Executive participates.

(m) Notwithstanding anything in this Agreement, the Company shall arrange to provide the Executive and his immediate family with health insurance benefits substantially similar to those that the Executive was receiving, immediately prior to the Notice of Termination, for the remainder of his and his spouse's life.

6. Termination for Cause. Termination by the Company of the Executive's

employment for cause (hereinafter referred to as "Termination for Cause), shall mean termination upon (i) the willful and continued failure by the Executive to substantially perform the Executive's material duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such failure after the issuance by the Executive for Good Reason of a Notice of Termination (as the terms "Good Reason" and "Notice of Termination" are defined in this Agreement) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the material duties that the Board believes that the Executive has not substantially performed, or (ii) the willful engaging by the Executive in conduct that is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of this Paragraph 6, no act, or failure to act, on the Executive's part, shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's action or omission was in the best interest of the Company, or (iii) the conviction of the Executive of a felony, including the plea of nolo contendere, or (iv) the commission of any act by the Executive against the Company that may be construed as the crime of embezzlement, larceny, and/or grand larceny. Any other provision in this paragraph to the contrary notwithstanding, the Executive shall not be deemed to have been terminated for Termination for Cause unless and until the Board duly adopts a resolution by the affirmative vote of no less than three-quarters (3/4) of the entire membership of the Board, at a meeting of the Board called and held for such purpose (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board), finding that in the good faith opinion of the Board, the Executive was guilty of conduct described in Subparagraphs (i), (ii) or (iv) of this paragraph and specifying the particulars thereof in detail and a certified copy of such resolution is delivered to the Executive.

7. Non-Disclosure of Confidential Information and Non-Competition

(a) The Executive acknowledges that the Executive has been informed that it is the policy of the Company to maintain as secret and confidential all information (i) relating to the products, processes, designs and/or systems used by the Company and (ii) relating to the customers and employees of the Company (all such information hereafter referred to as "confidential information"), and the Executive further acknowledges that such confidential information is of great value to the Company. The parties recognize that the services to be performed by the Executive are special and unique, and that by reason of his employment by the Company, the Executive has and will acquire confidential information as aforesaid. The parties confirm that it is reasonably necessary to protect the Company's goodwill, and accordingly the Executive does agree that the Executive will not directly or indirectly (except where authorized by the Board of Directors of the Company for the benefit of the Company):

A. At any time during his employment by the Company or after the Executive ceases to be employed by the Company, divulge to any persons, firms or corporations, other than the Company (hereinafter referred to collectively as "third parties"), or use or allow or cause or authorize any third parties to use, any such confidential information; and

B. At any time during his employment by the Company and for a period of one (1) year after the Executive ceases to be employed by the Company, solicit or cause or authorize directly or indirectly to be solicited, for or on behalf of the Executive or third parties, any business from persons, firms, corporations or other entities who were at any time within one (1) year prior to the cessation of his employment hereunder, customers of the Company; and

C. At any time during his employment by the Company and for a period of one (1) year after the Executive ceases to be employed by the Company, accept or cause or authorize directly or indirectly to be accepted, for or on behalf of the Executive or third parties, any business from any such customers of this Company; and

D. At any time during his employment by the Company and for a period of one (1) year after the Executive ceases to be employed by the Company, solicit or cause or authorize directly or indirectly to be solicited for employment, for or on behalf of the Executive or third parties, any persons (excluding any individuals residing in the same immediate primary residence as the Executive, and/or the Executive's

immediate family) who were at any time within one year prior to the cessation of his employment hereunder, employees of the Company; and

E. At any time during his employment by the Company and for a period of one year after the Executive ceases to be employed by the Company, employ or cause or authorize directly or indirectly to be employed, for or on behalf of the Executive or third parties, any such employees of the Company; and

F. At any time during his employment by the Company and for a period of one (1) year after the Executive ceases to be employed by the Company, compete with the Company in any fashion or work for, advise, be a consultant to or an officer, director, agent or employee of or otherwise associate with any person, firm, corporation or other entity which is engaged in or plans to engage in a business or activity which competes with any business or activity engaged in by the Company, or which is under development or in a planning stage by the Company.

Notwithstanding the above, should the Executive not be receiving compensation from the Company either in a lump sum, or on a regular basis for a period at least equal to one (1) year, as set forth in this Agreement following his Date of Termination, then Subparagraphs 7(C), 7(E) and 7(F) shall be ineffective. Additionally, Subparagraphs 7(C), 7(D), and 7(E) shall be ineffective as it relates to the spouse of the Executive.

(b) The Executive agrees that, upon the expiration of his employment by the Company for any reason, the Executive shall forthwith deliver up to the Company any and all records, drawings, notebooks, keys and other documents and material, and copies thereof in his possession or under his control which is the property of the Company or which relate to any confidential information or any discoveries of the Company.

(c) The Executive agrees that any breach or threatened breach by the Executive of any provision of this Section 7 shall entitle the Company, in addition to any other legal remedies available to it, to enjoin such breach or threatened breach through any court of competent jurisdiction. The parties understand and intend that each restriction agreed to by the Executive hereinabove shall be construed as separable and divisible from every other restriction, and that the unenforceability, in whole or in part, of any restriction will not affect the enforceability of the remaining restrictions, and that one or more or all of such restrictions may be enforced in whole or in part as the circumstances warrant.

(d) For the purposes of this Section, the term "Company" shall mean and include any and all subsidiaries, parents and affiliated corporations of the Company in existence from time to time.

8. Change in Control.

(a). Effectiveness of Change in Control Provisions. The terms set forth in this Paragraph 8, shall be effective should a Change in Control of the Company, as defined below, have occurred during the term of this Agreement, or during any extensions thereof, and shall continue in effect for a period of thirty-six (36) months beyond the month in which such Change in Control occurred. However, the definitions set forth in Subparagraph 8(c) shall apply throughout this Agreement.

(b) Change in Control. No benefits shall be payable hereunder unless an event as set forth below, shall have occurred (hereinafter called a "Change in Control"):

(i) Any person including any individual, firm, partnership or other entity, together with all Affiliates and Associates (as defined by ss.240.12b-2 of the regulations promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") of such person, directly or indirectly acquires securities of the Company's then outstanding securities representing Twenty percent (20%) or more of the voting securities of the Company, such person being hereinafter referred to as an Acquiring Person; or, but excluding:

(A) a trustee or other fiduciary holding securities under an

employee benefit plan of the Company or any Subsidiary of the Company, or

(B) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the Company, or

(C) the Company or any Subsidiary of the Company, is or becomes the Beneficial Owner (as defined in Rule 13d-3 under the Exchange Act), or

(D) a person who acquires securities of the Company directly from the Company pursuant to a transaction that has been approved by a vote of at least a majority of the Incumbent Board, or

(ii) Individuals who, on the date hereof, constitute the Incumbent Board shall cease for any reason to constitute a majority of the Board; or

(iii) The stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 80% of the combined voting power of the voting securities of the Company or such other surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

(c) Definitions. For the purposes of this Agreement, the following terms shall mean:

(i) "Incumbent Board" shall mean the members of the Board, who were members of the Board prior to the date of this Agreement.

(ii) "Subsidiary" shall mean any corporation of which an amount of voting securities sufficient to elect at least a majority of the directors of such corporation is beneficially owned, directly or indirectly, by the Company, or is otherwise controlled by the Company.

(iii) "Good Reason" shall mean, without the Executive's express written consent, the occurrence of any of the following circumstances unless, such circumstances are fully corrected prior to the Date of Termination specified in the Notice of Termination, as defined in Paragraphs 8(c)(iv) and (v), respectively, given in respect thereof:

(A) the assignment to the Executive of any duties inconsistent with the Executive's status as Co-Chairman of the Board, Co-President, and/or Co-Chief Executive Officer of the Company, or a substantial adverse alteration in the nature or status of the Executive's responsibilities from those in effect immediately prior to a Change in Control of the Company;

(B) a reduction by the Company in the Executive's annual base salary as in effect on the date hereof or as the same may be increased from time to time, except for across-the-board salary reductions similarly affecting all senior executives of the Company and all senior executives of any person in control of the Company;

(C) the relocation of the Company's principal executive offices to a location which is not within the boundaries of New York, Queens, Nassau and Suffolk (being no further East than Route 110) counties within the state of New York or the Company requiring the Executive to be based anywhere other than the Company's principal executive offices, except for

required travel on the Company's business to an extent substantially consistent with the Executive's present business travel obligations, or the adverse and substantial alteration of the office space or secretarial or support services provided to the Executive for the performance of the Executive's duties;

(D) the failure by the Company, without the Executive's consent, to pay to the Executive any portion of the Executive's current compensation, except pursuant to an across-the-board compensation deferral similarly affecting all senior executives of the Company and all senior executives of any person in control of the Company, or the failure by the Company to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company, within seven (7) days of the date such compensation is due;

(E) the failure by the Company to continue in effect any compensation plan in which the Executive participates that is material to the Executive's total compensation, including but not limited to the Company's Incentive Stock Option Plan, 401(k) plan, cafeteria or salary reduction plan, or any other or substitute plans adopted prior to a Change in Control of the Company, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, than the Executive's participation as it existed at the time of a Change in Control of the Company;

(F) unless such action is pursuant to an across-the-board reduction in benefits similarly affecting all senior executives of the Company and all senior executives of any person in control of the Company, the failure by the Company to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of the Company's pension, life insurance, automobile reimbursement, Company credit card, medical, health and accident, or disability plans, if any, in which the Executive was participating at the time of a Change in Control of the Company, or the taking of any action by the Company that would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of a Change in Control of the Company, or the failure by the Company to provide the Executive with the number of paid vacation or sick days to which the Executive is entitled under this Agreement at the time of a Change in Control of the Company;

(G) the failure of the Company to obtain a satisfaction agreement from any successor to assume and agree to perform this Agreement, as contemplated in Paragraph 5 hereof; or

(H) any purported termination of the Executive's employment that is not affected pursuant to a Notice of Termination satisfying the requirements of Subparagraph 8(c)(iv) below (and, if applicable, the requirement of Paragraph 6 above); for purposes of this Agreement, no such purported termination shall be effective.

The Executive's right to terminate the Executive's employment pursuant to this paragraph shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of right with respect to, any circumstances constituting Good Reason hereunder.

(iv) "Notice of Termination" shall mean a notice that shall indicate the specific termination provision of this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

(v) "Date of Termination" shall mean (A) if employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided, that the Executive shall not return to the full-time performance of the Executive's duties during such thirty (30) day period), or (B) if employment is terminated due to Death of the Executive, upon receipt of Notice of Termination or (C) if employment is terminated pursuant to any other provision in this Agreement, the date specified in Notice of Termination (which, in the case of a termination pursuant to any provision of this Agreement other than for Disability and Death shall not be less than fifteen (15) nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

Notwithstanding the above, provided, that if within fifteen (15) days after any Notice of Termination is given to the Executive or prior to the Date of Termination (as determined without regard to this provision) the Executive receiving such Notice of Termination notifies the Company that a dispute exists concerning such termination, that during the pendency of any such dispute, the Company will continue to pay the Executive his full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, base salary) and continue the Executive as a participant in all compensation, benefit, and insurance plans in which the Executive was participating when the notice giving rise to the dispute was given, until the dispute is finally resolved. However, should final resolution of the dispute result in the Notice of Termination being affirmed in whatever forum was utilized for resolving said dispute, then the Executive shall be liable to the Company for all compensation, benefit, and insurance plans paid and/or provided to the Executive during the period that the Notice of Termination was in dispute.

Amounts paid under this subparagraph are prior to all other amounts due under this Agreement and shall not reduce any other amounts due under this Agreement, which other amounts shall be in addition to, and shall not be offset by, amounts due under this subparagraph.

Anything to the contrary herein notwithstanding, twenty-four hours after written notice to the Executive, the Company may relieve the Executive of authority to act on behalf of, or legally bind, the Company, provided, that any such action by the Company shall be without prejudice to the Executive's right to the compensation and benefits provided under this Agreement and the Executive's right to termination hereunder under such circumstances and with the compensation and benefits following such termination as provided in this Agreement.

(vi) "Disability" - If the Executive, due to physical or mental illness or incapacity, is unable fully to perform his duties herein for twelve (12) consecutive months.

(vii) "Death" - If the Executive shall die during the term of this Agreement.

(viii) "Retirement" - Shall mean termination in accordance with the Company's retirement policy, if any, including early retirement, generally applicable to its salaried employees or in accordance with any retirement arrangement established with the Executive's consent with respect to the Executive.

(d) Termination Following Change in Control. If any of the events described in Paragraph 8(b) hereof constituting a Change in Control of the Company shall have occurred, the Executive shall be entitled to the benefits provided in Paragraph 5 hereof upon the subsequent termination of the

Executive's employment during the term of this Agreement unless such termination is (i) because of the Executive's Death, Disability or Retirement, (ii) by the Company for Termination for Cause, or (iii) by the Executive for Good Reason within three years after a Change in Control shall have occurred.

(e) Notice of Termination. Any purported termination of the Executive's employment by the Company or by the Executive shall be communicated by written Notice of Termination to the other party hereto in accordance with Paragraph 15 hereof.

9. Successors; Binding Agreement.

(a) Assumption by Successor. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled hereunder if the Executive terminates the Executive's employment for Good Reason following a Change in Control of the Company, except that for purposes of implementing this paragraph, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this Agreement by operation of law, or otherwise.

(b) Successors. Neither this Agreement nor any right or interest hereunder shall be assignable by the Executive (except by will or intestate succession) or any successor to the Executive's interest, nor shall it be subject to attachment, execution, pledge or hypothecation, but this Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representative, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amount would still be payable to the Executive hereunder if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there is no such designee, to the Executive's estate.

10. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party that are not set forth in this Agreement. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law. The obligations of the Company under Paragraph 5 shall survive the expiration of the term of this Agreement.

11. Severance and Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

12. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

13. Entire Agreement. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof, supersedes any prior agreement between the parties, and may not be changed or terminated orally. No change, termination or attempted waiver of any of the provisions hereof shall be binding unless in writing and signed by the party to be bound; provided, however, that the Executive's compensation and benefits may be increased at any time by the Company without in any way affecting any of the other terms and

conditions of this Agreement, which in all other respects shall remain in full force and effect.

14. Negotiated Agreement. This Agreement has been negotiated and shall not be construed against the party responsible for drafting all or parts of this Agreement.

15. Notices. For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or received by United States registered or certified mail, return receipt requested, postage prepaid, or by nationally recognized overnight delivery service providing for a signed return receipt, addressed to the Executive at the Executive's home address set forth in the Company's records and to the Company at the address set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Board with a copy to counsel to the Company, at Muenz & Meritz, P.C., 3 Hughes Place, Dix Hills, New York 11746, Attention: Lawrence A. Muenz, Esq., or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

16. Governing Law and Resolution of Disputes. All matters concerning the validity and interpretation of and performance under this Agreement shall be governed by the laws of the State of New York. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Garden City, New York, in accordance with the rules of the American Arbitration Association ("AAA") then in effect. Any judgment rendered by the arbitrator as above provided shall be final and binding on the parties hereto for all purposes and may be entered in any court having jurisdiction; provided, however, that the Executive shall be entitled to seek specific performance of the Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement. The Company share bear the total cost of filing fees for the initial Demand of Arbitration, as well as all charges billed by the AAA, regardless of which party shall commence the action. Each party shall be responsible for their respective legal fees.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

FIRST PRIORITY GROUP, INC.

By:_____ Dated:_____

Title:_____

EXECUTIVE

By:_____ Dated:_____

Exhibit 10.2

Board of Directors
First Priority Group, Inc.
270 Duffy Avenue
Hicksville, New York 11801

Re: Subscription to Purchase Shares of
First Priority Group, Inc. Common Stock

Gentlemen:

(1) Subscription:

(A) The undersigned hereby subscribes to purchase _____ shares of the $.015 par value common stock of First Priority Group, Inc. (the "Company") at $.50 per share (the "Shares") and hereby tenders payment in the amount of $_____ for the subscribed for number of Shares by certified check, bank draft or wire transfer made payable to Kirlin Securities, Inc., the Company's Placement Agent, for deposit into a segregated, non-interest bearing bank account. In connection with this subscription, the undersigned hereby executes this Subscription Agreement and acknowledges that the undersigned has received, read, understands and is familiar with:

(i) the Company's Annual Report (Form 10-KSB) filed with the Securities and Exchange Commission for the fiscal year ended December 31, 1994;

(ii) Quarterly Reports (Form 10-QSB) filed with the Securities and Exchange Commission for the quarters ended March 31, 1995, June 30, 1995 and September 30, 1995;

(iii) press releases and any other public information statements disseminated by the Company for the period since the Company's last Quarterly Report (Form 10-QSB);

(B) The undersigned further acknowledges that, except as set forth in such reports made available to the undersigned by the Company, no representations or warranties have been made to the undersigned, or to the undersigned's advisors by the Company, or by any person acting on behalf of the Company, with respect to the offer or sale of the Shares and/or the economic, tax or any other aspects or consequences of a purchase of the Shares and/or the investment made thereby. Further, the undersigned has not relied upon any information concerning the Company, written or oral, other than that contained in the aforementioned reports.

(C) The undersigned hereby acknowledges that the undersigned has had an opportunity to ask questions of, and receive answers from persons acting on behalf of the Company to verify the accuracy and completeness of the information set forth in such reports prior to sale and the undersigned hereby acknowledges that the undersigned has not requested the Company to provide any additional information which the Company possesses or can acquire without unreasonable effort or expense that is necessary to verify the accuracy and completeness of the information made available.

(2) Subscriber's Representations and Warranties:

The undersigned subscriber represents and warrants to the Company:

(A) The Shares are being issued to the undersigned by the Company for investment only, for the undersigned's own account, and are not being purchased by the undersigned with a view to distribution of such Shares, or for the offer and/or sale in connection with any distribution thereof. The undersigned is not participating, directly or indirectly, in an underwriting of the Shares or in any similar undertaking. The undersigned has no present plans to enter into any contract, undertaking, agreement, or arrangement which would entail an underwriting of such Shares or any similar distribution thereof;

(B) The undersigned is an "accredited investor" as that term is defined in Rule 501 of Regulation D promulgated by the Securities and Exchange Commission,

in that

(i) the undersigned is a natural person whose net worth or joint net worth, taking the undersigned's spouse into consideration, at the time of the undersigned's purchase of these Shares herein, exceeds One Million Dollars ($1,000,000), or

(ii) the undersigned is a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year whose income in each of the last two years exceeded Two Hundred Thousand Dollars ($200,000); or

(iii) the undersigned is a organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000; or

(iv) the undersigned is an entity in which all of the equity owners are accredited investors.

(C) All of the representations and information provided in the undersigned's Confidential Purchaser Questionnaire, and any additional information that the undersigned has furnished to the Company with respect to the undersigned's financial position are accurate and complete as of the date of this Subscription Agreement. If there should be any material adverse change in any such representations or information prior to the issuance of the Shares to the undersigned, the undersigned will immediately furnish accurate and complete information concerning any such material change to the Company.

(D) The undersigned has not been organized or reorganized for the specific purpose of acquiring the Shares. If the undersigned is a corporation, it has enclosed with this Subscription Agreement copies of its Articles of Incorporation, Bylaws and the corporate resolution authorizing the individual executing the signature page so to act on behalf of the corporation, all of which have been certified by the Secretary or an Assistant Secretary of the corporation as being true and correct copies thereof and in full force and effect. If the undersigned is a partnership, trust, limited liability company or other entity, the undersigned has enclosed with this Subscription Agreement a copy of its Partnership Agreement or Certificate of Formation (or other governing agreement) or a copy of its Declaration of Trust (or other governing instrument), as the case may be and, in the case of a limited liability company, resolutions authorizing the individual executing the signature page so to act on behalf of the limited liability company. All such documentation is complete, current and correct as of the date hereof.

(E) The undersigned understands that there is no guarantee of profits or against loss as a result of purchasing the Shares and the undersigned hereby states that the undersigned can afford a complete loss of the investment in such Shares. The undersigned further warrants that the undersigned's present financial condition is such that the undersigned has no present or perceived future need to dispose of any portion of the Shares to satisfy any existing or contemplated undertaking, obligation, need or indebtedness. Consequently, the undersigned represents that the undersigned has sufficient liquid assets to pay the full purchase price for the Shares, has adequate means for providing for the undersigned's current needs and possible contingencies and has no current need to liquidate any of the undersigned's investment in the Company.

(F) The undersigned has been represented by such legal counsel and other advisors, each of whom has been personally selected by the undersigned, as the undersigned has found necessary to consult, concerning the purchase of the Shares, and such representation has included an examination of applicable documents and an analysis of all relevant tax, financial, recording and securities law aspects of an investment in the Shares. The undersigned, the undersigned's counsel, advisors, and such other persons with whom the undersigned has found it necessary or advisable to consult, have represented to the undersigned that they have knowledge or experience in business and financial matters to evaluate the information set forth in the aforementioned reports, press releases and/or other public information

statements issued by the Company, the risks associated with this investment, and to make an informed investment decision with respect hereto. To the extent that the undersigned has found it necessary to consult with any such counsel and/or advisors concerning the purchase of the Shares, the undersigned has relied upon their advice and counsel in making such investment decision.

(G) the undersigned is a resident of the jurisdiction set forth below the undersigned's name on the signature page of this Subscription Agreement.

(3) Company's Representations and Warranties.

The Company represents and warrants to the undersigned subscriber:

(A) the information contained in the reports, press releases, and other public information statements distributed by the Company as described in paragraph (1) of this Subscription Agreement contain no untrue statements of material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(B) as of the date of the Subscription Agreement, there have been no material, adverse changes in the Company's operations or financial condition since the applicable dates of the aforementioned reports, press releases, and other public information distributed by the Company.

(C) the Company is a corporation duly organized, validly existing and in good standing under the laws of the State of New York. The Company has all requisite legal power and authority to own or lease and operate its properties and assets and to carry on its business as now conducted.

(D) the execution and delivery of this Agreement by the Company and the performance of the obligations of the Company contemplated hereby have been duly and validly authorized by all necessary corporate action. The Company has the right, power and authority to enter into and perform this Agreement. This Agreement constitutes the valid and binding obligations of the Company, enforceable against the Company in accordance with its respective terms, except to the extent that its enforceability may be subject to limitations imposed by general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity) and to the effect of applicable bankruptcy, reorganization, insolvency, moratorium and similar laws of general application relating to or affecting creditors' rights, including, without limitation, the effect of statutory or other laws regarding fraudulent conveyances and preferential transfers.

(E) upon issuance with the terms of this Agreement, the Shares will be duly and validly issued and will be fully paid and nonassessable, and the holders thereof will not be subject to personal liability by reason of being such holders, the Shares are not subject to preemptive rights of any holders of any security of the Company or similar contractual rights granted by the Company.

(F) the execution and delivery of this Agreement by the Company and the performance of the obligations of the Company contemplated hereby do not and will not, with or without the giving of notice or the lapse of time or both, (1) result in a breach of, of conflict with any terms and provisions of, or constitute a default under, or result in the creation, modification, termination, or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to the terms of any material indenture, mortgage, deed of trust, loan or credit agreement, or any other material agreement or instrument evidencing an obligation for borrowed money, or any other material agreement or instrument to which the Company is a party or by which the Company may be bound or to which any of the material, property or assets of the Company is subject; (2) result in any violation of the provision of the Certificate of Incorporation or the By-laws of the Company; (3) violate any existing applicable law, rule, regulation, judgement, order or decree of any governmental agency or court, domestic or foreign, having jurisdiction over the Company or any of its properties or business; or (4) have a material adverse effect on any material permit, license, certificate, registration, approval, consent, license or franchise concerning the Company.

(4) Securities Law Restrictions on Transfers.

The undersigned understands that the offer and/or sale of the Shares to the undersigned is not required to be registered under the Securities Act of 1933, as amended (the "Securities Act") by reason of a specific exemption for the offer and sale of the Shares under the provisions of Regulation D promulgated by the Securities and Exchange Commission. The undersigned further understands that, except as provided in paragraph (5) below, the Company has not agreed to register the Shares for distribution and/or resale in accordance with the provisions of the Securities Act or the Securities Exchange Act of 1934 (the "Exchange Act"), or to register the Shares for distribution and/or resale under any applicable state securities laws. Hence, it is the undersigned's understanding that by virtue of the provisions of certain rules respecting "restricted securities" promulgated under such federal and/or state laws, unless such secondary distribution and/or resale is registered as provided in paragraph (5) below, the Shares which the undersigned is purchasing by virtue of this Subscription Agreement must be held indefinitely and may not be sold, transferred, pledged, hypothecated or otherwise encumbered for value, unless and until such secondary distribution and/or resale is subsequently registered under such federal and/or state securities laws or unless an exemption from registration is available, in which case the undersigned still may be limited as to the amount of the Shares that may be sold, transferred, pledged and/or encumbered for value.

The undersigned, therefore, agrees that any certificates evidencing the Shares received by the undersigned by virtue of this Subscription Agreement shall be stamped or otherwise imprinted with a conspicuous legend to give notice of the securities law transfer restrictions set forth herein and the undersigned acknowledges that the Company may cause stop transfer orders to be placed on the undersigned's account. The legend shall be in substantially the following form:

> NO SALE, OFFER TO SELL, OR TRANSFER OF THE COMMON SHARES REPRESENTED BY THIS CERTIFICATE SHALL BE MADE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT THE PROPOSED TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND IS IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS.

(5) Registration Rights.

(A) "Piggy-Back" Registration.

(i) Grant of Right. The holders of these Shares shall have the right for a period of seven years from the date this Subscription Agreement is accepted by the Company to include all or any part of these Shares (collectively, the "Registrable Securities") as part of any registration of securities filed by the Company (other than in connection with a transaction contemplated by Rule 145(a) promulgated under the Act or pursuant to Form S-8 or any equivalent form); provided, however, that if, in the written opinion of the Company's managing underwriter or underwriters, if any, for such offering (the "Underwriter"), the inclusion of the Registrable Securities, when added to the securities being registered by the Company or the selling stockholder(s), will exceed the maximum amount of the Company's securities which can be marketed (a) at a price reasonably related to their then current market value, or (b) without materially and adversely affecting the entire offering, the Company shall nevertheless register all or any portion of the Registrable Securities required to be so registered but such Registrable Securities shall not be sold by the holders until 90 days after the registration statement for such offering has become effective or for such longer period as the managing underwriter may require; and provided further that, if any securities are registered for sale on behalf of other stockholders in such offering and such stockholders have not agreed to defer such sale until the expiration of such period, the number of securities to be sold by all stockholders in such public offering during such period shall be apportioned pro rata among all such selling stockholders, including all holders of the Registrable Securities, according to the total amount of securities of the Company owned by said selling stockholders, including all holders of the Registrable Securities.

(ii) Terms. The Company shall bear all fees and expenses attendant to

registering the Registrable Securities, but the holders shall pay any and all underwriting commissions and the expenses of any legal counsel selected by the holders to represent them in connection with the sale of the Registrable Securities. In the event of such a proposed registration, the Company shall furnish the then holders of outstanding Registrable Securities with not less than thirty days written notice prior to the proposed date of filing of such registration statement. Such notice to the holders shall continue to be given for each registration statement filed by the Company until such time as all of the Registrable Securities have been sold by the holder. The holders of the Registrable Securities shall exercise the "piggy-back" rights provided for herein by giving written notice, within twenty days of the receipt of the Company's notice of its intention to file a registration statement. The Company agrees to use its best efforts to cause the registration statement that is filed to become effective and to qualify or register the Registrable Securities in such states as are reasonably requested by the holders; provided however, that in no event shall the Company be required to register the Registrable Securities in a state in which such registration would cause (a) the Company to be obligated to register or become licensed to do business in such state, or (b) the principal stockholders of the Company to be obligated to escrow their shares of capital stock of the Company. The Company shall cause any registration statement filed pursuant to the above "piggyback" rights to remain effective for at least nine months from the date that the holders of the Registrable Securities are first given the opportunity to sell all of such securities.

(B) General Terms.

(i) Indemnification.

(a) The Company shall indemnify the holder(s) of the Registrable Securities to be sold pursuant to any registration statement hereunder and each person, if any, who controls such holders within the meaning of Section 15 of the Act or Section 20(a) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), against all loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Act, the Exchange Act or otherwise, arising from such registration statement. The holder(s) of the Registrable Securities to be sold pursuant to such registration statement, and their successors and assigns, shall severally, and not jointly, indemnify the Company, against all loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which they may become subject under the Act, the Exchange Act or otherwise, arising from information furnished by or on behalf of such holders, or their successors or assigns, in writing, for specific inclusion in such registration statement.

(b) If any action is brought against a party hereto, ("Indemnified Party") in respect of which indemnity may be sought against the other party ("Indemnifying Party"), such Indemnified Party shall promptly notify Indemnifying Party in writing of the institution of such action and Indemnifying Party shall assume the defense of such action, including the employment and fees of counsel reasonably satisfactory to the Indemnified Party, and the payment of actual expenses. Such Indemnified Party shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the employment of such counsel shall have been authorized in writing by Indemnifying Party in connection with the defense of such action, or (ii) Indemnifying Party shall not have employed counsel to defend such action, or (iii) such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to it which may result in a conflict between the Indemnified Party and Indemnifying Party (in which case Indemnifying Party shall not have the right to direct the defense of such action on behalf of the Indemnified Party), in any of which events, the reasonable fees and expenses of not more than one additional firm of attorneys designated in writing by the Indemnified Party shall be borne by Indemnifying Party. Notwithstanding anything to the contrary contained herein, if Indemnified Party shall assume the defense of such action as provided above, Indemnifying Party shall not be liable for any settlement of any such action effected without its written consent.

(c) If the indemnification or reimbursement provided for hereunder is

finally judicially determined by a court of competent jurisdiction to be unavailable to an Indemnified Party (other than as a consequence of a final judicial determination of willful misconduct, bad faith or gross negligence of such Indemnified Party), then Indemnifying Party agrees, in lieu of indemnifying such Indemnified Party, to contribute to the amount paid or payable by such Indemnified Party (i) in such proportion as is appropriate to reflect the relative benefits received, or sought to be received, by Indemnifying Party on the one hand and by such Indemnified Party on the other or (ii) if (but only if) the allocation provided in clause (i) of this sentence is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in such clause (i) but also the relative fault of Indemnifying Party and of such Indemnified Party; provided, however, that in no event shall the aggregate amount contributed by a holder exceed the profit, if any, earned by such holder as a result of the sale by him of the underlying shares of Common Stock.

(d) The rights accorded to Indemnified Parties hereunder shall be in addition to any rights that any Indemnified Party may have at common law, by separate agreement or otherwise.

(ii) Documents Delivered to Holders. The Company shall furnish to each holder participating in any of the foregoing offerings and to each Underwriter of any such offering, if any, a signed counterpart, addressed to such holder or Underwriter, of (a) an opinion of counsel to the Company, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, an opinion dated the date of the closing under any underwriting agreement related thereto), and (b) a "cold comfort" letter dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, a letter dated the date of the closing under the underwriting agreement) signed by the independent public accountants who have issued a report on the Company's financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities. The Company shall also deliver promptly to each holder participating in the offering requesting the correspondence and memoranda described below and to the managing underwriter copies of all correspondence between the Commission and the Company, its counsel or auditors and all memoranda relating to discussions with the Commission or its staff with respect to the registration statement and permit each holder and underwriter to do such investigation, upon reasonable advance notice, with respect to information contained in or omitted from the registration statement as it deems reasonably necessary to comply with applicable securities laws or rules of the NASD. Such investigation shall include access to books, records and properties and opportunities to discuss the business of the Company with its officers and independent auditors, all to such reasonable extent and at such reasonable times and as often as any such holder shall reasonably request. The cost for the opinion of counsel and the "cold comfort" letter referenced in this section shall be borne equally by the Company and the holder.

(6) Notices.

All notices, requests, consents and other communications under this Agreement shall be in writing and shall be deemed to have been duly made on the date of delivery if delivered personally or sent by overnight courier, with acknowledgment of receipt to the party to whom notice is given, or on the fifth day after mailing if mailed to the party to whom notice is to be given, by registered or certified mail, return receipt requested, postage prepaid and properly addressed as follows: (A) if to the registered holder of these Shares, to the address of such holder as shown on the books of the Company, or (B) if to the Company, to its principal executive office.

(7) Successors and Assigns.

This subscription for Shares and Subscription Agreement shall be binding upon and shall inure to the benefit of the parties hereto and to the successors

and assigns of the Company and to the personal and legal representatives of the undersigned, and to the extent applicable, his spouse or children.

(8) Applicable Law.

Except when an interpretation of a federal and/or state securities laws is necessary or such law governs, this Subscription Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(9) Certification with Respect to Federal Dividend and Interest Payments: Back-up Withholding

Under penalties of perjury, the undersigned, if he is a national or resident of the United States, hereby certifies to the Company as follows:

(A) The number shown below is the undersigned's Social Security or other taxpayer identification number and such number is the undersigned's correct taxpayer identification number; and

(B) the undersigned is not subject to back-up withholding either because the undersigned has not been notified by the Internal Revenue Service that the undersigned is subject to back-up withholding as a result of failure to report all interest or dividends, or the Internal Revenue Service has notified the undersigned that the undersigned is no longer subject to back-up withholding.

IN WITNESS WHEREOF, the undersigned executes and agrees to be bound by this Subscription Agreement by executing the signature page attached hereon on the date thereon indicated.

THE INDIVIDUAL SUBSCRIBER SIGNATURE PAGE FOR
FIRST PRIORITY GROUP, INC.
SUBSCRIPTION AGREEMENT

Individual Subscribers Date:_____

Number of Shares Subscribed for:_____

Amount of Subscription (at $.50 per share) $_____

_____ _____
Social Security No. Print Name of Purchaser No. 1

_____
Signature of Purchaser No. 1

_____
Street Address

_____
City, State, Zip Code

_____ _____
Social Security No. Print Name of Purchaser No. 2

_____
Signature of Purchaser No. 2

_____
Street Address

_____
City, State, Zip Code

Manner in which Units are to be held (check one):

_____ Individual Ownership

_____ Tenants-in-Common

_____ Joint Tenant with Right of Survivorship

_____ Community Property

_____ Separate Property

_____ Other (please indicate)

THE ENTITY SUBSCRIBER SIGNATURE PAGE FOR
FIRST PRIORITY GROUP, INC.
SUBSCRIPTION AGREEMENT

Corporate or other Entity Date:_____

Number of Shares Subscribed for:_____

Amount of Subscription (at $.50 per share) $_____

_____ _____
Federal ID No. Print Name of Entity

By:_____
Name:
Title:

_____
Street Address

_____
City, State, Zip Code

Manner in which Units are to be held (check one):

_____ Partnership

_____ Corporation

_____ Trust

_____ Limited Liability Company

_____ Limited Liability Partnership

_____ Other (please specify)

BY SIGNING BELOW THE UNDERSIGNED ACCEPTS THE FOREGOING SUBSCRIPTION AND AGREES TO BE BOUND BY ITS TERMS.

FIRST PRIORITY GROUP, INC.

By: _____ Date of Acceptance:_____
Barry Siegel, Co-Chairman of the Board

Exhibit 10.3

THE REGISTERED HOLDER OF THIS WARRANT, BY ITS ACCEPTANCE HEREOF, AGREES THAT IT WILL NOT SELL, TRANSFER OR ASSIGN THIS WARRANT EXCEPT AS HEREIN PROVIDED.

VOID AFTER 5:00 P.M. EASTERN TIME, JULY 31, 2000.

WARRANT
For the Purchase of
750,000 Shares of Common Stock
of
FIRST PRIORITY GROUP, INC.

1. Warrant.

THIS CERTIFIES THAT, in consideration of $10.00 and other good and valuable consideration, duly paid by or on behalf of Kirlin Securities, Inc. ("Holder"), as registered owner of this Warrant, to First Priority Group, Inc. ("Company"), Holder is entitled, at any time or from time to time at or after the dates set forth below in this Section 1 (each a "Commencement Date"), and at or before 5:00 p.m., Eastern Time, July 31, 2000 ("Expiration Date"), but not thereafter, to subscribe for, purchase and receive, in whole or in part, up to Seven Hundred Fifty Thousand (750,000) shares of Common Stock of the Company ("Common Stock"). If the Expiration Date is a day on which banking institutions are authorized by law to close, then this Warrant may be exercised on the next succeeding day which is not such a day in accordance with the terms herein. During the period ending on the Expiration Date, the Company agrees not to take any action that would terminate the Warrant, except as expressly provided below in this Section 1. This Warrant is initially exercisable at a price per share of Common Stock purchased set forth below in this Section 1; provided, however, that upon the occurrence of any of the events specified in Section 6 hereof, the rights granted by this Warrant, including the exercise price and the number of shares of Common Stock to be received upon such exercise, shall be adjusted as therein specified. The term "Exercise Price" shall mean the initial exercise price or the adjusted exercise price, depending on the context, of a share of Common Stock. The term "Securities" shall mean the shares of Common Stock issuable upon exercise of this Warrant.

This Warrant shall become exercisable as follows:

(i) The right to purchase 125,000 shares of Common Stock shall become exercisable, at an initial exercise price per share of $.25 upon the execution date of the Investment Banking Agreement dated August 1, 1995 (the "Consulting Agreement") between the Company and Kirlin Securities, Inc. ("Kirlin");

(ii) The right to purchase 125,000 shares of Common Stock shall become exercisable, at an initial exercise price per share of $.125, on December 31, 1995, provided that prior to that date the Company shall have not terminated the Consulting Agreement with Kirlin;

(iii) The right to purchase 350,000 shares of Common Stock shall become exercisable, at an initial exercise price per share of $.25, on January 31, 1997, provided that prior to that date the Company shall have not terminated the Consulting Agreement;

(iv) The right to purchase 150,000 shares of Common Stock shall become exercisable, at an initial exercise price of $.375, on July 31, 1996, provided that prior to that date the Company shall have not terminated the Consulting Agreement; and

(v) Notwithstanding (b), (c) and (d) above, should Kirlin successfully complete the sale of 1,000,000 shares of the Company's Common Stock under the terms set forth in paragraph 4(b) of the Consulting Agreement, then at that time, the Holder shall have the right to purchase all of the remaining shares available under this Warrant that were not yet exercisable.

Once a portion of this Warrant has first become exercisable, it shall remain exercisable until the Expiration Date.

2. Exercise.

a. Exercise Form. In order to exercise this Warrant, the exercise form attached hereto must be duly executed and completed and delivered to the Company, together with this Warrant and payment of the Exercise Price for the Securities being purchased. If the subscription rights represented hereby shall not be exercised at or before 5:00 p.m., Eastern time, on the Expiration Date, this Warrant shall become and be void without further force or effect, and all rights represented hereby shall cease and expire.

b. Legend. Each certificate for Securities purchased under this Warrant shall bear a legend as follows, unless such Securities have been registered under the Securities Act of 1933, as amended ("Act"):

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended ("Act") or applicable state law. The securities may not be offered for sale, sold or otherwise transferred except pursuant to an effective registration statement under the Act, or pursuant to an exemption from registration under the Act and applicable state law."

c. Conversion Right.

i. Determination of Amount. In lieu of the payment of the Exercise Price in cash, the Holder shall have the right (but not the obligation) to convert this Warrant, in whole or in part, into Common Stock ("Conversion Right"), as follows: upon exercise of the Conversion Right, the Company shall deliver to the Holder (without payment by the Holder of any of the Exercise Price) that number of shares of Common Stock equal to the quotient obtained by dividing (x) the "Value" (as defined below) of the portion of the Warrant being converted at the time the Conversion Right is exercised by (y) the Market Price. The "Value" of the portion of the Warrant being converted shall equal 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. As used herein, the term "Market Price" at any date shall be deemed to be the last reported sale price of the Common Stock on such date, or, in case no such reported sale takes place on such day, the average of the last reported sale prices for the immediately preceding three trading days, in either case as officially reported by the principal securities exchange on which the Common Stock is listed or admitted to trading, or, if the Common Stock is not listed or admitted to trading on any national securities exchange or if any such exchange on which the Common Stock is listed is not its principal trading market, the last reported sale price as furnished by the National Association of Securities Dealers, Inc. ("NASD") through the Nasdaq National Market or SmallCap Market, or, if applicable, the OTC Bulletin Board, or if the Common Stock is not listed or admitted to trading on any of the foregoing markets, or similar organization, as determined in good faith by resolution of the Board of Directors of the Company, based on the best information available to it.

ii. Exercise of Conversion Right. The Conversion Right may be exercised by the Holder on any business day on or after the Commencement Date and not later than the Expiration Date by delivering the Warrant with a duly executed exercise form attached hereto with the conversion section completed to the Company, exercising the Conversion Right and specifying the total number of shares of Common Stock the Holder will purchase pursuant to such conversion.

3. Transfer.

a. General Restrictions. The registered Holder of this Warrant, by its acceptance hereof, agrees that it will not sell, transfer or assign or hypothecate this Warrant to anyone except upon compliance with, or pursuant to exemptions from, applicable securities laws. In order to make any permitted assignment, the Holder must deliver to the Company the

assignment form attached hereto duly executed and completed, together with this Warrant and payment of all transfer taxes, if any, payable in connection therewith. The Company shall immediately transfer this Warrant on the books of the Company and shall execute and deliver a new Warrant or Warrants of like tenor to the appropriate assignee(s) expressly evidencing the right to purchase the aggregate number of shares of Common Stock purchasable hereunder or such portion of such number as shall be contemplated by any such assignment.

b. Restrictions Imposed by the Securities Act. This Warrant and the Securities underlying this Warrant shall not be transferred unless and until (i) the Company has received the opinion of counsel for the Holder that such securities may be sold pursuant to an exemption from registration under the Act, and applicable state law, the availability of which is established to the reasonable satisfaction of the Company, or (ii) a registration statement relating to such Securities has been filed by the Company and declared effective by the Securities and Exchange Commission and compliance with applicable state law.

4. New Warrants to be Issued.

a. Partial Exercise or Transfer. Subject to the restrictions in Section 3 hereof, this Warrant may be exercised or assigned in whole or in part. In the event of the exercise or assignment hereof in part only, upon surrender of this Warrant for cancellation, together with the duly executed exercise or assignment form and funds (or conversion equivalent) sufficient to pay any Exercise Price and/or transfer tax, the Company shall cause to be delivered to the Holder without charge a new Warrant of like tenor to this Warrant in the name of the Holder evidencing the right of the Holder to purchase the aggregate number of shares of Common Stock and Warrants purchasable hereunder as to which this Warrant has not been exercised or assigned.

b. Lost Certificate. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant and of reasonably satisfactory indemnification, the Company shall execute and deliver a new Warrant of like tenor and date. Any such new Warrant executed and delivered as a result of such loss, theft, mutilation or destruction shall constitute a substitute contractual obligation on the part of the Company.

5. Registration Rights.

a. "Piggy-Back" Registration.

i. Grant of Right. The Holders of this Warrant shall have the right for a period of seven years from the Commencement Date to include all or any part of this Warrant and the shares of Common Stock underlying this Warrant (collectively, the "Registrable Securities") as part of any registration of securities filed by the Company (other than in connection with a transaction contemplated by Rule 145(a) promulgated under the Act or pursuant to Form S-8 or any equivalent form); provided, however, that if, in the written opinion of the Company's managing underwriter or underwriters, if any, for such offering (the "Underwriter"), the inclusion of the Registrable Securities, when added to the securities being registered by the Company or the selling stockholder(s), will exceed the maximum amount of the Company's securities which can be marketed (i) at a price reasonably related to their then current market value, or (ii) without materially and adversely affecting the entire offering, the Company shall nevertheless register all or any portion of the Registrable Securities required to be so registered but such Registrable Securities shall not be sold by the Holders until 90 days after the registration statement for such offering has become effective or for such longer period as the managing underwriter may require; and provided further that, if any securities are registered for sale on behalf of other stockholders in such offering and such stockholders have not agreed to defer such sale until the expiration of such period, the number of securities to be sold by all stockholders in such public offering during such period shall be apportioned pro rata among all such selling stockholders, including all holders of the Registrable Securities, according to the total amount of securities of the Company owned by said selling stockholders, including all

holders of the Registrable Securities.

ii. Terms. The Company shall bear all fees and expenses attendant to registering the Registrable Securities, but the Holders shall pay any and all underwriting commissions and the expenses of any legal counsel selected by the Holders to represent them in connection with the sale of the Registrable Securities. In the event of such a proposed registration, the Company shall furnish the then Holders of outstanding Registrable Securities with not less than thirty days written notice prior to the proposed date of filing of such registration statement. Such notice to the Holders shall continue to be given for each registration statement filed by the Company until such time as all of the Registrable Securities have been sold by the Holder. The holders of the Registrable Securities shall exercise the "piggy-back" rights provided for herein by giving written notice, within twenty days of the receipt of the Company's notice of its intention to file a registration statement. The Company agrees to use its best efforts to cause the registration statement that is filed to become effective and to qualify or register the Registrable Securities in such states as are reasonably requested by the holders; provided however, that in no event shall the Company be required to register the Registrable Securities in a state in which such registration would cause (i) the Company to be obligated to register or become licensed to do business in such state, or (ii) the principal stockholders of the Company to be obligated to escrow their shares of capital stock of the Company. The Company shall cause any registration statement filed pursuant to the above "piggyback" rights to remain effective for at least nine months from the date that the Holders of the Registrable Securities are first given the opportunity to sell all of such securities.

b. General Terms.

i. Indemnification.

(a) The Company shall indemnify the Holder(s) of the Registrable Securities to be sold pursuant to any registration statement hereunder and each person, if any, who controls such Holders within the meaning of Section 15 of the Act or Section 20(a) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), against all loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Act, the Exchange Act or otherwise, arising from such registration statement. The Holder(s) of the Registrable Securities to be sold pursuant to such registration statement, and their successors and assigns, shall severally, and not jointly, indemnify the Company, against all loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which they may become subject under the Act, the Exchange Act or otherwise, arising from information furnished by or on behalf of such Holders, or their successors or assigns, in writing, for specific inclusion in such registration statement.

(b) If any action is brought against a party hereto, ("Indemnified Party") in respect of which indemnity may be sought against the other party ("Indemnifying Party"), such Indemnified Party shall promptly notify Indemnifying Party in writing of the institution of such action and Indemnifying Party shall assume the defense of such action, including the employment and fees of counsel reasonably satisfactory to the Indemnified Party, and the payment of actual expenses. Such Indemnified Party shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the employment of such counsel shall have been authorized in writing by Indemnifying Party in connection with the defense of such action, or (ii) Indemnifying Party shall not have employed counsel to defend such action, or (iii) such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to it which may result in a conflict between the Indemnified Party and Indemnifying Party (in which case Indemnifying Party shall not have the right to direct the defense of such action on behalf of the Indemnified Party), in any of which events, the reasonable fees and expenses of not more than one additional firm of attorneys designated in writing by the Indemnified Party shall be borne by Indemnifying Party. Notwithstanding anything to the contrary contained herein, if Indemnified Party shall assume the defense of such action as provided

above, Indemnifying Party shall not be liable for any settlement of any such action effected without its written consent.

(c) If the indemnification or reimbursement provided for hereunder is finally judicially determined by a court of competent jurisdiction to be unavailable to an Indemnified Party (other than as a consequence of a final judicial determination of willful misconduct, bad faith or gross negligence of such Indemnified Party), then Indemnifying Party agrees, in lieu of indemnifying such Indemnified Party, to contribute to the amount paid or payable by such Indemnified Party (i) in such proportion as is appropriate to reflect the relative benefits received, or sought to be received, by Indemnifying Party on the one hand and by such Indemnified Party on the other or (ii) if (but only if) the allocation provided in clause (i) of this sentence is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in such clause (i) but also the relative fault of Indemnifying Party and of such Indemnified Party; provided, however, that in no event shall the aggregate amount contributed by a Holder exceed the profit, if any, earned by such Holder as a result of the exercise by him of the Warrants and the sale by him of the underlying shares of Common Stock.

(d) The rights accorded to Indemnified Parties hereunder shall be in addition to any rights that any Indemnified Party may have at common law, by separate agreement or otherwise.

ii. Exercise of Warrants. Nothing contained in this Warrant shall be construed as requiring the Holder(s) to exercise their Warrants prior to or after the initial filing of any registration statement or the effectiveness thereof.

iii. Documents Delivered to Holders. The Company shall furnish to each Holder participating in any of the foregoing offerings and to each Underwriter of any such offering, if any, a signed counterpart, addressed to such Holder or Underwriter, of (i) an opinion of counsel to the Company, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, an opinion dated the date of the closing under any underwriting agreement related thereto), and (ii) a "cold comfort" letter dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, a letter dated the date of the closing under the underwriting agreement) signed by the independent public accountants who have issued a report on the Company's financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities. The Company shall also deliver promptly to each Holder participating in the offering requesting the correspondence and memoranda described below and to the managing underwriter copies of all correspondence between the Commission and the Company, its counsel or auditors and all memoranda relating to discussions with the Commission or its staff with respect to the registration statement and permit each Holder and underwriter to do such investigation, upon reasonable advance notice, with respect to information contained in or omitted from the registration statement as it deems reasonably necessary to comply with applicable securities laws or rules of the NASD. Such investigation shall include access to books, records and properties and opportunities to discuss the business of the Company with its officers and independent auditors, all to such reasonable extent and at such reasonable times and as often as any such Holder shall reasonably request. The cost for the opinion of counsel and the "cold comfort" letter referenced in this section shall be borne equally by the Company and the Holder.

6. Adjustments.

a. Adjustments to Exercise Price and Number of Securities. The Exercise Price and the number of shares of Common Stock underlying this Warrant shall be subject to adjustment from time to time as hereinafter set forth:

i. Stock Dividends – Recapitalization, Reclassification, Split-Ups. If, after the date hereof, and subject to the provisions of Section 6.2 below, the number of outstanding shares of Common Stock is increased by a stock dividend on the Common Stock payable in shares of Common Stock or by a split-up, recapitalization or reclassification of shares of Common Stock or other similar event, then, on the effective date thereof, the number of shares of Common Stock issuable on exercise of this Warrant shall be increased in proportion to such increase in outstanding shares.

ii. Aggregation of Shares. If after the date hereof, and subject to the provisions of Section 6.3, the number of outstanding shares of Common Stock is decreased by a reverse stock split, consolidation, combination or reclassification of shares of Common Stock or other similar event, then, upon the effective date thereof, the number of shares of Common Stock issuable on exercise of this Warrant shall be decreased in proportion to such decrease in outstanding shares.

iii. Adjustments in Exercise Price. Whenever the number of shares of Common Stock purchasable upon the exercise of this Warrant is adjusted, as provided in this Section 6.1, the Exercise Price shall be adjusted (to the nearest cent) by multiplying such Exercise Price immediately prior to such adjustment by a fraction (x) the numerator of which shall be the number of shares of Common Stock purchasable upon the exercise of this Warrant immediately prior to such adjustment, and (y) the denominator of which shall be the number of shares of Common Stock so purchasable immediately thereafter.

iv. Replacement of Securities upon Reorganization, etc. In case of any reclassification or reorganization of the outstanding shares of Common Stock other than a change covered by Section 6.1.1 hereof or which solely affects the par value of such shares of Common Stock, or in the case of any merger or consolidation of the Company with or into another corporation (other than a consolidation or merger in which the Company is the continuing corporation and which does not result in any reclassification or reorganization of the outstanding shares of Common Stock), or in the case of any sale or conveyance to another corporation or entity of the property of the Company as an entirety or substantially as an entirety in connection with which the Company is dissolved, the Holder of this Warrant shall have the right thereafter (until the expiration of the right of exercise of this Warrant) to receive upon the exercise hereof, for the same aggregate Exercise Price payable hereunder immediately prior to such event, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or other transfer, by a Holder of the number of shares of Common Stock of the Company obtainable upon exercise of this Warrant immediately prior to such event; and if any reclassification also results in a change in shares of Common Stock covered by Sections 6.1.1 or 6.1.2, then such adjustment shall be made pursuant to Sections 6.1.1, 6.1.2, 6.1.3 and this Section 6.1.4. The provisions of this Section 6.1.4 shall similarly apply to successive reclassifications, reorganizations, mergers or consolidations, sales or other transfers.

v. Changes in Form of Warrant. This form of Warrant need not be changed because of any change pursuant to this Section, and Warrants issued after such change may state the same Exercise Price and the same number of shares of Common Stock and Warrants as are stated in the Warrants initially issued pursuant to this Agreement. The acceptance by any Holder of the issuance of new Warrants reflecting a required or permissive change shall not be deemed to waive any rights to a prior adjustment or the computation thereof.

b. Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of shares of Common Stock upon the exercise of this Warrant, nor shall it be required to issue scrip or pay cash in lieu of any fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up or down to the nearest whole number of shares of Common Stock or other securities, properties or rights.

7. Reservation and Listing. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon exercise of this Warrant, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof. The Company covenants and agrees that, upon exercise of the Warrants and payment of the Exercise Price therefor, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid and non-assessable and not subject to preemptive rights of any stockholder. As long as the Warrants shall be outstanding, the Company shall use its best efforts to cause all shares of Common Stock issuable upon exercise of the Warrants to be listed (subject to official notice of issuance) on all securities exchanges (or, if applicable on Nasdaq) on which the Common Stock is then listed and/or quoted.

8. Certain Notice Requirements.

a. Holder's Right to Receive Notice. Nothing herein shall be construed as conferring upon the Holders the right to vote or consent or to receive notice as a stockholder for the election of directors or any other matter, or as having any rights whatsoever as a stockholder of the Company. If, however, at any time prior to the expiration of the Warrants and their exercise, any of the events described in Section 8.2 shall occur, then, in one or more of said events, the Company shall give written notice of such event at least fifteen days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution, conversion or exchange of securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of the closing of the transfer books, as the case may be.

b. Events Requiring Notice. The Company shall be required to give the notice described in this Section 8 upon one or more of the following events: (i) if the Company shall take a record of the holders of its shares of Common Stock for the purpose of entitling them to receive a dividend or distribution payable otherwise than in cash, or a cash dividend or distribution payable otherwise than out of retained earnings, as indicated by the accounting treatment of such dividend or distribution on the books of the Company, or (ii) the Company shall offer to all the holders of its Common Stock any additional shares of capital stock of the Company or securities convertible into or exchangeable for shares of capital stock of the Company, or any option, right or warrant to subscribe therefor, or (iii) a dissolution, liquidation or winding up of the Company (other than in connection with a consolidation or merger) or a sale of all or substantially all of its property, assets and business shall be proposed.

c. Notice of Change in Exercise Price. The Company shall, promptly after an event requiring a change in the Exercise Price pursuant to Section 6 hereof, send notice to the Holders of such event and change ("Price Notice"). The Price Notice shall describe the event causing the change and the method of calculating same and shall be certified as being true and accurate by the Company's Chief Financial Officer.

d. Transmittal of Notices. All notices, requests, consents and other communications under this Warrant shall be in writing and shall be deemed to have been duly made on the date of delivery if delivered personally or sent by overnight courier, with acknowledgment of receipt to the party to which notice is given, or on the fifth day after mailing if mailed to the party to whom notice is to be given, by registered or certified mail, return receipt requested, postage prepaid and properly addressed as follows: (i) if to the registered Holder of this Warrant, to the address of such Holder as shown on the books of the Company, or (ii) if to the Company, to its principal executive office.

9. Miscellaneous.

a. Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Warrant.

b. Entire Agreement. This Warrant (together with the other agreements and documents being delivered pursuant to or in connection with this Warrant) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

c. Binding Effect. This Warrant shall inure solely to the benefit of and shall be binding upon, the Holder and the Company and their respective successors, legal representatives and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Warrant or any provisions herein contained.

d. Governing Law; Submission to Jurisdiction. This Warrant shall be governed by and construed and enforced in accordance with the law of the State of New York, without giving effect to conflict of laws. The Company hereby agrees that any action, proceeding or claim against it arising out of, or relating in any way to this Warrant shall be brought and enforced in the courts of the State of New York or of the United States of America for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 8 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the Company in any action, proceeding or claim. The Company agrees that the prevailing party(ies) in any such action shall be entitled to recover from the other party(ies) all of its reasonable attorneys' fees and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefor.

e. Waiver, Etc. The failure of the Company or the Holder to at any time enforce any of the provisions of this Warrant shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Warrant or any provision hereof or the right of the Company or any Holder to thereafter enforce each and every provision of this Warrant. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Warrant shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

f. Execution in Counterparts. This Warrant may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer as of the 1st day of August, 1995.

FIRST PRIORITY GROUP, INC.

By: _____
Name: Barry Siegel
Title: Co-Chairman

Form to be used to exercise Warrant:

First Priority Group, Inc.
270 Duffy Avenue
Hicksville, New York 11801

Date: _____

The undersigned hereby elects irrevocably to exercise the within Warrant and to purchase ____ shares of Common Stock of First Priority Group, Inc. and hereby makes payment of $_____ (at the rate of $_____ per share of Common Stock) in payment of the Exercise Price pursuant thereto. Please issue the Common Stock as to which this Warrant is exercised in accordance with the instructions given below.

or

The undersigned hereby elects irrevocably to convert its right to purchase _____ shares of Common Stock purchasable under the within Warrant into _____ shares of Common Stock of _____ (based on a "Market Price" of $_____ per share of Common Stock). Please issue the Common Stock in accordance with the instructions given below.

_____
Signature

_____
Signature Guaranteed

NOTICE: The signature to this form must correspond with the name as written upon the face of the within Warrant in every particular without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank, other than a savings bank, or by a trust company or by a firm having membership on a registered national securities exchange.

INSTRUCTIONS FOR REGISTRATION OF SECURITIES

Name _____
(Print in Block Letters)

Address _____

Form to be used to assign Warrant:

ASSIGNMENT

(To be executed by the registered Holder to effect a transfer of the within Warrant):

FOR VALUE RECEIVED,_____ does hereby sell, assign and transfer unto_____ the right to purchase _____ shares of Common Stock of _____ ("Company") evidenced by the within Warrant and does hereby authorize the Company to transfer such right on the books of the Company.

Dated: _____, 199__

_____
Signature

NOTICE: The signature to this form must correspond with the name as written upon the face of the within Warrant in every particular without alteration or enlargement or any change whatsoever.

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