

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14C INFORMATION
Information Statement Pursuant to Section 14(c) of
the Securities Exchange Act of 1934

Check the appropriate box:

- Preliminary Information Statement
- Confidential, for Use of the Commission Only
(as permitted by Rule 14c-5(d)(2))
- Definitive Information Statement

First Priority Group, Inc.
(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

- \$125 per Exchange Act Rules 0-11(c)(1)(ii), or 14c-5(g)
- Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
- 5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and

identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

First Priority Group, Inc.
270 Duffy Avenue
Hicksville, New York 11801-2828

NOTICE OF 1996 ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of First Priority Group, Inc., a New York corporation (the "Company"), will be held at First Priority Group, Inc., 270 Duffy Avenue, Hicksville, New York, on Monday, September 30, 1996 at 11:00 A.M. local time for the following purposes, all of which are more completely set forth in the accompanying Information Statement:

- (1) To elect three persons as Directors to hold office until the next Annual Meeting or until their respective successors are elected and qualified;

- (2) To ratify the selection by the Board of Directors of Nussbaum Yates & Wolpow, P.C. as the independent accountants to audit the Company's financial statements for 1996.
- (3) To ratify the 1995 Incentive Stock Plan previously adopted by the Board of Directors of the Company.
- (4) To approve an increase in the total number of shares of all classes of stock that the Company shall have authority to issue to 21 million shares, of which 1 million shares shall be Preferred Stock, having a par value of \$.01 per share ("Preferred Stock"), and 20 million shall be Common Stock, having a par value of \$.015 per share ("Common Stock").
- (5) To transact such other business as may properly come before the meeting or any adjournments thereof.

The Board of Directors has fixed the close of business on August 30, 1996, as the record date for the determination of shareholders entitled to receive notice of and to vote at the Annual Meeting or any adjournment thereof.

BY ORDER OF THE BOARD OF DIRECTORS

Barry Siegel
Co-Chairman, Co-Chief Executive Officer,
Treasurer and Secretary

September 10, 1996

We Are Not Asking You for a Proxy and You are Requested Not To Send Us a Proxy

First Priority Group, Inc.
270 Duffy Avenue
Hicksville, New York 11801-2828

Information Statement

This Information Statement, expected to be mailed on or about September 10, 1996, is furnished in connection with the Annual Meeting of Shareholders to be held on September 30, 1996, at 11:00 A.M., at First Priority Group, Inc., 270 Duffy Avenue, Hicksville, New York, and at any adjournment thereof, for the purposes set forth in the Notice of Annual Meeting.

Only the holders of the Company's common stock of record at the close of business on August 30, 1996 will be entitled to notice of and to vote at the Annual Meeting. As of August 30, 1996, there were outstanding 5,883,883 shares of the Company's common stock. Each share of common stock is entitled to one (1) vote on each matter to be voted on, and a majority of the shares entitled to vote, represented in person or by proxy, is required to constitute a quorum for the transaction of business.

Each of the matters to be voted on at the Annual Meeting requires the affirmative vote of the holders of a majority of the issued and outstanding shares of the Company's common stock represented and voting at the meeting. The three nominees receiving a plurality of the votes cast for election of directors of the Company will be elected as directors of the Company.

The Company's 1995 Annual Report to Shareholders, which is being mailed concurrently to the Shareholders of the Company, does not form any part of this Information Statement.

The Board of Directors recommends a vote FOR each of the Proposals discussed in this Information Statement and FOR each of the persons nominated to be elected directors of the Company.

PROPOSAL 1 ELECTION OF DIRECTORS

Three persons have been nominated as Directors of the Company. All of the nominees are currently Directors of the Company. The term of office of each Director elected will be one year or until the election and qualification of his successor.

The names of the three nominees, the age and principal occupation of each and the period during which each has served as a Director of the Company are set forth below:

Three Nominees to the Board of Directors:

Name and Five Year Business Experience -----	Age ---
Michael Karpoff	52

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	44
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Barry Siegel became a director of the Company 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.

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Leonard Giarraputo	51
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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.

Other Executive Officers of the Company

Name and Five Year Business Experience -----	Age ---
Lisa Siegel	35

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.

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.

BOARD OF DIRECTORS AND COMMITTEES

The Board of Directors has the responsibility to serve as the representative of the Shareholders. The Board establishes broad corporate policies and oversees the overall performance of the Company. However, the Board is not involved in day-to-day operating details. Members of the Board are kept informed of the Company's business activities through discussion with the Chief Executive Officer, by reviewing analyses and reports sent to them by management and by participating in board meetings. At present, the Board of Directors has no standing committees.

During 1995 there were five meetings of the Board of Directors, and all directors attended more than 75% of the Board of Directors' meetings. Directors received no compensation for their service on the Board of Directors.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following information is as of March 28, 1996.

(a) Security ownership of certain beneficial owners.

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(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 of 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 801,667 shares held directly by Barry Siegel, 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.

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

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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

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expenses of \$15,000, and a warrant to purchase 100,000 shares of the Company's common stock.

Compliance with Section 16(a) of the Exchange Act

The Company does not have a class of securities registered under Section 12 of the Exchange Act and therefore the affiliates of the Company need not comply with Section 16 (a) of the Exchange Act.

Compensation of Directors and Executive Officers

(b) Summary Compensation Table

SUMMARY COMPENSATION TABLE

(a)	(b)	Annual Compensation	
		(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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(c) 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)
Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options/SARs at FY-End (#) Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options/SARs at FY-End (\$) 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
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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.

PROPOSAL 2

The Board of Directors has selected Nussbaum Yates & Wolpow, P.C., independent certified public accountants, as the auditors for the 1996 fiscal year. The Company has been advised by Nussbaum Yates & Wolpow, P.C. that neither the firm nor any of its associates has any material relationship with the Company or any of its subsidiaries. In accordance with a resolution of the Board of Directors, such selection is being presented to the shareholders for ratification at the Annual Meeting. If the foregoing proposal is not approved by a majority vote of the shareholders present, in person or by proxy, at the Annual Meeting or if prior to the Annual Meeting, Nussbaum Yates & Wolpow, P.C.

shall decline to serve, then the Board of Directors will designate another firm to audit the financial statements of the Company for 1995 fiscal year, whose continued employment thereafter will be subject to ratification by the shareholders.

It is not expected that a representative of Nussbaum Yates & Wolpov, P.C. will be present at the Annual Meeting.

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Nussbaum Yates & Wolpov, P.C. is the accounting firm which examined and reported on the Company's financial statements for the last two fiscal years. The opinion on the 1995 and 1994 financial statements contained no disclaimer and were unqualified.

PROPOSAL 3

The Company's Incentive Stock Option Plan (the "ISO Plan") originally adopted in 1988 will expire in 1998. Additionally, 700,000 shares of the 1,000,000 shares reserved under the ISO Plan have been granted. This ISO Plan also does not permit the grant of options to non-employees or directors, nor does it establish a Stock Option Committee of Disinterested Persons within the meaning of Rule 16b-3 (or any successor rule or regulation promulgated under the Securities Exchange Act of 1934, as amended). Therefore, the Board of Directors has determined that instead of amending the ISO Plan that will expire in 1998, a new plan should be developed.

The Board of Directors has adopted, subject to shareholders approval, the Company's 1995 Incentive Stock Plan (the "Plan"). This Plan provides for a Stock Option Committee consisting of at least three Disinterested Persons, or in the absence of a Stock Option Committee, the entire Board of Directors, to grant, in their sole discretion, stock options to employees (including directors and officers who are employees), directors (who are not employees) and to consultants (who are neither employees nor directors) of the Company, as an incentive to promote loyalty and a high level of service for the benefit of the Company. The Plan provides for the grant of three distinct options:

1. Statutory options or incentive stock options, pursuant to Section 422 of the Internal Revenue Code (the "Code") ("Incentive Stock Options"). These options carry favorable tax benefits for the option holders should the holder and the Company meet the requirements under the Code.
2. Non-statutory options do not carry the tax benefits of the Incentive Stock Options, but also do not have any requirements other than the grantee being eligible under the Plan.
3. Formula options will be granted under the Plan to every non-employee member of the Board of Directors following the end of the Company's fiscal year. Such option grant shall provide the right to purchase 15,000 shares of the Company's common stock at the fair market value on the date of grant.

The Plan provides for the issuance of up to 6 million shares of the Company's common stock being reserved for future grants under the Plan. The Plan will expire in 2005. A copy of the Plan is attached as Exhibit A of this Information Statement.

PROPOSAL 4

The Company presently has authorized for issuance 8 million common stock shares. On August 30,

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1996, the Company had 5,883,883 shares issued and outstanding. The Company has granted warrants, non-statutory stock options and stock options under the ISO Plan accounting for a total of approximately 2.2 million shares. Additionally, the Plan, subject to shareholder approval appearing as Proposal 3 of this Information Statement, requires that 6 million shares be reserved for the Plan. Lastly, the Company will require additional authorized common stock shares for its future fund raising activities and/or any acquisitions that may arise. Therefore, the Board has recommended that the Company be authorized to issue a total of 20 million common stock shares. An amendment to the Certificate of the Incorporation must be made to increase the number of authorized common stock

shares. [See Exhibit B]

Additionally the Certificate of Incorporation does not authorize the Board to issue preferred stock should the need arise for additional fund raising or acquisition activities. Therefore, the Board of Directors has proposed that the Company be authorized to issue 1 million shares of preferred stock with a par value of \$.01 per share. An amendment to the Certificate of the Incorporation must be made to authorize preferred shares of the Company. [See Exhibit B]

PROPOSALS OF SHAREHOLDERS

Proposals of any shareholders of the Company which are to be presented at the Company's 1997 Annual Meeting of Shareholders which such shareholder wishes to be included in the Company's Information Statement or Proxy Statement relating to such Annual Meeting, must be received by the Company no later than January 1, 1997. The next Annual Meeting of Shareholders is anticipated to be held on June 20, 1997.

OTHER BUSINESS

The Annual Meeting is called for the purposes set forth in the Notice of 1996 Annual Meeting of Shareholders. The Board of Directors does not intend to present, and knows of no one who intends to present, any matter for action by shareholders at such meeting other than the matters referred to in that Notice.

Barry Siegel
Co-Chairman, Co-Chief Executive Officer,
Treasurer and Secretary

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

September 10, 1996

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Exhibit A

1995 Incentive Stock Plan of First Priority Group, Inc.

1. PURPOSES OF THE PLAN. This 1995 Incentive Stock Plan (the "Plan") is designed to provide an incentive to employees (including directors and officers who are employees), directors (who are not employees) and to consultants (who are neither employees nor directors) of First Priority Group, Inc., a New York corporation (the "Company"), and its present and future Subsidiary corporations, as defined in Paragraph 19, and to offer an additional inducement in obtaining the services of such individuals. The Plan provides for the grant of Incentive Stock Options ("ISO") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and Non-statutory Options ("NSO"), but the Company makes no warranty as to the qualification of any option as an ISO under the Code.

2. STOCK SUBJECT TO THE PLAN. Subject to the provisions of Paragraph 12, the aggregate number of shares of Common Stock \$.015 par value per share of the Company ("Common Stock") for which options may be granted under the Plan shall not exceed Six Million (6,000,000). Such shares of Common Stock may in the discretion of the Board of Directors of the Company (the "Board of Directors") consist either in whole or in part of authorized, but unissued shares of Common Stock or shares of Common Stock held in the treasury of the Company. The Company shall at all times during the term of the Plan reserve and keep available such number of shares of Common Stock as will be sufficient to satisfy the requirements of the Plan. Subject to the provisions of Paragraph 13, any shares of Common Stock subject to an option which for any reason expires, is canceled or is terminated, unexercised or which ceases for any reason to be exercisable shall again become available for the granting of options under the Plan.

3. ADMINISTRATION OF THE PLAN. The Plan shall be administered by a Stock Option Committee (the "Committee") consisting of not less than three members of the Board of Directors each of whom shall be a "disinterested person" within the meaning of Rule 16b-3 (or any successor rule or regulation promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). A majority of

the members of the Committee shall constitute a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present, and any acts approved in writing by all members without a meeting shall be the acts of the Committee.

Should the Board of Directors not appoint a Stock Option Committee, or not be able to appoint to the Committee three members of the Board of Directors who shall each be a "disinterested person" within the meaning of Rule 16b-3 (or any successor rule or regulation promulgated under the Exchange Act, then the Plan shall be administered by the Board of Directors, with all rights and obligations of the Committee as set forth in the Plan, until such time as a properly qualified Committee is appointed.

Subject to the express provisions of the Plan, the Committee shall have the authority, in its sole discretion, except as set forth in Paragraph 4A, to determine the employees, directors and consultants who shall receive options; the times when they shall receive options; whether an option granted to an employee shall be an ISO or a NSO; the number of shares of Common Stock to be subject to each option; the term of each option; the date each option shall become exercisable; whether an option shall be exercisable in whole or in part or in installments, and, if installments, the number of shares of Common Stock to subject to each installment; whether the installments shall be cumulative; the date each installment shall become exercisable and the term of each installment; whether to accelerate the date of exercise of any installment; whether shares of Common Stock may be issued on exercise of an option as partly paid, and if so, the dates when future installments of the exercise price shall become due and the amounts of such installments; the exercise price of each option; the form of payment of the exercise price; the amount, if any, necessary to satisfy the Company's obligation to withhold taxes; whether to restrict the sale or other disposition of the shares of Common Stock acquired upon the exercise of an option and to waive any such restriction; whether to subject the exercise of all or any portion of an option to the fulfillment of contingencies as specified in the Contract (as described in Paragraph 11), including without limitations, contingencies relating to entering into a covenant not to compete with the Company and its Subsidiaries, a division, a product line or other category, and/or the period of continued employment for the optionee with the Company, or its Subsidiaries, and to determine whether such contingencies have been met; to construe the respective Contract and the Plan, with consent of the optionee, to cancel or modify the option, provided such option as modified would be permitted to be granted on such date under the terms of the Plan; and to make all other determinations necessary or advisable for administering the Plan. The determinations of the Committee on matters referred to in this Paragraph 3 shall be conclusive. No member or former member of the Committee shall be

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liable for any action or determination made in good faith with respect to the Plan or any option granted hereunder.

4. ELIGIBILITY OF GRANTS. The Committee may, consistent with the purpose of the Plan, grant options from time to time, to employees (including officers and directors who are employees), to directors who are not employees ("Non-employee Directors") and/or consultants (who are neither employees or directors) of the Company or any of its Subsidiaries. Options granted shall cover such number of shares of Common Stock as the Committee may determine provided, however, that the aggregate fair market value (determined as of the time the option with respect to the stock is granted) of stock with respect to which ISO's are exercisable for the first time by any individual during any calendar year (under all plans of the individual's employer corporation and its Parent and Subsidiary corporation) exceeds \$100,000, such options shall be treated as options which are not incentive stock options. The \$100,000 limitation shall be applied by taking options into account in the order in which they were granted.

A. Non-employee Director Stock Options.

(a) Eligibility. Each Non-Employee Director shall be granted options to purchase shares of Common Stock in accordance with this Paragraph 4A. All options granted under this Paragraph 4A shall constitute a NSO.

(b) Grants of Stock Option. Each Non-employee Director shall be granted NSOs as follows:

(i) Time of grant. On the date following the end of the Company's fiscal year in 1996 and each year thereafter, each Non-employee Director who is

a Non-employee Director after the end of the Company's fiscal year shall be granted an option to purchase 15,000 shares of Common Stock at a purchase price equal to the fair market value of a share of Common Stock on the date of grant of such option.

(ii) Option Period and Exercisability. Each option granted under this Paragraph 4A shall be exercisable in part or in full at any time after the grant thereof provided: (1) each such option shall expire ten (10) ten years after its date of grant or on such earlier date as is hereinafter provided and (2) no Common Stock acquired upon the exercise of such options shall be sold or transferred by the person exercising such option during the six month period following the date of exercise of such option if such person shall be a director of the Company on the date such option is exercised. An exercisable option, or portion thereof, may be exercised in whole or in part only with respect to whole shares of Common Stock. Options granted under this Paragraph 4A shall be exercisable in accordance with Paragraph 7.

5. EXERCISE PRICE. The exercise price of the shares of Common Stock under each option shall be determined by the Committee, provided, however, that the exercise price shall not be less than 100 percent of the fair market value of the Common Stock subject to such option on the date of grant; and further provided, that if, at the time an ISO is granted, the optionee owns, or is deemed to own in excess of 10 percent of the total combined voting power of all classes of stock of the corporation or its Subsidiary corporations, the exercise price of such ISO shall not be less than 110 percent of the fair market value of the Common Stock subject to such ISO on the date of grant.

6. TERM. The term of each option granted pursuant to the Plan shall be such term as is established by the Committee, in its sole discretion, at or before the time such option is granted: provided, however, that the term of each ISO granted pursuant to the Plan shall be for a period not exceeding 10 years from the date of grant thereof, and further provided, that if, at the time an ISO is granted, the optionee owns, or is deemed to own, stock possessing more than 10 percent of total combined voting power of all classes of stock of the Company, or any of its Subsidiaries, the term of the ISO shall be for a period not exceeding five years from the date of grant. Options shall be subject to earlier termination as hereinafter provided.

7. EXERCISE. An option (or any part or installment thereof), to the extent then exercisable, shall be exercised by giving written notice to the Company, at its principal office (at present 270 Duffy Avenue, Hicksville, New York 11801, Attention: Stock Option Committee), stating which option is being exercised, specifying the number of shares of Common Stock as to which such option is being exercised and accompanied by payment in full of the aggregate exercise price thereof (or the amount due on exercise if the Contract permits, with previously acquired shares of Common Shares having an aggregate fair market value, on the date of exercise, equal to the aggregate exercise price of all options being exercised, or with any combination of cash, certified check or shares of Common Stock.

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A person entitled to receive Common Stock upon the exercise of an option shall not have the rights of a shareholder with respect to such shares of Common Stock until the date of issuance of a stock certificate is issued, any option holder using previously acquired shares of Common Stock in payment of an option exercise price shall continue to have the rights of a shareholder with respect to such previously acquired shares.

In no case, may a fraction of a share of Common Stock be purchased or issued under the Plan.

8. TERMINATION OF EMPLOYMENT. Any holder of an option granted to an employee whose employment with the Company (and/or its Subsidiaries) has terminated for any reason other than his or her death or Disability (as defined in Paragraph 19) may exercise such option, to the extent exercisable on the date of termination, at any time within three months after the date of termination; but not thereafter and in no event after the expiration of the term of the option; provided, however, that if his or her employment shall be terminated either (a) for cause, or (b) without the consent of the Company, said option shall be terminate immediately. Options granted to employees under the Plan shall not be affected by any change in the status of the holder so long as he continues to be a full-time employee of the Company, or any of its Subsidiaries (regardless of having been transferred from one corporation to another).

For purposes of the Plan, an employment relationship shall be deemed to exist between an individual and a corporation if, at the time of the determination, the individual was an employee of such a corporation for purposes of Section 422(a) of the Code. As a result, an individual on military, sick leave or other bona fide leave of absence shall continue to be considered an employee for purposes of the Plan during such period if the leave does not exceed 90 days, or, if longer, so long as the individual's right to reemployment with the Company (or related corporation) is guaranteed whether by statute or by contract. If the period of leave exceeds 90 days and individual's right to reemployment is not guaranteed by statute or by contract, the employment relationship shall be deemed to have terminated on the 91st day of such leave.

An option granted to a consultant may be exercised at any time during its term. It shall not be affected by a change in the holder's relationship with the Company or its Subsidiaries.

An option granted to a director, who is not an employee of the Company or a Subsidiary, may exercise such option, to the extent it is exercisable on the date of the end of his or her term as a member of the Board of Directors, at any time within one (1) year after the end of said term, unless the Committee affirmatively extends the term of said option. Notwithstanding the previous sentence, should the director be removed as a member of the Board of Directors, for cause, the option shall terminated immediately.

Nothing in the Plan or in any option granted under the Plan shall confer on any individual any right to continue in the employ, or to serve as a consultant or a director of the Company or a Subsidiary, or interfere in any way with the right of the Company, or any of its Subsidiaries to terminate the holder's employment or consulting or remove the holder as a member of the Board of Directors, at any time for any reason whatsoever without liability to the Company of any of its Subsidiaries.

9. DEATH OF DISABILITY OF AN OPTIONEE. If an employee or director to whom an option was granted dies (a) while he is employed by the Company, or its Subsidiaries; or (b) within 90 days after termination of his employment (unless such termination was for cause or without the consent of the Company; or (c) while serving as a member of the Board of Directors of the Company; or (d) within 90 days after the expiration of his or her term as a member of the Board of Directors; or (e) within one year following the termination of his employment by reason of Disability, the option may be exercised, to the extent exercisable on the date of death, by his or her executor, administrator or other person at the time entitled by law to his rights under such option, at any time within one year after death, but not thereafter and in no event after the expiration of the term of the option.

The holder of an option granted to an employee whose employment has terminated by reason of Disability may exercise such option, to the extent exercisable upon the effective date of such termination, at any time within one year after such date, but not thereafter and in no event after the expiration of the term of the option.

The term of an option granted to a consultant shall not be affected by the death or Disability of the consultant. In such event, the option may be exercised by the executor, administrator or other person a the time entitled by law to his rights under such option to the extent exercisable at the time of the consultant's death or Disability at any time during the term of the option, but not thereafter.

10. COMPLIANCE WITH SECURITIES LAWS. The Committee may require, in its discretion, as a condition to the exercise of any option that either (a) a Registration Statement under the Securities Act of 1933, as amended (the "Securities Act") with respect to the shares of Common Stock to be issued upon such exercise shall be effective and current at the time of exercise, or (b) there is an exemption from registration under the Securities Act for the issuance of shares of Common Stock upon exercise. Nothing shall be construed as requiring the Company to register shares subject to any option under the Securities Act.

The Committee may require the optionee to execute and deliver to the Company his or her representation and warranty in form and substance satisfactory to the

Committee, that the shares of Common Stock to be issued upon exercise of the option are being acquired by the optionee for his own account, for investment only and not with a view to the resale or distribution thereof. In addition, the Committee may require the optionee to represent and warrant in writing that any subsequent resale or distribution of shares of Common Stock by such optionee will be made only pursuant to (i) a Registration Statement under the Securities Act which is effective and current with respect to the shares of Common Stock being sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption, the optionee shall provide the Company with a favorable written opinion of counsel in form and substance satisfactory to the Company, as to the applicability of such exemption to the proposed sale or distribution.

In addition, if at any time the committee shall determine in its discretion that the listing or qualification of the shares of Common Stock subject to such option on any securities exchange or under any applicable law, or the consent, or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of an option, or the issue of shares of Common Stock thereunder, such option may not be exercised in whole or in part, unless such listing, qualification, consent or approval shall have been effective or obtained free of any conditions not acceptable to the Committee.

11. STOCK OPTION CONTRACTS. Each option shall be evidenced by an appropriate contract which shall be duly executed by the Company and the optionee, shall contain such terms and conditions not inconsistent herewith as may be determined by the Committee (the "Contract").

12. ADJUSTMENTS UPON CHANGES IN COMMON STOCK. Notwithstanding any other provisions of the Plan, in the event of any change in the outstanding Common Stock by reason of a stock split, stock dividend, recapitalization, merger in which the Company is the surviving corporation, split-up, combination or exchange or the like, the aggregate number and kind of shares subject to the Plan, the aggregate number and kind of shares subject to each outstanding option and the exercise price thereof shall be appropriately adjusted by the Board of Directors, including options granted pursuant to Paragraph 4A, whose determination shall be conclusive.

In the event of (a) the liquidation or dissolution of the Company, (b) a merger in which the Company is not the surviving corporation or a consolidation, or (c) any other capital reorganization in which more than 50 percent of the shares of Common Stock of the Company entitled to vote are exchanged, any outstanding options shall become exercisable in full.

13. AMENDMENTS AND TERMINATION OF THE PLAN. The Board of Directors, without further approval of the Company's shareholders, may at any time suspend or terminate the Plan, in whole or in part, or amend it from time to time in such respects as it may deem advisable, including without limitation, in order to fully comply with the Code and Rule 16b-3 promulgated under the Exchange Act. The Plan may not be amended without consent of the Company's shareholders for those changes that require shareholders' approval under the Code. No termination, suspension or amendment of the Plan shall, without the consent of the holder of an existing option affected thereby, adversely affect his rights under such option. The power of the Committee to construe and administer any options granted under the Plan prior to the termination or suspension of the Plan nevertheless shall continue after such termination or during such suspension.

14. NON-TRANSFERABILITY OF OPTIONS. No option granted under the Plan shall be transferable otherwise than by will or the laws of descent and distribution, and options may be exercised, during the lifetime of the holder thereof, only by him or his legal representatives. Except to the extent provided above, options may not be assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise) and shall not be subject to execution attachment or similar process.

15. WITHHOLDING TAXES. The Company may withhold cash and or shares of Common Stock to be issued with respect thereto having an aggregate fair market value equal to the amount which it determines is necessary to satisfy its obligation to withhold Federal, state and local income taxes incurred by reason of the grant or exercise of an option, its disposition, or the disposition of the

underlying shares of Common Stock. Alternatively, the Company may require the holder to pay to the Company such amount, in cash, promptly upon demand. The Company shall not be required to issue any shares of Common Stock pursuant to any such option until all required payments have been made.

16. LEGENDS; PAYMENT OF EXPENSES. The Company may endorse such legend or legends upon the certificates for shares of Common Stock issued upon exercise of an option under the Plan and may issue such "stop transfer" instructions to its transfer agent in respect of such shares as it determines in its discretion, to be necessary or appropriate to (a) prevent a violation of, or to perfect an exemption from the registration requirements of the Securities Act, (b) implement the provisions of the Plan or any agreement between the Company and the optionee with respect to such shares of Common Stock, or (c) permit the Company to determine the occurrence of a "disqualifying disposition", as described in Section 421(b) of the Code, of the shares of Common Stock transferred upon the exercise of an ISO granted under the Plan.

The Company shall pay all issuance taxes with respect to the issuance of shares of Common Stock upon the exercise of an option granted under the Plan, as well as all fees and expenses incurred by the Company in connection with such issuance.

17. USE OF PROCEEDS. The cash proceeds from the sale of shares of Common Stock pursuant to the exercise of options under the Plan shall be added to the general funds of the Company and used for its general corporate purpose as the Board of Directors may determine.

18. SUBSTITUTIONS AND ASSUMPTIONS OF OPTIONS OF CERTAIN CONSTITUENT CORPORATIONS. Anything in this Plan to the contrary notwithstanding, the Board of Directors may, without further approval by the shareholders substitute new options for prior options of a Constituent Corporation (as defined in Paragraph 19) or assume the prior options of such Constituent Corporation.

19. DEFINITIONS.

(a) Subsidiary(ies). Term Subsidiary(ies) shall have the same definition as "Subsidiary Corporation" in Section 424(f) of the Code.

(b) Parent. The term "Parent" shall have the same definition as "Parent Corporation" in Section 424(e) of the Code.

(c) Constituent Corporation. The term "Constituent Corporation" shall mean any corporation which engages with the company, its Parent or any Subsidiary in a transaction to which Section 424(a) of the Code applies (or would apply if the option assumed or substituted were an ISO), or any Parent or any subsidiary of such corporation.

(d) Disability. The term "Disability" shall mean a permanent and total disability within the meaning of Section 22(e)(3) of the Code.

20. GOVERNING LAW. The Plan, such options as may be granted hereunder and all related matters shall be governed by, and construed in accordance with, the laws of the State of New York.

21. PARTIAL INVALIDITY. The invalidity or illegality of any provision herein shall not affect the validity of any other provision.

22. STOCKHOLDER APPROVAL. This Plan shall be subject to approval by the holders of a majority of the Company's outstanding shares of Common Stock entitled to vote thereon. No options granted pursuant to this Plan shall be exercised prior to such approval. Notwithstanding the foregoing, if this Plan is not approved by a vote of the shareholders of the Company prior to the expiration of the twelve month period commencing on the date this Plan is adopted by the Board of Directors, then this Plan shall be terminated.

Exhibit B

(a) To delete the present Paragraph Fourth and to substitute the following in its place:

Fourth

A. Authorized Shares.

The total number of shares of all classes of stock that the Corporation shall have the authority to issue is 21,000,000 shares, of which 1,000,000 shares shall be Preferred Stock, having a par value of \$0.01 per share ("Preferred Stock"), and 20,000,000 shall be Common Stock, having a par value of \$0.015 per share ("Common Stock"). The Board of Directors is expressly authorized to provide for the classification and reclassification of any unissued shares of Preferred Stock or Common Stock and issuance thereof in one or more classes or series without the approval of the stockholders of the Corporation.

B. Common Stock.

(1) Relative Rights.

The Common Stock shall be subject to all of the rights, privileges, preferences and priorities of the Preferred Stock as set forth in the certificate or certificates of designation filed to establish the respective series of Preferred Stock. Each share of Common Stock shall have the same relative rights as and be identical in all respects to all the other shares of Common Stock.

(2) Voting Rights.

Each holder of shares of Common Stock shall be entitled to attend all special and annual meetings of the stockholders of the Corporation and, share for share and without regard to class, together with the holders of all other classes of stock entitled to attend such meetings and to vote (except any class or series of stock having special voting rights), to cast one vote for each outstanding share of Common Stock so held upon any matter or thing (including, without limitation, the election of one or more directors) properly considered and acted upon by the stockholders, except as otherwise provided in this Certificate of Incorporation or by applicable law.

(3) Dividends.

Whenever there shall have been paid or declared and set aside for payment, to the holders of shares of any class of stock having preference over the Common Stock as to the payment of dividends, the full amount of dividends and of sinking fund or retirement payments, if any, to which such holders are respectively entitled in preference to the Common Stock, then the holders of record of the Common Stock and any class or series of stock entitled to participate therewith as to dividends, shall be entitled to receive dividends, when, as, and if declared by the Board of Directors, out of any assets legally available for the payment of dividends thereon.

(4) Dissolution, Liquidation, Winding Up.

In the event of any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, the holders of record of the Common Stock then outstanding, and all holders of any class or series of stock entitled to participate therewith in whole or in part, as to distribution of assets, shall become entitled to participate in the distribution of any assets of the Corporation remaining after the Corporation shall have paid, or set aside for payment, to the holders of any class of stock having preference over the Common Stock in the event of dissolution, liquidation or winding up, the full preferential amounts (if any) to which they are entitled, and shall have paid or provided for payment of all debts and liabilities of the Corporation.

C. Preferred Stock.

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(1) Issuance, Designations, Powers, Etc.

The Board of Directors expressly is authorized, subject to limitations prescribed by the New York Business Corporation Law and the provisions of this Certificate of Incorporation, to provide, by resolution and by filing an amendment to the Certificate of Incorporation pursuant to the New York Business Corporation Law, for the issuance from time to time of the shares of Preferred

Stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences and other rights of the shares of each such series and to fix the qualifications, limitations and restrictions thereon, including, but without limiting the generality of the foregoing, the following:

(a) the number of shares constituting that series and the distinctive designation of that series;

(b) the dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that series;

(c) whether that series shall have voting rights, in addition to voting rights provided by law, and, if so, the terms of such voting rights;

(d) whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provisions for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(e) whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(f) whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;

(g) the rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series; and

(h) any other relative powers, preferences and rights of that series, and qualifications, limitations or restrictions on that series.

(2) Dissolution, Liquidation, Winding Up.

In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of Preferred Stock of each series shall be entitled to receive only such amount or amounts as shall have been fixed by the certificate of designations or by the resolution or resolutions of the Board of Directors providing for the issuance of such series.