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

FORM 10-KSB

(Mark One)

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

For the fiscal year ended December 31, 2000

or

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

For the transition period from to

Commission File Number 0-21467

DRIVERSSHIELD.COM CORP.
(Formerly First Priority Group, Inc.)

(Name of small business issuer in its charter)

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

51 East Bethpage Road
Plainview, New York 11803

(Address of principal executive offices) (Zip Code)

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

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

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

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

Yes |X| No |_|

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

State the issuer's revenues for its most recent fiscal year $14,451,103

The aggregate market value of the issuer's voting stock held by non-affiliates of the issuer as of March 29, 2001, based upon the closing price on the date thereof is $5,500,320.

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

As of March 30, 2001, the issuer had outstanding a total of 10,696,988 shares.

DOCUMENTS INCORPORATED BY REFERENCE:

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

Transitional Small Business Disclosure Format (check one):

Yes |_| No |X|

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Part I

Item 1. DESCRIPTION OF BUSINESS

On November 23, 1983, driversshield.com FS Corp., formerly known as National Fleet Service, Inc., a New York corporation was formed and commenced operations as an automotive fleet administrator. Thereafter, driversshield.com Corp., formerly First Priority Group, Inc., a New York corporation, was formed on June 28, 1985, and is engaged in automotive fleet management and administration of automotive repairs for businesses, insurance companies and members of affinity groups; it became the parent company to driversshield.com FS Corp.

In October 2000, the Company changed its name to driversshield.com Corp and its stock trading symbol on the Nasdaq SmallCap Market to DRVR.

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

Nature of Services

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

The Company through its wholly-owned subsidiary, driversshield.com FS Corp. ("FS"), conducts the Company's fleet management businessand through its wholly-owned subsidiary driversshield.com ADS Corp. ("ADS"), provides the various affinity programs for all types of businesses.

Fleet Management. The Company has entered into contractual arrangements with over 2,000 independently owned and operated repair shops throughout the United States, as well as with national chains of automobile repair shops, to provide repair services for the Company's fleet management clients' vehicles. This network of automobile repair shops can handle, on a per incident basis, any repair that the Company's fleet management clients' drivers may encounter. Because the Company has made arrangements with a large number of repair shops, whenever a repair to a client's vehicle is needed, the chances are excellent that a local repair shop will be available to perform the required repair work. The repairs provided consist primarily of collision and glass replacement repairs although general repairs can also be provided. In the event that a repair is needed, the driver need only call the Company's toll free telephone number. Through the development of a comprehensive proprietary management system and customized computer software, upon receipt of the call, the driver is directed to a local repair shop to which the driver may take the vehicle for the needed repairs. The Company's staff tightly manages all the activity surrounding the repair process. Upon completion of the repair, the bill is forwarded to the Company, which in turn, bills the client. There is no need for independent negotiations between the repair shop and the client or the driver. As part of its fleet management services, the Company also offers its clients computerized appraisal services, salvage and subrogation services, and offers vehicle rentals to permit clients to avoid driver down-time while a client's vehicle is being repaired. Additionally,

the Company has created a complete line of customized reports with features that allow risk managers to thoroughly assess all variables concerning the collision activity expense of their fleet. These unique systems were primarily attributable to the Company winning in 1995 the prestigious award from Inc. Magazine and MCI, as one of the nations best-run service companies.

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

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

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

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

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

Recent Developments

In April 1999 the Company established a new Internet enterprise, now known as driversshield.com CRM Corp. ("CRM"), as a wholly owned subsidiary. CRM is designed to serve insurance companies by offering a complete customer relationship management solution by combining its Affinity Group programs and collision repair management services into an Internet based strategy. This new business focuses on capturing a significant share of the North American market for managed automotive care. The first thrust into the marketplace is the introduction of a website for efficient management of collision repairs. The interactive website facilitates information gathering and distribution to launch the repair process. The website will enable insurance carriers to utilize the Company's website to directly enter the initial vehicle claim information, permit the insured to select an automobile collision repair shop from the Company's network of over 2,400 shops across the country, and enable the insurance carrier and the insured to track the repairs of the vehicle until completion. Two insurance carriers have begun initial use of the system, on a limited basis. The website address is: .www.driversshield.com. The Company had

developed a functional website for this business with Electronic Data Systems ("EDS"); it is now re-designing and enhancing its website, apart from EDS, and will host the site as well. In January 2001 the Company announced that its relationship with EDS had terminated. The Company's enhanced website became functional at the end of the first calendar quarter of 2001. [See Forward-Looking Statements and Cautionary Factors and Legal Proceedings]

Sales and Marketing

The Company's fleet management clients generally consist of self-insured companies having a large number of vehicles on the road over a broad geographical area. The Company's clients for its affinity programs are financial institutions, organizations and affinity groups that resell the programs to individuals. The Company's clients for the CRM program are property and casualty insurance companies.

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

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

In 2000, two customers accounted for 11% each, and a third customer for 12% of the Company's revenues, and in 1999 one of those customers accounted for approximately 10% of the Company's revenue.

Employees

At year-end, the Company employed 42 full-time employees and three part time employees. None of the Company's employees are governed by a union contract and the Company believes that its employee relationships are satisfactory.

Competition

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

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

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

Item 2. DESCRIPTION OF PROPERTY

In December 1996, the Company entered into a lease for new office space at 51 East Bethpage Road, Plainview, New York 11803. The space consists of approximately 12,000 square feet of office space. The Company relocated to this new space during April 1997. The amended lease is for five years and expires on June 30, 2002.

A portion of the premise is subleased under a lease expiring June 2002.

Item 3. LEGAL PROCEEDINGS

During 1998 the Company was served with a summons and complaint filed by Philip M. Panzera, the Company's former Chief Financial Officer, in United States District Court (Eastern District, NY) alleging that the Company wrongfully terminated his employment and converted Mr. Panzera's personal property. Mr. Panzera sought monetary damages in excess of $1 million. The Company answered this complaint and denied all of Mr. Panzera's allegations. Additionally, the Company filed a counterclaim against Mr. Panzera alleging, among other things, that Mr. Panzera fraudulently induced the Company to enter into the Employment Agreement by making false representations. During fiscal year 2000, this matter was settled by mutual release of claims; no funds were paid or received by either party.

In November 1999 CRM had entered into an agreement whereby Electronic Data Systems Corporation ("EDS") was to develop and host the Company's website through December 31, 2003. Additionally, EDS was to assist the Company in marketing the Internet based automobile collision managed care program to EDS' customers that provide auto insurance to its insureds. CRM was to pay EDS no more than $350,000 for the initial development costs of the website. Once the website was operational, CRM was to receive all fees until it recovered the development costs paid to EDS, and thereafter, EDS was to recover its development costs in excess of $350,000, if any, up to $80,000. In the subsequent years, a revenue sharing arrangement provided EDS with thirty percent (30%) to forty-two percent (42%), of the Net Revenue. Throughout the term of this Agreement, EDS was to host and maintain the website, process all transactions, maintain, secure and update all database functions, design, develop and build a repair management call center, secure all transmissions over the website, upgrade the site for additional functionality, handle all accounting functions, fulfill customer material and introduce electronic data interchange throughout the repair facility network at no additional cost. driversshield.com Corp. had guaranteed performance of this Agreement by its wholly owned subsidiary. The Company expensed $169,000 during 1999 and capitalized an additional $300,000 in 2000. It has not accrued invoices totaling an additional $108,000.

In November, 2000 the Company filed a $1 million Demand for Arbitration with the American Arbitration Association, relating to its agreement with EDS for its website development, contending, among other matters, excessive fees and failure to meet the performance conditions of the agreement. EDS has filed

a counterclaim denying the allegations and seeking payment of $226,000. It also, unilaterally shut down the Company's website. The matter is now pending arbitration. The Company intends to vigorously defend the counterclaim filed by EDS.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held its annual meeting of Stockholders on October 2, 2000. The following matters were voted upon at the Annual Meeting of Shareholders:

	For	Against	Abstain
1. Election of a Board of Directors.			

Nominee			
Barry Siegel	4,910,263	0	882,159
Barry J. Spiegel	4,909,913	0	882,509
Kenneth Friedman	4,910,313	0	882,109
R. Frank Mena	4,910,313	0	882,109

2. Amendment to the By-Laws of the Corporation.

4,905,065	893,826	3,666

3. Amend certificate of incorporation for change of corporate name.

5,535,115	266,776	666

4. Ratification of $10 million common stock purchase agreement.

4,902,624	888,217	11,716

5. Increase in the number of authorized common shares to 30 million.

5,162,025	635,866	4,666

6. Ratification of Nussbaum, Yates & Wolpow , P.C. as the independent auditors.

5,786,125	12,666	4,166

Item 5. MARKET FOR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

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

	Sale Price($)	
	High	Low
2000		
First Quarter	$6.13	$2.75
Second Quarter	$4.25	$1.25
Third Quarter	$2.00	$1.38
Fourth Quarter	$1.38	$ .31
1999		
First Quarter	$3.50	$1.13
Second Quarter	$2.06	$1.38
Third Quarter	$1.83	$ .75
Fourth Quarter	$3.00	$ .75

The number of record holders of the Company's common shares as of March 20, 2001 was 345.

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.

On March 28, 2001, the Company received a Nasdaq Staff Determination indicating that the Company failed to comply with the Minimum Bid Price requirement for continued listing on the Nasdaq SmallCap Market pursuant to Marketplace Rule 4310(c)(8)(B). The Company intends to appeal this

Determination to the Nasdaq Listing Qualifications Panel (the "Panel"). Until the Company's appeal is heard before the Panel, there will be a stay of any delisting action.

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

Year ended December 31, 2000 (the "2000 Period") Compared to year ended December 31, 1999 (the "1999 Period")

The 2000 Period reflected net income of $ 248,000 versus a loss of $966,000 in the 1999 Period. Basic earnings per share were $.02 versus a net loss of $.12 per share in the 1999 Period. Diluted earnings per share in the 2000 Period were $.02; options and warrants were anti-dilutive in the 1999 Period.

Revenues

Revenues were $14,451,000 in the 2000 Period, compared to $12,136,000 in the 1999 Period, representing an increase of $2,315,000, or 19%. This increase reflects expansion in both the fleet management and collision repair business, which accounted for $1,248,000 of the increase, as well as affinity services revenues, which increased $1,067,000. The fleet management business increase reflects expansion in the client base that began in the second calendar quarter of the 2000 Period. The increase in affinity services revenues is the result of marketing efforts that broadened participation in the Company's membership programs.

Operating Income and Expenses

Consolidated net income increased by $1,214,000, to $248,000 in the 2000 Period, from a loss of $966,000 in the 1999 Period. The increase in revenue growth described above, resulted in an increase in gross profit of $1,286,000, from $2,797,000 in the 1999 period to $4,083,000, and was the primary reason for the increase in net income. In addition, the gross profit percentage increased to 28% from 23%, largely due to the increase in affinity services, which represent a greater proportion of the Company's sales mix in the 2000 Period. Accordingly, cost of revenues, principally charges incurred at repair facilities, decreased from 77% of sales in the 1999 Period to 72% of sales in the 2000 Period, despite increasing in absolute dollars by $1,030,000 from $9,338,000 in the 1999 Period to $10,368,000 in the 2000 period.

Selling expenses increased by $131,000, from $1,049,000 in the 1999 Period to $1,180,000 in the 2000 Period, or 12%, as the Company began increasing its investment in sales and marketing personnel and their related activities. General and administrative expenses decreased by nearly the same dollar amount, $136,000 offsetting the increase in selling expenses, from $2,637,000 in the 1999 Period to $2,501,000 in the 2000 Period. This resulted primarily from a reduction in expenses for website development from the 1999 period. Depreciation increased by $81,000 resulting from an increase in capital expenditures.

Investment and other income was $141,000 in the 2000 Period, compared to $153,000 in the 1999 Period, representing a decrease of $12,000, primarily due to lower average cash balances available.

Liquidity and Capital Resources

At December 31, 2000, the Company had cash and cash equivalents of $1,040,000, and also held 80,624 shares of Salomon Smith Barney Adjustable Rate Government Income Fund securities valued at $789,000, providing a total of $1,829,000 in available liquidity. Working capital at December 31, 2000 was $1,935,000 compared to $1,676,000 at December 31, 1999. The Company's operating activities provided $626,000 of cash in the 2000 Period versus a use of $899,000 in the 1999 Period, when the Company's cash was impacted by losses from operations. The Company believes that its present financial condition will enable it to continue to support its operations for the next twelve months

During November 2000 a registration statement with the Securities and Exchange Commission became effective that provides up to $10 million in equity financings, over a one year period from the effective date of the registration. The facility permits the Company to draw down funds against the $10 million equity commitment, as needed, with a monthly minimum of $1 million. The number of shares to be issued with each draw down is computed based upon the average trading price of the prior 22 trading days, less a 10% discount for the financing source. The financing source was also granted warrants to purchase 68,970 shares of the company's common stock at a price per share of $2.17. No funding has occurred to date under the agreement. Should the Company's common stock be delisted from trading on the Nasdaq SmallCap Market, the investor funding this equity facility has the option to terminate this facility.

Deferred Income taxes

The Company has a net operating loss carry forward of approximately $4.7 million that is available to offset future taxable income. Since the Company has determined that it is more likely than not that it may not recover these carry forward benefits a valuation allowance has been established for the full amount of the deferred tax benefit; and accordingly no deferred income tax asset has been reflected in the Company's financial statements. To the extent that the Company is profitable in future periods, such carry forward benefits are available to offset taxable earnings. However, if the Company is not profitable, it will not be able to realize this benefit.

Forward Looking Statements - Cautionary Factors

Certain statements in this report on Form 10-KSB contain "forward-looking statements" within the meaning of the Private Securities Litigation Act of 1995. These statements are typically identified by their inclusion of phrases such as "the Company anticipates", or "the Company believes", or other phrases of similar meaning. These forward-looking statements involve risks and uncertainties and other factors that may cause the actual results, performance or achievements to differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Except for the historical information and statements contained in this Report, the matters and items set forth in this Report are forward looking statements that involve uncertainties and risks some of which are discussed at appropriate points in the Report and are also summarized as follows:

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

2. The Company, under the DARP, or NFS, under its fleet management business, or the Affinity Division, has clients that either individually control a large number of insureds, control large fleets, or a large number of participants in FPG programs such as Driver's Shield(R). Three customers accounted for 34% of the Company's revenues in the 2000 Period. The loss of any one insurance company, large fleet operator, or affinity group, terminating its relationship with the Company or NFS, could have an adverse impact on the continued growth of that business. The Company and NFS have addressed the issue of customer retention by implementing a policy of entering into long-term contracts with its customers. In the past several years, this has materially improved the customer retention rate.

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

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

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

   o As is typical for any new, rapidly evolving market, demand and market acceptance for recently introduced products and services are subject to a high level of uncertainty and risk. It is also difficult to predict the market's future growth rate, if any. If the market fails to develop, develops more slowly than expected or becomes saturated with competitors, or our services do not achieve or sustain market acceptance, our business, results of operations and financial condition could be materially and adversely affected.

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

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

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

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

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

o The Internet insurance market is a new business in a new industry and we will need to manage our growth and our entry into new business areas in order to avoid increased expenses without corresponding revenues. The growth of our operations requires us to increase expenditures before we generate revenues. Our inability to generate satisfactory revenues from such expanded services to offset costs could have a material adverse effect on our business, financial condition and results of operations. We believe establishing industry leadership also requires us to: - test, introduce and develop new services and products, including enhancing our website, - expand the breadth of and services offered, - expand our market presence through relationships with third parties, and - acquire new or complementary businesses, products or technologies. We cannot assure you that we can successfully manage these tasks.

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

o We are uncertain of our ability to obtain additional financing for our future capital needs. If we are unable to obtain additional financing, we may not be able to continue to operate our business. We currently anticipate that our cash, cash equivalents and short-term investments will be sufficient to meet our anticipated needs for working capital and other cash requirements at least for the next 12 months. We also have a $10 million equity commitment that expires in November 2001. Once that expires, we may need to raise additional funds, however, in order to fund more rapid expansion, to develop new or enhance existing services or products, to respond to competitive pressures or to acquire complementary products, businesses or technologies. Should the Company's common stock be delisted from trading on the Nasdaq SmallCap Market, the investor in this financing facility has the option to terminate this facility.

- o There can be no assurance that additional financing will be available on terms favorable to us, or at all. The potential that the Company's common stock may be delisted from trading on the Nasdaq SmallCap Market may make it more difficult for the Company to obtain additional financing on favorable terms. If adequate funds are not available or are not available on acceptable terms, our ability to fund our expansion, take advantage of potential acquisition opportunities, develop or enhance services or products or respond to competitive pressures would be significantly limited. Such limitation could have a material adverse effect on our business, results of operations, financial condition and prospects.

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

5. Certain senior management personnel may be able to exercise voting control. Barry Siegel, our Chairman of the Board and Chief Executive Officer, beneficially owns and controls the vote of approximately 19 % of the outstanding shares of our common stock. In addition, Barry J. Spiegel, a director and the President of our Affinity Group Services Division, beneficially owns and controls the vote of approximately 7% of the outstanding shares of our common stock. This concentration of ownership, which is not subject to any voting restrictions, could limit the price that investors might be willing to pay for common stock. In addition, Mr. Siegel and Mr. Spiegel are in a position to impede transactions that may be desirable for other shareholders.

6. The market price of our common stock could be adversely affected by future sales of substantial amounts of common stock. Michael Karpoff, a former director and employee of the Company, owns individually and jointly with Patricia Rothbardt, 694,119 shares of our common stock. Sale of 594,119 shares is subject to a lock-up agreement, which expires in December 2001, after which time, Mr. Karpoff and Ms. Rothbardt will be free to sell all their shares. Mr. Karpoff also holds options to purchase 100,000 shares of our common stock, which options are fully exercisable at $3.025.

7. The potential issuance of shares under a $10 million financing would have the effect of diluting the equity interest of our existing stockholders and could have an adverse effect on the market price for our common stock, if these are ever issued. To date the Company has not needed this funding, but a maximum of 6,896,146 shares of common stock are reserved for possible future issuance upon, other things, the issuance of common stock under our common stock purchase agreement with Suerez Enterprises Limited and the conversion of outstanding warrants.

8. Our articles of incorporation and by-laws contain certain provisions that could make it more difficult for shareholders to effect certain corporate actions, and could make it more difficult for anyone to acquire control of us without negotiating with our board of directors. These provisions could limit the price that investors might be willing to pay in the future for our common stock.

Item 7. FINANCIAL STATEMENTS

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

Part III

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

Item 13. EXHIBITS AND REPORTS ON FORM 8-K

(a) List of Exhibits

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

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

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

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

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

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

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

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

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

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

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

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

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

10.10 Service Agreement dated November 29, 1999 between the Company, driversshield.com Corp., Electronic Systems Corporation and EDS Information Services L.L.C incorporated by reference and previously filed with the Commission.

10.11 driversshield.com Corp. 1999 Stock Option Plan incorporated by reference and previously filed with the Commission.

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

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

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

21 List of subsidiaries incorporated by reference and previously filed with the Commission.

(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.

driversshield.com Corp

By: s/ Barry Siegel

Barry Siegel
Chairman of the Board of Directors,
Treasurer, Secretary,
Chief Executive Officer,

Date: March 30, 2001

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

By: s/ Barry Siegel ----------------------------------- Barry Siegel Chairman of the Board of Directors, Treasurer, Secretary, Chief Executive Officer,	Date: March 30, 2001
By: s/Barry J. Spiegel ----------------------------------- Barry J. Spiegel President Driversshield.com ADS Corp. Director	Date: March 30, 2001
By: s/Philip Kart ----------------------------------- Philip Kart Chief Financial Officer	Date: March 30, 2001

By: s/Kenneth J. Friedman ----------------------------------- Kenneth J. Friedman Director	Date: March 30, 2001
By: ----------------------------------- R. Frank Mena Director	Date: March 30, 2001

INDEX OF EXHIBITS

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

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

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

4 Shareholders Rights Agreement, dated as of December 28, 1998, between First Priority Group, Inc. and North American Transfer Co., as Rights

Agent, together with Exhibits A, B and C attached thereto incorporated by reference to the Registrant's Registration Statement on Form 8-A filed on December 31, 1998.

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

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

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

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

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

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

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

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

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21 List of subsidiaries incorporated by reference and previously filed with the Commission.

DRIVERSSHIELD.COM CORP. AND SUBSIDIARIES

YEARS ENDED DECEMBER 31, 2000 AND 1999

CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Certified Public Accountants

Board of Directors
driversshield.com Corp.
Plainview, New York

We have audited the accompanying consolidated balance sheets of driversshield.com Corp. and subsidiaries as of December 31, 2000 and 1999, 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 auditing standards generally accepted in the United States. 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, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of driversshield.com Corp. and subsidiaries as of December 31, 2000 and 1999, and the consolidated results of their operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Melville, New York NUSSBAUM YATES & WOLPOW, P.C.
March 9, 2001
March 28, 2001 as to the last paragraph of Note 8

DRIVERSSHIELD.COM CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2000 AND 1999

<TABLE>
<CAPTION>

ASSETS

<S>	2000 <C>	1999 <C>
Current assets:		
Cash and cash equivalents	$ 1,039,866	$ 542,359
Accounts receivable, less allowance for doubtful accounts of $28,233 in 2000 and 1999	1,813,747	1,794,740
Investment securities	789,505	1,036,263
Prepaid expenses and other current assets	99,074	39,376
Total current assets	3,742,192	3,412,738
Property and equipment, net	820,404	689,094
Security deposits and other assets	27,738	35,288
Total assets	$ 4,590,334	$ 4,137,120
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,153,972	$ 938,418
Accrued expenses and other current liabilities	638,163	747,567
Notes payable	14,644	50,513
Total current liabilities	1,806,779	1,736,498
Shareholders' equity:		
Common stock, $.015 par value, authorized 30,000,000 shares; issued 11,241,655 shares in 2000 and 8,598,467 in 1999	168,625	128,977
Preferred stock, $.01 par value, authorized 1,000,000 shares; none issued or outstanding	--	--
Additional paid-in capital	9,275,656	7,823,916
Accumulated other comprehensive income (loss), unrealized holding gain (loss) on investment securities	3,570	(4,095)
Deficit	(5,181,262)	(5,429,014)

	4,266,589	2,519,784
Less common stock held in treasury, at cost, 719,667 shares in 2000 and 296,667 shares in 1999	1,483,034	119,162
Total shareholders' equity	2,783,555	2,400,622
Total liabilities and shareholders' equity	$ 4,590,334	$ 4,137,120

</TABLE>

See notes to consolidated financial statements.

DRIVERSSHIELD.COM CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

DECEMBER 31, 2000 AND 1999

<TABLE>
<CAPTION>

<S>	2000 <C>	1999 <C>
Revenue:		
Collision repairs and fleet management services	$ 12,139,992	$ 10,954,912
Subrogation and salvage service commissions	470,956	407,260
Automobile affinity services	1,840,155	773,406
Total revenues	14,451,103	12,135,578
Cost of revenue (principally charges incurred at repair facilities for services)	10,368,412	9,338,271
Gross profit	4,082,691	2,797,307
Operating expenses:		
Selling	1,180,102	1,048,681
General and administrative 2,500,724	2,636,929	
Depreciation and amortization	282,051	201,289
Total operating expenses	3,962,877	3,886,899
	119,814	(1,089,592)
Other income (expense):		
Realized loss on investment	(1,518)	(3,096)
Investment and other income	141,231	152,976
Interest expense	(4,500)	(6,784)
Total other income	135,213	143,096
Income (loss) from operations before income taxes	255,027	(946,496)
Income taxes, all current	7,275	19,136
Net income (loss)	$ 247,752	($ 965,632)
Basic earnings (loss) per common share	$ .02	($ .12)
Diluted earnings (loss) per common share	$ .02	($ .12)
Weighted average number of common shares outstanding		
Basic	9,956,892	8,324,649
Diluted	11,577,216	8,324,649

</TABLE>

See notes to consolidated financial statements.

DRIVERSSHIELD.COM CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

DECEMBER 31, 2000 AND 1999

<TABLE>
<CAPTION>

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Deficit
	Shares	Amount			
<S>	<C>	<C>	<C>	<C>	<C>
Balance, January 1, 1999	8,598,467	$ 128,977	$ 7,762,350	--	($4,463,382)
Net loss	--	--	--	--	(965,632)
Other comprehensive loss, unrealized holding loss arising during period	--	--	--	(4,095)	--
Comprehensive loss	--	--	--	--	--
Purchase of treasury stock	--	--	--	--	--
Options granted for services	--	--	61,566	--	--
Balance, December 31, 1999	8,598,467	128,977	7,823,916	(4,095)	(5,429,014)
Net income	--	--	--	--	247,752
Other comprehensive income, unrealized holding gain arising during period	--	--	--	7,665	--
Comprehensive income					
Exercise of options in exchange for tendered common shares	1,866,333	27,995	1,335,877	--	--
Exercise of underwriter warrants	776,855	11,653	(2,653)	--	--
Options granted for services	--	--	59,421	--	--
Registration costs	--	--	(16,002)	--	--
Short-swing profits reimbursed to Company	--	--	75,097	--	--
Balance, December 31, 2000	11,241,655	$ 168,625	$ 9,275,656	$ 3,570	($5,181,262)

<CAPTION>

	Treasury Stock		Total Share-holders' Equity
	Shares	Amount	
<S>	<C>	<C>	<C>
Balance, January 1, 1999	266,667	($ 90,000)	$ 3,337,945
Net loss	--	--	(965,632)
Other comprehensive loss, unrealized holding loss arising during period	--	--	(4,095)
Comprehensive loss	--	--	(969,727)

Purchase of treasury stock	30,000	(29,162)	(29,162)
Options granted for services	--	--	61,566
Balance, December 31, 1999	296,667	(119,162)	2,400,622
Net income	--	--	247,752
Other comprehensive income, unrealized holding gain arising during period	--	--	7,665
Comprehensive income			255,417
Exercise of options in exchange for tendered common shares	423,000	(1,363,872)	--
Exercise of underwriter warrants	--	--	9,000
Options granted for services	--	--	59,421
Registration costs	--	--	(16,002)
Short-swing profits reimbursed to Company	--	--	75,097
Balance, December 31, 2000	719,667	($1,483,034)	$ 2,783,555

</TABLE>

See notes to consolidated financial statements.

DRIVERSSHIELD.COM CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2000 AND 1999

<TABLE>
<CAPTION>

<S>	2000 <C>	1999 <C>
Cash flows provided by (used in) operating activities:		
Net income (loss)	$ 247,752	($ 965,632)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	282,051	201,289
Gain on sale of property and equipment	--	(2,500)
Realized loss on investment	1,518	3,096
Options granted for services	59,421	61,566
Changes in assets and liabilities:		
Accounts receivable	(19,007)	(622,855)
Prepaid expenses and other current assets	(59,698)	26,831
Security deposit and other assets	7,550	8,009
Accounts payable	215,554	240,088
Accrued expenses and other current liabilities	(109,404)	150,772
Total adjustments	377,985	66,296
Net cash provided by (used in) operating activities	625,737	(899,336)
Cash flows used in investing activities:		
Proceeds from sale of property and equipment	--	2,500
Purchase of property and equipment	(413,361)	(224,284)
Purchase of investments, available for sale	(47,095)	(1,543,454)
Proceeds from sale of investments, available for sale	300,000	500,000
Net cash used in investing activities	(160,456)	(1,265,238)
Cash flows provided by (used in) financing activities:		

Repayment of notes payable	(35,869)	(46,085)
Purchase of treasury stock	--	(29,162)
Proceeds from short-swing profits	75,097	--
Registration costs	(16,002)	--
Proceeds from exercise of warrants	9,000	--
Net cash provided by (used in) financing activities	32,226	(75,247)
Net increase (decrease) in cash and cash equivalents	497,507	(2,239,821)
Cash and cash equivalents at beginning of year	542,359	2,782,180
Cash and cash equivalents at end of year	$ 1,039,866	$ 542,359
Supplemental disclosure of cash flow information:		
Cash paid during the year for income taxes	$ 7,275	$ 20,204
Cash paid during the year for interest	$ 4,500	$ 9,175

</TABLE>

See notes to consolidated financial statements.

DRIVERSSHIELD.COM CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2000 AND 1999

1. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of driversshield.com Corp. (formerly known as First Priority Group, Inc.) and its wholly-owned subsidiaries (collectively referred to as the "Company"). All material intercompany balances and transactions have been eliminated.

Property and Equipment

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

Cash and Cash Equivalents

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

Investment Securities

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

Revenue Recognition

The Company recognizes revenue for its collision repairs and fleet management at the time of customer approval and completion of repair services. The Company warrants such services for varying periods ranging up to twelve months. Such warranty expense is borne by the repair facilities and has not been material to the Company. The Company recognizes commissions for its subrogation and salvage services upon completion of the services. In accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 101 (SAB 101), the Company has determined that the portion of its business representing commission revenues from its subrogation and salvage services should be displayed in the financial statements on a net basis. Automobile affinity services are recognized as such services are rendered.

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.

Reclassification

Certain 1999 amounts have been reclassified to conform with the 2000 presentation.

Fair Value of Financial Instruments

- Cash and Cash Equivalents

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

- Investments

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

- Notes Payable

  The carrying amount of the Company's notes payable approximates fair value.

Advertising Expense

Advertising expense, which is expensed as incurred, amounted to approximately $86,000 and $96,000 in 2000 and 1999.

2. Description of Business and Concentration of Credit Risk

The Company is engaged in automotive fleet management and administration of automotive repairs for major, nationally recognized corporate clients throughout the United States. It offers computerized collision estimates and provides its clients with a cost-effective method for repairing their vehicle by arranging for repair of the vehicles through a nationwide network of independently owned contracted facilities. The Company also offers a variety of other related services, including subrogation, salvage and appraisals. In addition, the Company provides automobile affinity services for individuals which, to date, have been sold through large financial institutions. The Company believes that it operates in one operating business segment.

The Company offers collision repair management services for the insurance industry nationwide through a website on the Internet. No revenues for such services have been derived to date.

The Company is subject to credit risk through trade receivables. The Company does not obtain collateral for its receivables. Such risk is minimized through contractual arrangements with its customers, as well as the size and financial strength of its customers. Three customers accounted for 34% of the Company's sales in 2000 (two at 11% and one at 12%), and 36% of its receivables at December 31, 2000. One of these customers accounted for 10% of its revenues in 1999. The Company has no financial instruments with significant off-balance-sheet risk or concentration of credit risk.

3. Investment Securities

	Cost	Fair Value	Unrealized Holding Gain (Loss)
At December 31, 2000:			
Available for sale, 80,624 shares of Salomon Smith Barney Adjustable Rate Government Income Fund	$ 785,935	$ 789,505	$ 3,570
At December 31, 1999:			
Available for sale, 106,721 shares of Salomon Smith Barney Adjustable Rate Government Income Fund	$1,040,358	$1,036,263	($ 4,095)

4. Property and Equipment

	2000	1999
Machinery and equipment	$1,038,510	$ 980,894
Furniture and fixtures	288,107	285,800
Leasehold improvements	19,886	19,886
Website development costs	353,438	--
	1,699,941	1,286,580
Less accumulated depreciation and amortization	879,537	597,486
	$ 820,404	$ 689,094

5. Notes Payable

In August 1998, the Company agreed to pay severance to its former Co-Chairman and President in the amount of $100,000 including imputed interest of 8.5% in quarterly installments of $12,500 commencing March 31, 1999.

6. Earnings Per Share

Basic earnings or loss per share are computed by dividing the earnings or loss per share by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if common stock equivalents, such as stock options and warrants, were exercised. In 1999, conversion of common stock equivalents would have been anti-dilutive and, as a result, basic and diluted per share results were the same.

The reconciliations between basic and diluted earnings (loss) per common share are as follows:

<TABLE>
<CAPTION>

	2000			1999		
	Income	Shares	Per-Share	(Loss)	Shares	Per-Share
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Basic earnings (loss) per common share	$ 247,752	9,956,892	$.02	($ 965,632)	8,324,469	($.12)
Effect of dilutive securities, stock options and warrants	--	1,620,324	--	--	--	--
Diluted earnings (loss) per common share	$ 247,752	11,577,216	$.02	($ 965,632)	8,324,469	($.12)

</TABLE>

7. Stock Options

Stock Compensation Plan

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

For disclosure purposes, the fair value of each stock option grant is estimated on the date of grant using the Black Scholes option-pricing model with the following weighted average assumptions used for stock options granted in 2000 and 1999, respectively: annual dividends of $-0- for both years, expected volatility of 134% and 174%, risk-free interest rate of 6.24% and 5.90%, and expected life of five years for all grants. The weighted-average fair value of stock options granted in 2000 and 1999 was $.49 and $1.08, respectively.

Under the above model, the total value of stock options granted in 2000 and 1999 was $661,822 and $801,945, respectively, which would be amortized ratably on a pro forma basis over the related vesting periods, which range from immediate vesting to five years (not including performance-based stock options granted in 2000 and 1999, see below). Had compensation cost been determined based upon the fair value of the stock options at grant date consistent with the method of SFAS No. 123, the Company's net income (loss) and income (loss) per share would have been reduced to the pro forma amounts indicated below:

7. Stock Options (Continued)

Stock Compensation Plan (Continued)

	2000	1999
Income (loss):		
As reported	$ 247,752	($ 965,632)
Pro forma	($ 1,402,539)	($ 3,293,360)
Basic income (loss) per share:		
As reported	$ .02	($ .12)
Pro forma	($ .14)	($ .40)
Diluted income (loss) per share:		
As reported	$ .02	($ .12)
Pro forma	($ .12)	($ .40)

In March 1999, the Company repriced certain options granted to employees and third parties in previous years, representing the right to purchase 1,665,000 shares of common stock. The original grants gave the holders the right to purchase common stock at prices ranging from $1.25 to $5.00 per share. The options were repriced at prices ranging from $1.13 to $3.00 per share. The Company also granted options to employees, representing the right to purchase 630,000 shares of common stock at prices ranging from $1.13 to $1.24 per share. In addition, in October 1999, the Company repriced certain options granted to employees and third parties, representing the right to purchase 2,330,000 shares of common stock, of which 2,235,000 were part of the March 1999 grant. The original grants gave the holders the right to purchase common stock at prices ranging from $1.00 to $1.24 per share. The options were repriced at prices ranging from $.75 to $.83 per share. At the date of the repricing, the new exercise price was equal to the fair market value of the shares (110% of the fair market value in the case of an affiliate). Pursuant to FASB interpretation No. 44, the modified option awards shall be accounted for as variable from the date of the modification to the date the awards are exercised, forfeited, or expire unexercised. No compensation has been recorded through December 31, 2000 for the modified awards.

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

7. Stock Options (Continued)

Performance-Based Stock Options

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

Non-Incentive Stock Option Agreements

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

Summary

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

<TABLE>
<CAPTION>

<S>	Number of Shares <C>	Exercise Price Range <C>	Weighted Average Exercise Price <C>
Options outstanding, January 1, 1999	3,277,500	.12 - 5.00	1.57
Options granted	5,035,000	.75 - 3.00	1.02
Options canceled	(4,352,500)	1.00 - 5.00	1.54
Options outstanding, December 31, 1999	3,960,000	.12 - 3.75	.91
Options granted	1,340,000	.31 - 2.38	.60
Options canceled	(140,000)	.75 - 2.16	1.18
Options exercised	(1,866,333)	.14 - 1.50	.73
Options outstanding, December 31, 2000	3,293,667	.31 - 3.75	.87
Options exercisable, December 31, 1999	2,712,914	.12 - 3.75	.92
Options exercisable, December 31, 2000	2,090,000	.31 - 3.75	.93

=========

</TABLE>

7. Stock Options (Continued)

Summary (Continued)

The following table summarizes information about the options outstanding at December 31, 2000 other than performance-based stock options:

<TABLE>
<CAPTION>

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
$ .31 - $1.00	2,643,667	3.54	$ .59	1,600,000	$ .60
$1.25 - $2.00	330,000	3.08	$ 1.53	330,000	$ 1.53
$2.16 - $3.75	320,000	3.18	$ 2.59	160,000	$ 3.02

</TABLE>

driversshield.com CRM

During 1999, the Company's subsidiary, driversshield.com CRM established the "driversshield.com Corp. 1999 Stock Option Plan." Under this plan, options may be granted to employees of driversshield.com Corp or the Parent or other subsidiaries of the Company, and outside directors for up to 2,000,000 shares of common stock. Under this plan, incentive stock options may be granted at no less than fair market value of the driversshield.com Corp. stock at the date of grant, and in the case of an optionee who owns directly or indirectly more than 10% of the outstanding voting stock, 110% of the market price on the date of grant. The maximum term of an option is ten years, except in regard to incentive stock options granted to an Affiliate, in which case the maximum term is five years. No options have been granted as of December 31, 2000.

8. Common Stock, Stock Warrants and NASDAQ Delisting Notification

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

8. Common Stock, Stock Warrants and NASDAQ Delisting Notification (Continued)

In connection with the 1995 issuance of 1,000,000 shares of its common stock, the Company issued underwriter warrants to purchase 850,000 shares of its common stock at prices ranging from $.125 to $.50 per share. In 2000, all of these warrants were exercised.

On October 2, 2000, the shareholders of the Company approved an increase in the number of authorized shares of common stock from 20,000,000 to 30,000,000.

In November 2000, the Company's registration statement that provides for up to $10 million of equity-based financings became effective. The financing facility permits the Company to draw against a $10 million equity commitment, on a monthly basis, over twelve months after the effective date of the registration. Each drawdown has a minimum and maximum amount, with a $1 million monthly minimum less a 10% discount for the financing source. The financing source was also granted warrants to purchase 68,970 shares of common stock, at $2.17 per share. All drawdowns are subject to placement fees ranging from 6% to 10%.

On March 28, 2001, the Company received notification from NASDAQ that its shares will be delisted on April 5, 2001. The aforementioned equity line can be terminated if the Company's shares are delisted. The Company has the right to appeal the delisting.

9. Preferred Stock Purchase Rights

On December 28, 1998, the Board of Directors authorized the issuance of up to 200,000 shares of non-redeemable Junior Participating Preferred Stock ("JPPS"). The JPPS shall rank junior to all other series of preferred stock (but senior to the common stock) with respect to payment of dividends and any other distributions. Among other rights, the holders of the JPPS shall be entitled to receive, when and if declared, quarterly dividends per share equal to the greater of (a) $100 or (b) the sum of 1,000 (subject to adjustment) times the aggregate per share of all cash and non cash dividends (other than dividends payable in common stock of the Company and other defined distributions). Each share of JPPS shall entitle the holders to voting rights equal to 1,000 votes per share. The holders of JPPS shall vote together with the common stockholders. No shares of JPPS have been issued.

9. Preferred Stock Purchase Rights (Continued)

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

10. Employee Benefit Plan

The Company has a 401(k) profit sharing plan for the benefit of all eligible employees as defined in the plan documents. The plan provides for voluntary employee salary contributions from 1% to 15% not to exceed the statutory limitation provided by the Internal Revenue Code. The Company may, at its discretion, match within prescribed limits, the contributions of the employees. Employer contributions to the plan amounted to approximately $12,300 in 2000 and $8,700 in 1999.

11. Commitments and Contingencies

Leases

The Company leases its executive office in Plainview, New York under a noncancelable operating lease, expiring June 30, 2002, which requires minimum annual rentals and certain other expenses including real estate taxes. A portion of the premise is subleased under a lease expiring June 2002. Sublease income was approximately $59,000 and $40,000 for the years ended December 31, 2000 and 1999, respectively. Rent expense including real estate taxes for the years ended December 31, 2000 and 1999 aggregated approximately $190,000 and $178,000, respectively.

As of December 31, 2000, the Company's future minimum rental commitments, net of sublease income of $38,000 in 2001 and $19,000 in 2002, are approximately as follows:

2001	$152,000
2002	78,000

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DRIVERSSHIELD.COM CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2000 AND 1999

11. Commitments and Contingencies (Continued)

Employment Contracts

The Company has employment contracts with its two principal officers expiring during 2001. The agreements provide minimum annual salaries of $300,000 to the Chief Executive Office ("CEO") and $150,000 to the President. A third employment contract with a sales executive, which expires in 2002, provides for a base salary of $110,000 plus incentive compensation for various levels of increased revenue, gross profit or claims processed.

In March 1999, in consideration for several senior executives who volunteered to temporarily reduce their salaries (without changing the terms of employment contracts), the Company granted stock options representing the right to purchase 145,000 shares of the Company's common stock at prices ranging from $1.13 to $1.24. These options were subsequently repriced in October 1999 (see Note 7). All grants were at no less than the fair market value at date of grant or repricing. Such temporary salary reduction amounted to approximately $145,000 on an annualized basis, of which $100,000 is attributable to the CEO. Such salary reductions can be terminated by the executives at any time without forfeiture of the options. During the year ended December 31, 1999, salary reductions were approximately $123,000. There were no salary reductions during the year ended December 31, 2000.

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

11. Commitments and Contingencies (Continued)

Litigation

In September 1999, the Company entered into an agreement with Electronic Data Systems Corp. ("EDS") for the design, development and operational services for an Internet website which would address the insurance carrier marketplace. The Company was to pay EDS the lesser of $350,000 or the actual rate determined by the number of hours accumulated on the project as defined for the design and development services. The operational services required the Company to compensate EDS with 30% of any net revenue during the first contract year, provided, however, that the Company was entitled to recoup the amount paid for the design and development services first, and then EDS was to recoup its cost, up to a specified amount. During the remainder of the contract, which was to expire December 31, 2003, EDS was to be paid 35% to 42% of any net revenue generated from the website. Through December 31, 1999, the Company had expensed $169,000 for the preliminary project stage of the website and, during the year ended December 31, 2000, the Company capitalized approximately $300,000 during the development stage. During fiscal 2000, the Company and EDS became engaged in a dispute over fees and related performance, which resulted in the Company filing a $1,000,000 claim against the vendor for, among other reasons, failure to meet the performance conditions of the contract, and for invoice disputes. EDS filed a claim denying allegations and seeking to collect its unpaid invoices totaling $226,000, of which $108,000 has not been recorded by the

Company. The matter is currently pending with the American Arbitration Association. In January 2001, the vendor precluded access to the website, and the Company has designed an alternative site, with both matching and enhanced functionality.

12. Income Taxes

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

12. Income Taxes (Continued)

At December 31, 2000, the Company has an operating loss carryforward of approximately $4,680,000 which is available to offset future taxable income. A valuation allowance has been recognized to offset the full amount of the related deferred tax asset of approximately $1,780,000 and $1,880,000 at December 31, 2000 and 1999 since it is more likely than not that the Company will not realize the benefit of the loss carryforwards.

At December 31, 2000, the Company's net operating loss carryforwards are scheduled to expire as follows:

Year ended December 31,	
2005	$ 38,000
2008	36,000
2012	1,685,000
2018	1,975,000
2019	946,000
	$4,680,000

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

	2000	1999
Federal statutory rate	34.0%	(34.0%)
Valuation allowance	(34.0%)	34.0
State income taxes	3.0	2.0
	3.0%	2.0%