



April 6, 2010

Dear Shareholder:

You are cordially invited to attend the 2010 Annual Meeting of Shareholders of First Bank of Delaware to be held on Monday, May 10, 2010, at 4:00 p.m., Eastern Standard Time, at 5301 Limestone Road, Suite 106, Wilmington, DE 19808.

It is very important that you be represented at the annual meeting regardless of the number of shares you own or whether you are able to attend the meeting in person. We urge you to mark, sign and date your proxy card today and return it in the envelope provided, even if you plan to attend the annual meeting. This will not prevent you from voting in person, but will ensure that your vote is counted if you are unable to attend.

Enclosed with your proxy materials is a copy of our 2009 Annual Report to shareholders and Form 10-K.

We look forward to seeing you at the meeting.

Sincerely,

A handwritten signature in black ink that reads 'Harry D. Madonna'. The signature is written in a cursive style with a large, looping 'H' and 'M'.

Harry D. Madonna  
Chairman of the Board of Directors



**FIRST BANK OF DELAWARE**  
**Brandywine Commons II, 1000 Rocky Run Parkway**  
**Wilmington, Delaware 19803**

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**  
**TO BE HELD ON MAY 10, 2010**

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TO OUR SHAREHOLDERS:

NOTICE IS HEREBY GIVEN THAT the 2010 Annual Meeting of Shareholders (the "Annual Meeting") of First Bank of Delaware (the "Bank") will be held on Monday, May 10, 2010, at 4:00 p.m., Eastern Standard Time, at 5301 Limestone Road, Suite 106, Wilmington, DE 19808 to consider and act upon:

1. The election of a Class III Director of the Bank, to serve until the 2013 Annual Meeting of Shareholders and until his successor is elected and qualifies;
2. The approval of an amendment to the Bank's Stock Option Plan and Restricted Stock Plan, to increase the number of shares of common stock of the Bank that may be issued or transferred under the Plan to 1,800,000, to provide for an automatic annual increase in the number of shares that may be issued or transferred under the Plan to restore the number to 1,800,000 shares, and to extend the term of the Plan until December 31, 2019; and
3. Such other business as may properly come before the Annual Meeting.

Shareholders of record of the Bank at the close of business on March 15, 2010, are entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof.

All shareholders are cordially invited to attend the Annual Meeting. Whether or not you plan to attend the Annual Meeting, please complete and sign the enclosed proxy card and return it promptly to the Bank in the enclosed envelope, which requires no postage if mailed in the United States.

April 6, 2010

Sincerely,



Margaret McCool  
Corporate Secretary

IT IS IMPORTANT THAT YOU RETURN YOUR SIGNED PROXY CARD PROMPTLY, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE COMPLETE, SIGN AND MAIL THE ENCLOSED PROXY CARD IN THE ACCOMPANYING ENVELOPE PROMPTLY, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING.

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### **Cautionary Statement Regarding “Forward-Looking Statements”**

Certain statements in this document may be considered to be “forward-looking statements” as that term is defined in the U.S. Private Securities Litigation Reform Act of 1995, such as statements that include the words “may,” “could,” “will,” “likely,” “believes,” “expect,” “estimate,” “project,” “anticipate,” “should,” “would,” “intend,” “probability,” “risk,” “target,” “objective” and similar expressions or variations on such expressions. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. For example, risks and uncertainties can arise with changes in: general economic conditions, including their impact on capital expenditures; business conditions in the financial services industry; the regulatory and litigation environment, including additional restrictions on short term consumer loans and other products and evolving banking industry standards; rapidly changing technology and competition with community, regional and national financial institutions; new service and product offerings by competitors, price pressures; and similar items. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management’s analysis only as of the date hereof. We undertake no obligation to publicly revise or update these forward-looking statements to reflect events or circumstances that arise after the date hereof.

**FIRST BANK OF DELAWARE**

**Brandywine Commons II, 1000 Rocky Run Parkway**

**Wilmington, Delaware 19803**

**ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held on Monday, May 10, 2010**

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**PROXY STATEMENT**

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**General Information**

This Proxy Statement has been prepared and is being distributed in connection with the solicitation by the Board of Directors of First Bank of Delaware (the “Bank”) of proxies in the enclosed form for use at the 2010 Annual Meeting of Shareholders of the Bank to be held on Monday, May 10, 2010, at 4:00 p.m., at 5301 Limestone Road, Suite 106, Wilmington, DE 19808 (such meeting and any adjournment(s) or postponement(s) thereof are herein referred to as the “Annual Meeting”). This Proxy Statement is first being given or sent to shareholders of the Bank on or about April 6, 2010.

The agenda for the Annual Meeting includes the election of a Class III Director of the Bank, to serve until the 2013 Annual Meeting of Shareholders and until his successor is elected and qualifies; the approval of an amendment to the Bank’s Stock Option Plan and Restricted Stock Plan, to increase the number of shares of common stock of the Bank that may be issued or transferred under the Plan to 1,800,000, to provide for an automatic annual increase in the number of shares that may be issued or transferred under the Plan to restore the number to 1,800,000 shares, and to extend the term of the Plan until December 31, 2019; and such other business as may properly come before the Annual Meeting, and a presentation by management of the Bank.

**Solicitation of Proxies**

Your proxy is being solicited by the Board of Directors of the Bank (the “Board”) for use in connection with the Annual Meeting. The cost of such solicitation will be borne by the Bank. Proxies may be solicited in person or by mail, telephone, telegram, mailgram or other means by Directors, officers, and employees of the Bank. Such persons will not receive any fees for such solicitation. Banks, brokers, nominees, fiduciaries and other custodians have been requested to forward such soliciting material to the beneficial owners of shares held of record by them, and such banks, brokers, nominees, fiduciaries and other custodians may be reimbursed for their expenses.

## **Voting Securities, Quorum and Required Vote**

The record date for voting at the Annual Meeting was the close of business on March 15, 2010 (the "Record Date"). As of the Record Date there were 11,418,901 outstanding shares of common stock, par value \$0.05 per share, of the Bank. Holders of the Bank's common stock are entitled to one vote per share in the election of a Class III Director, on the proposal to amend the Plan, and on any other matters to be voted upon at the Annual Meeting. As of the date hereof, there are no other classes of the Bank's capital stock issued or outstanding.

The presence in person or by proxy of a majority of the shares of common stock outstanding on the Record Date will constitute a quorum for the purpose of conducting business at the Annual Meeting.

Abstentions and broker non-votes (shares held by brokers on behalf of their customers, which may not be voted on certain matters because the brokers have not received specific voting instructions from their customers with respect to such matters) will be counted solely for the purpose of determining whether a quorum is present.

Directors will be elected by a plurality of the votes of the shares present in person or represented by proxy in the Annual Meeting and entitled to vote on the election of Directors, provided a quorum is present. The amendment to the Stock Option Plan and Restricted Stock Plan will be approved upon the affirmative vote of a majority of the votes cast at the Annual Meeting, provided a quorum is present. Any other matters that may properly come before the Annual Meeting will be approved if a majority of the votes cast are voted in favor of the action, unless the question is one upon which a larger or different vote is required by express provision of law or by the Bank's Articles of Association or By-laws.

## **Voting and Revocability of Proxies**

Unless contrary instructions are indicated, all shares represented by valid proxies received pursuant to this solicitation (and not revoked before they are voted) will be voted FOR the election of the nominee for Director named herein, and FOR the amendment to the Stock Option Plan and Restricted Stock Plan. As of the date of this Proxy Statement, the Board knows of no business that will be presented for consideration at the Annual Meeting other than the election of a Class III Director and the proposed amendment to the Stock Option Plan and Restricted Stock Plan. If any other business properly comes before the Annual Meeting, the persons designated in the enclosed proxy will vote on such business in accordance with their best judgment.

Any shareholder who executes and returns a proxy card may revoke it at any time before it is voted by delivering to Margaret McCool, Corporate Secretary of the Bank, at the principal executive offices of the Bank at Brandywine Commons II, 1000 Rocky Run Parkway, Wilmington, Delaware 19803, a later-dated proxy or written notice of revocation, or by attending the Annual Meeting and voting in person.

## **Shares Held Through Banks, Brokerage Firms or Other Nominees**

If shares are held through a bank, brokerage firm or other nominee, shares should be voted in accordance with the instructions provided by the bank, brokerage firm or other nominee. In order to vote shares which are held through a bank, brokerage firm or other nominee in person at the Annual Meeting, the bank, brokerage firm or other nominee must provide you with a legal proxy authorizing you to vote the shares at the Annual Meeting.

## **Shareholder Communications with Directors**

Any shareholder may communicate with the Board, or any individual member or members of the Board, by directing his, her or its communication to First Bank of Delaware, Brandywine Commons II, 1000 Rocky Run Parkway, Wilmington, Delaware 19803, Attention: Corporate Secretary, together with a request to forward the communication to the intended recipient or recipients. In general, all shareholder communications delivered to the Corporate Secretary for forwarding to the Board or specified Board members will be forwarded in accordance with the shareholder's instructions. The Corporate Secretary, however, may not forward any abusive, threatening or otherwise inappropriate materials.

### **Proposal 1: Election of Directors**

The Bank's Articles of Association provide that the Board may consist of not less than five Directors and not more than twenty five Directors, classified into three classes as nearly equal in number as possible; however, the number of Directors in each class may differ. The members of one class of Directors are elected at each annual meeting and each class of Directors serves for approximately three years. The classes of Directors have been designated as "Class I," "Class II" and "Class III."

The Board has fixed the number of Directors at five. The Class I Director is Harry D. Madonna; the Class II Directors are William W. Batoff and Alonzo J. Primus; the Class III Director is Harris Wildstein, Esq., and there is one vacancy on the Board as a result of the unexpected passing of Lyle W. Hall, Jr. in February 2010. The incumbent Class I Director will continue in office until the Bank's 2011 Annual Meeting of Shareholders, and the incumbent Class II Directors will hold office until the Bank's 2012 Annual Meeting of Shareholders. Each Director will hold office until the Annual Meeting of Shareholders at which his term expires and until the election and qualification of his successor.

Upon the recommendation of the Nominating Committee, the Board has nominated Harris Wildstein for reelection at the Annual Meeting as a Class III Director, to serve until the Bank's 2013 Annual Meeting of Shareholders and thereafter until his successor is elected and qualifies. Mr. Wildstein brings a great amount of professional experience to the Bank in both the retail and financial industries. Mr. Wildstein has agreed to stand for election. In the event, however, that Mr. Wildstein, for any reason, becomes unavailable for election or service as a Director, the Board may designate a substitute nominee to replace him and the persons designated in the enclosed proxy will vote for the election of such other person or persons as the Board may recommend.

At this time, the Nominating Committee and the Board are indentifying and considering Director candidates to fill the vacancy on the Board created by the unexpected passing of Mr. Hall. During this process, notice of potential director candidates will be provided to the Bank's primary federal regulator, the Federal Deposit Insurance Corporation, or "FDIC." When a qualified Director candidate is identified, the Board may appoint such person to fill the vacancy on the Board. Any qualified Director candidate is expected to be independent and an audit committee financial expert.

The Bank's common stock is not listed on a national securities exchange or in an inter-dealer quotation system which has requirements that a majority of the Board be independent. We have, however, determined the independence of the members of our Board and committees by reference to the listing standards of the Nasdaq Stock Market. The Board determined that under Nasdaq independence standards Messrs. Batoff and Wildstein are independent, and that Mr. Hall was independent, and that all of the members of the Audit, Nominating and Compensation Committees are and have been independent. The Directors who were determined to be not independent were Messrs. Madonna and Primus.

### **Director Nominee**

The following individual has been nominated for election to the Board as a Class III Director, to serve until the 2013 Annual Meeting of Shareholders and until his successor is elected and qualifies.

*Harris Wildstein, Esq.*, age 64, has been a Director of the Bank since 1999 and a Director of Republic First Bancorp, Inc., and its banking subsidiary, Republic First Bank, since 1988. Since September 2004, Mr. Wildstein has been an owner and officer of Lifeline Funding, LLC. He has been the vice president of R&S Imports, Ltd., an automobile dealership, since 1977, and president of HVW, Inc., an automobile dealership, since 1982. Mr. Wildstein is a successful business owner who has owned and managed a number of businesses. He also has been an attorney and has been involved in banking for over 20 years.

### **Continuing Directors**

Each of the following individuals is an incumbent Director who will continue to serve as Director of the Bank until the end of his respective term or until his successor is elected and qualifies.

#### Class I Director

*Harry D. Madonna*, age 67, has been the Chairman of the Board of the Bank ("Chairman") since 1999 and was the Bank's Chief Executive Officer from January 2002 until July 2008. He has been Chairman of the Board of Republic First Bancorp, Inc. and Republic First Bank, since 1988 and Chief Executive Officer of Republic First Bancorp, Inc. and Republic First Bank since January 2002. Mr. Madonna was of counsel to Spector Gadon & Rosen, P.C., a general practice law firm located in Philadelphia, Pennsylvania, from January 2002 until June 2005 and, prior to that, was a partner of Blank Rome Comisky & McCauley LLP, a general practice law firm located in Philadelphia, Pennsylvania, since

1980. Mr. Madonna has been a successful attorney for over 40 years and has been involved in banking as either Chairman and/or as a Chief Executive Officer for over 20 years.

### Class II Directors

*William W. Batoff*, age 75, has been a Director of the Bank since 1999. Since 1988, he has also been a Director of Republic First Bancorp, Inc. and Republic First Bank. Since 1996, Mr. Batoff has been the managing director of William W. Batoff Associates, a government relations consulting firm. Prior to that, Mr. Batoff was a senior consultant of Cassidy & Associates, a government relations consulting firm, since 1992, and has been a Presidential Appointee to the Advisory Board of the Pension Benefit Guarantee Corporation (PBGC) a United States Government Agency. Mr. Batoff has a number of years of experience as a business and political consultant. Mr. Batoff has been involved in banking for over 20 years as a board member.

*Alonzo J. Primus*, age 38, is the President and Chief Executive Officer of the Bank. He has been the Chief Executive Officer since July 2008 and has been the President since December 2006. From December 2006 until July 2008, Mr. Primus also served as the Chief Operating Officer of the Bank. He was the Bank's Executive Vice President of National Consumer Lending from April 2004 through December 2006. Mr. Primus served as Senior Vice President and Chief Accounting Officer of Republic First Bancorp, Inc. from 2000 until April 2004. From 1998 until 2000, Mr. Primus served as Assistant Vice President of Financial Reporting of Summit Bank in Princeton, New Jersey. Mr. Primus has been a Director of the Bank since February 2006. Mr. Primus is a Certified Public Accountant, holds a Masters in Business Administration and has a number of years experience in finance and management of bank operations. Since September 2009, Mr. Primus has also served as the acting Chief Financial Officer of the Bank. The Bank continues to search for a candidate to fill the Chief Financial Officer position and is seeking to have the position filled by May 2010.

As noted above, Messrs. Madonna, Batoff and Wildstein are members of the Boards of Directors of Republic First Bancorp, Inc. and Republic First Bank. Republic First Bancorp, Inc.'s class of common stock is registered with the Securities and Exchange Commission, or "SEC," pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.

### **Recommendation of the Board of Directors**

**THE BOARD OF DIRECTORS OF THE BANK UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ELECTION OF ITS DIRECTOR NOMINEE.**

**Proposal 2:**  
**Approval of Amendment to the Stock Option Plan and Restricted Stock Plan**

*Introduction*

The Stock Option Plan and Restricted Stock Plan of First Bank of Delaware (the “Plan”) was originally approved by our shareholders, following adoption by our Board, to be effective January 1, 2005. The Plan enables the Bank to provide incentives to officers, employees, directors and certain contractors and consultants, in order to attract and retain them and to encourage them to acquire a proprietary interest, or to increase their proprietary interest, in the Bank. Our Board believes that the Plan will cause participants to contribute materially to the growth of the Bank, thereby benefitting the Bank’s shareholders.

Our Board has adopted, subject to shareholder approval, an amendment to the Plan to increase the number of common shares reserved and available for award under the Plan to 1,800,000, representing an increase of 260,000 common shares over the 1,540,000 shares currently reserved and available for award under the Plan. In addition, the amendment would provide for an additional number of shares to be automatically available under the Plan, on an annual basis, to the extent necessary to restore the number of shares available under the Plan to 1,800,000. This type of provision is sometimes called an “evergreen formula.”

As of March 1, 2010, an aggregate of 72,068 common shares remained available for future awards under the Plan, and 957,422 common shares were subject to outstanding options and unvested restricted share awards under the Plan. Options or other issuances outstanding or available for issuance under the Plan will not be affected by the adoption of the amendment.

The Plan currently provides that it will terminate on January 1, 2016, thus no awards may be made under the Plan after that date. Approval of the amendment at the Annual Meeting will extend the termination date to December 31, 2019.

The Bank’s common stock is quoted on the OTC Bulletin Board. The last trade price for a share of our common shares on the OTC Bulletin Board on March 25, 2010 was \$1.55.

In the opinion of our Compensation Committee and Board, an increase in the number of shares available under the Plan is necessary as a part of our continuing commitment to attract, retain and reward our employees, contractors and directors and to promote a shared interest with our shareholders of increasing shareholder value.

The following is a summary of the material terms and conditions of the Plan, as proposed to be amended.

*Shares Subject to the Plan*

The aggregate number of shares of the common stock of the Bank that may be issued or transferred under the Plan is currently 1,540,000, but the shares available under the Plan would be increased to 1,800,000, and maintained in accordance with the “evergreen formula” described above in the event that the proposed amendment is approved by shareholders at the

Annual Meeting. If any change is made to the common stock, whether by reason of merger, consolidation, reorganization, recapitalization, stock dividend, stock split, combination, of shares, or exchange of shares or any other change in capital structure made without receipt of consideration, then the Committee may make appropriate adjustments to the number and class of shares, the exercise price of each outstanding option and otherwise. Shares subject to grants that terminate, expire, are canceled, exercised, or forfeited, are available for subsequent grants.

#### *Administration*

The Plan is administered by a committee of our Board consisting of not less than three persons, all of whom are “non-employee directors” as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended. Presently, our Compensation Committee administers the Plan and there is one vacancy on the Committee. The Committee interprets the Plan and has the sole authority to determine who is eligible to receive grants under the Plan, the type, size and terms of each grant under the Plan, the time when each grant will be made and the duration of any exercise or restriction period; any restrictions on resale applicable to the shares to be issued or transferred pursuant to the grant; and any other matters arising under the Plan.

#### *Eligibility*

Officers and other employees of the Bank, non-employee directors, and independent contractors and consultants who perform services for the Bank are eligible to participate in the Plan. Only officers or other employees of the Bank are eligible to receive incentive stock options.

#### *Amendment and Termination*

The Board may amend or terminate the Plan at any time unless shareholder approval of such amendment or termination is required by applicable law. A termination or amendment of the Plan that occurs after a grant is made shall not result in the termination or amendment of the grant unless the grantee consents or required by applicable law or regulation. The termination of the Plan shall not impair the power and authority of the committee with respect to an outstanding grant.

#### *Grants*

Under the Plan, eligible participants may receive grants of incentive stock options, nonqualified stock options, restricted stock grants, or stock appreciation rights (SARs). All grants shall be subject to the terms and conditions of the Plan and to such other terms and conditions of any nature, not inconsistent with the Plan, as the committee deems appropriate and specifies in a written “grant letter” to the participant.

#### *Stock Options*

The Committee may grant options to purchase our common stock that qualify as incentive stock options within the meaning of Section 422 of the Internal Revenue Code, and

other options to purchase our common stock, referred to as nonqualified stock options. The option price per share of an incentive stock option and a nonqualified stock option is the fair market value of a share of our common stock on the date of grant. If the grantee of an incentive stock option owns common stock possessing more than 10% of the total combined voting power of all classes of stock of the Bank, the option price per share in the case of an incentive stock option shall not be less than 110% of the fair market value of a share of common stock on the date of grant and such option by its terms is not exercisable after the expiration of five years from the date of grant.

Participants who receive option grants are to pay the option price in full at the time of exercise in cash, or, with the consent of the Committee, by delivering shares of common stock already owned by the participant and having a fair market value on the date of exercise equal to the option price, or by a combination of cash and shares of common stock. The participant shall also pay the amount of withholding tax due, if any, at the time of exercise. Shares of common stock shall not be issued or transferred upon any purported exercise of an option until the option price and the withholding obligation are fully paid.

The Committee is to determine the option exercise period of each option granted under the Plan. The exercise period shall not exceed ten years from the date of grant. Notwithstanding any determinations by the Committee regarding the exercise period of any option, all outstanding stock options shall be immediately exercisable upon a “change of control,” as defined in the Plan and described below.

In the event of the death of an optionee while he or she is an eligible participant or within not more than three months after the date on which the optionee ceases to be an eligible participant (or within such other period of time, which may be longer or shorter than three months, as may be specified in a grant letter), any option which was otherwise exercisable by the optionee at the date of death may be exercised by the optionee’s personal representative at any time prior to the expiration of one year from the date of death, but in any event no later than the date of expiration of the option exercise period.

If an optionee who is an employee ceases to be an employee, in the case of an incentive stock option, or ceases to be an eligible participant (in the case of a nonqualified stock option) for any reason (other than, in the case of an individual, the death of such individual) any option which is otherwise exercisable by the optionee shall terminate unless exercised within three months after the date on which the optionee ceases to be an employee or eligible participant, or within such other period of time as may be specified in a grant letter, but in any event no later than the date of expiration of the option exercise period. In the case of an optionee who ceases to be an employee or an eligible participant as a result of becoming disabled, such period shall be one year rather than three months (except as otherwise provided in a grant letter).

### *Restricted Stock Grants*

Shares of common stock issued pursuant to restricted stock grants will be issued in consideration for cash or services rendered having a value, as determined by our Board, at least equal to the par value of the shares. All conditions and restrictions imposed under each restricted stock grant, and the period of years during which the restricted stock grant will

remain subject to such restrictions, the “restricted period,” are to be set forth in a grant letter. If a grantee’s relationship with the Bank terminates during the restricted period, the restricted stock grant shall terminate as to all shares covered by the grant as to which restrictions on transfer have not lapsed, and such shares shall be immediately returned to the Bank. During the restriction period, a grantee may not sell, assign, transfer, pledge or otherwise dispose of the shares of common stock to which the restrictions apply, except to certain successors upon the death of the grantee.

#### *Stock Appreciation Rights*

The Committee may grant stock appreciation rights, or SARs, to eligible participants in tandem with any option, for all or a portion of the applicable option, either at the time the option is granted or at any time thereafter while the stock option remains outstanding. The number of SARs granted to a participant which shall be exercisable during any given period of time shall not exceed the number of shares of common stock which the grantee may purchase upon the exercise of the related stock option during such period. Upon a grantee’s exercise of some or all of the SARs, the grantee shall receive in settlement of such SARs the difference between the option price specified for the related stock option and the fair market value of the underlying common stock on the date of exercise of the SAR multiplied by the number of SARs exercised, provided that the maximum value of any stock appreciation right shall be limited to the exercise price of the tandem option with respect to which it is issued. For purposes of calculating the benefit to be received upon settlement of any SARs, shares of common stock shall be valued at their fair market value on the date of exercise of the SARs. A SAR is exercisable only during the period when the option to which it is related is also exercisable. SARs shall be exercisable only at the same time and to the same extent as, and shall terminate and no longer be exercisable upon the termination or immediately after the exercise of, the tandem options or applicable portion thereof.

#### *Change In Control of the Bank*

Upon a “change of control,” all outstanding options would immediately become exercisable and all restrictions on transfer applicable to restricted stock grants would lapse.

As used in the Plan, a “change of control” is deemed to have occurred when any of the following has occurred:

- any “person,” as such term is used in Section 13(d) and 14(d) of the Exchange Act, becomes the “beneficial owner,” directly or indirectly, of securities of the Bank representing thirty (30%) percent or more of the combined voting power of the Bank’s then outstanding securities, or
- the Bank becomes a subsidiary of another corporation, or is merged or consolidated into another corporation, or substantially all of its assets are sold to an unaffiliated party or parties unless, following such transaction or transactions, the directors of the Bank immediately prior to the transaction or transactions continue to constitute at least half of the directors of the surviving entity or purchaser, or the Bank’s securities continue to represent, or are converted into

- securities which represent, more than two thirds of the combined voting power of the surviving entity or purchaser, or
- fifty percent or more of the Bank's Board of Directors is comprised of persons who were not nominated by the Board for election as Directors, or
  - the Bank's Board of Directors adopts a plan of complete liquidation of the Bank.

#### *Effect of Federal Income Taxation*

#### *Nonqualified Stock Options (NQSOs)*

There are no federal income tax consequences to participants or to us upon the grant of an NQSO. Upon the exercise of an NQSO, participants will recognize ordinary compensation income in an amount equal to the excess of the fair market value of the shares at the time of exercise over the exercise price of the NQSO and we generally will be entitled to a corresponding federal income tax deduction at that time. Upon the sale of shares acquired by exercise of an NQSO, a participant will have a capital gain or loss (long-term or short-term depending upon the length of time the shares were held) in an amount equal to the difference between the amount realized upon the sale and the participant's adjusted tax basis in the shares (the exercise price plus the amount of ordinary income recognized by the participant at the time of exercise of the NQSO).

#### *Incentive Stock Options (ISOs)*

Participants will not be subject to federal income taxation upon the grant or exercise of an ISO and we will not be entitled to a federal income tax deduction by reason of such grant or exercise. However, the amount by which the fair market value of the shares at the time of exercise exceeds the option exercise price is an item of tax preference subject to the alternative minimum tax applicable to the person exercising the ISO. A sale of shares acquired by exercise of an ISO that does not occur within one year after the exercise or within two years after the grant of the ISO generally will result in the recognition of long-term capital gain or loss in the amount of the difference between the amount realized on the sale and the option exercise price and we will not be entitled to any tax deduction in connection therewith.

If such sale occurs within one year from the date of exercise of the ISO or within two years from the date of grant (a "disqualifying disposition"), the participant generally will recognize ordinary income equal to the lesser of the excess of the fair market value of the shares on the date of exercise over the exercise price, or the excess of the amount realized on the sale of the shares over the exercise price. We generally will be entitled to a tax deduction on a disqualifying disposition corresponding to the ordinary compensation income recognized by the participant.

Generally, where previously acquired common stock is used to exercise an outstanding ISO or NQSO, appreciation on such stock will not be recognized as income. However, if such common stock was acquired pursuant to the exercise of an ISO, a

disqualifying disposition will be deemed to have occurred if such stock is used to exercise another ISO prior to the expiration of the applicable holding periods.

### *SARs*

The participant will not recognize any income upon the grant of an SAR. Upon the exercise of an SAR, the participant will recognize ordinary compensation income equal to the value of the shares of common stock received upon such exercise, and we will be entitled to a corresponding deduction. Shares received in connection with the exercise of an SAR will have a tax basis equal to their fair market value on the date of transfer, and the holding period of the shares will commence on that date for purposes of determining whether a subsequent disposition of the shares will result in long-term or short-term capital gain or loss.

### *Stock Awards*

A participant normally will not recognize taxable income upon the grant of a stock award, we will not be entitled to a deduction, until such stock is transferable by the participant or is no longer subject to a substantial risk of forfeiture for federal tax purposes, whichever occurs earlier. When such common stock is either transferable or is no longer subject to a substantial risk of forfeiture, the participant will recognize ordinary compensation income in an amount equal to the difference between the fair market value of the common stock at that time and the amount paid by the participant for the shares, if any. We will be entitled to a deduction equal to the income recognized by the participant.

A participant may, however, elect to recognize ordinary compensation income in the year the restricted stock is awarded in an amount equal to the difference between the fair market value of our common stock at that time, determined without regard to any restrictions, and the amount paid by the participant for the shares, if any. In this event, we will be entitled to a deduction equal to the amount recognized as compensation by the participant in the same year. In addition, in this event, the participant will not be required to recognize any taxable income upon vesting of the shares. Any gain or loss recognized by the participant upon subsequent disposition of the common stock will be capital gain or loss (long- or short-term, depending on how long the shares were held). If, after making the election, any common stock subject to an award is forfeited, the participant will not be entitled to any tax deduction or tax refund.

### *New Plan Benefits*

Awards are granted under the Plan in the discretion of the Compensation Committee. Accordingly, it is not possible to determine the number, name or positions of persons who will benefit from the Plan amendment, if it is approved by stockholders, or the terms of any such benefits.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THIS PROPOSAL. PROXIES SOLICITED BY THE DIRECTORS WILL BE VOTED FOR THIS PROPOSAL, UNLESS SHAREHOLDERS SPECIFY A DIFFERENT CHOICE IN THEIR PROXIES.**

## Committees of the Board of Directors

The Bank's Board of Directors conducts much of its business through Board committees, including a standing Audit Committee, Nominating Committee and Compensation Committee.

*Audit Committee.* Messrs. Batoff and Wildstein serve as members of the Audit Committee. Prior to his death, Lyle W. Hall, Jr. was chairman of the Audit Committee. All members of the Audit Committee have been determined by the Board to be independent under Nasdaq listing standards, including the independence criteria applicable to Audit Committee members. The Board has determined that Mr. Hall was an "audit committee financial expert" as that term is defined in Item 407(d) of Regulation S-K adopted by the SEC. The Audit Committee held four meetings during 2009 and it operates under a written charter approved by the Board. A copy of the Audit Committee charter is available on the Bank's website at [www.fbdel.com](http://www.fbdel.com). The purposes of the Audit Committee are to:

- assist the Board in its oversight of the integrity of the Bank's financial statements, the Bank's compliance with legal and regulatory requirements, the independent auditors' qualifications and independence, the performance of the Bank's internal audit function and independent auditors, and the Bank's management of market, credit, liquidity and other financial and operational risks;
- decide whether to appoint, retain or terminate the Bank's independent auditors and to pre-approve all audit, audit-related and other services, if any, to be provided by the independent auditors; and
- prepare the report required to be prepared by the Audit Committee pursuant to the rules of the SEC and the Federal Deposit Insurance Corporation, or "FDIC," for inclusion in the Bank's annual proxy statement.

*Compensation Committee.* Messrs. Batoff (chair) and Wildstein serve as members of the Compensation Committee. In 2009, Lyle W. Hall, Jr. was a member of the Compensation Committee. All members of the Compensation Committee have been determined by the Board to be independent under Nasdaq listing standards, "non-employee directors," as defined in SEC Rule 16b-3, and "outside directors," as defined for purposes of Internal Revenue Code Section 162(m). The Compensation Committee held three meetings in 2009. The Compensation Committee operates under a written charter approved by the Board. A copy of the Compensation Committee's charter is available on the Bank's website at [www.fbdel.com](http://www.fbdel.com). The Compensation Committee's responsibilities include the following.

- Review and approve on an annual basis the corporate goals and objectives with respect to compensation for the Chief Executive Officer and Chairman.
- Evaluate at least annually the Chief Executive Officer's and Chairman's performance in light of established goals and objectives and, based on such evaluation, have sole authority to determine the Chief Executive Officer's and Chairman's annual compensation.

- Review and make recommendations to the Board of Directors with respect to compensation for other executive officers, incentive-compensation plans and equity-based compensation plans.
- Review and make recommendations to the Board of Directors with respect to the compensation of Directors.
- Administer, interpret and determine awards pursuant to the Bank's stock-based incentive compensation plans.
- Have the sole authority, in its discretion, to retain and terminate any consulting firm to assist in the evaluation of Director, Chief Executive Officer or senior executive compensation, including sole authority to approve the firm's fees and other retention terms.

The Compensation Committee meets at such times as it determines to be necessary or appropriate, but not less than once a year, primarily for the purpose of determining the amount and form of compensation of the Chief Executive Officer and the Chairman of the Bank. The Compensation Committee has the sole authority to establish the compensation of the Chief Executive Officer and the Chairman and may not delegate such authority, except to a subcommittee. The Chief Executive Officer has the primary responsibility for determining the amount and form of compensation of the other executive officers of the Bank and consults with the Compensation Committee on such matters. The Compensation Committee is empowered to engage independent compensation consultants, but did not do so during 2009. In 2006, however, the Compensation Committee did engage Strategic Compensation Planning, Inc., of Malvern, Pennsylvania, to assist the Compensation Committee in structuring the 2007 employment agreements for Messrs. Madonna and Primus. See "Executive Compensation" on page 16 for more information regarding the employment agreements.

The Compensation Committee is also responsible for periodically reviewing the amount and form of director compensation paid to non-employee directors. The Compensation Committee recommends proposed changes in director compensation to the Board as appropriate, from time to time, and any changes in director compensation are approved by the Board.

*Nominating Committee.* Messrs. Batoff and Wildstein serve as members of the Nominating Committee. In 2009, Lyle W. Hall, Jr. was a member of the Nominating Committee. All members of the Nominating Committee have been determined by the Board to be independent under Nasdaq listing standards. The Nominating Committee held one meeting in 2009. The Nominating Committee operates under a written charter approved by the Board. A copy of the Nominating Committee's charter is available on the Bank's website at [www.fbdel.com](http://www.fbdel.com). The Nominating Committee oversees the composition and operation of the Board, including identifying candidates for nomination to the Board. The Nominating Committee evaluates candidates it has identified or who have been recommended to it based on the selection criteria provided in the Nominating Committee Charter and other criteria deemed relevant by the Nominating Committee. The Nominating Committee will consider Director candidates recommended by shareholders and evaluate those candidates in the same

manner that it evaluates other Director candidates. The procedures for shareholders to recommend Director candidates are described under the heading “Shareholder Proposals and Nominations for the 2011 Annual Meeting” on page 27. The Nominating Committee considers a number of factors in selecting Board members. Those factors include diversity, business experience and financial knowledge. In regards to diversity, the Nominating Committee considers age, gender and race and strives to have a Board made up of diverse candidates.

### **Meetings of the Board and Attendance**

The Board held six Board meetings in 2009. All of the Directors attended at least 75% of all of the meetings of the Board and the meetings of all committees of the Board on which such Director served.

The Bank encourages all incumbent Directors and nominees for election as Directors to attend the Annual Meeting. All then-serving Directors attended the Bank’s 2009 Annual Meeting of Shareholders.

### **Risk Oversight**

The Chairman of the Board of First Bank of Delaware is Harry Madonna. The other Directors are Chief Executive Officer Alonzo J. Primus, William W. Batoff and Harris Wildstein. All of these incumbent Directors have been with the Bank for a number of years. The Bank has separated the roles of Chairman and Chief Executive Officer, and the Board is structured to be comprised of the Chairman, CEO, and three independent directors. Mr. Hall was independent and any director candidate appointed fill the vacancy on the Board is expected to be independent. The Board structure is appropriate as the Chairman and CEO have extensive knowledge of the Bank both from the overall and individual function and/or product level. Mr. Madonna also has an extensive legal background and has worked for the Department of Justice. Mr. Primus is a CPA and provides a strong financial and accounting background. Mr. Batoff has extensive connections in Washington, D.C. enabling him to keep abreast of current and proposed regulatory concerns. Mr. Batoff has also worked as a consultant and is experienced in business matters. Mr. Wildstein has an extensive background in commercial business and commercial lending and has and continues to successfully own and manage a number of businesses. Mr. Wildstein is experienced in business and financial matters.

The Board of Directors fulfills its Risk Oversight role in several ways. There are Board Risk and Compliance Committees, Loan Committee and an Asset Liability (“ALCO”) Committee. Further there are Management Risk, Compliance, Loan and Product Risk Committees chaired by the Chief Risk Management Officer, whose results are reported to the Board. The Chief Risk Management Officer reports to the Board six times per year on all risk areas of the Bank, including Credit, Financial, Legal, Strategic, Compliance, Reputational, Accounting, IT/Operational and Oversight. In addition, the CFO, CIO and CCO have more specialized reports they also discuss at the Board meetings. For further coordination of the Board’s Risk Oversight function, the various Board Risk Committees are held the same day as the Board meeting, ensuring an overall risk profile is discussed.

## **Executive Officers**

The following sets forth certain information regarding the executive officers of the Bank. Information pertaining to Harry D. Madonna, a Director of the Bank, may be found in the section entitled “Continuing Directors” on page 4, and information pertaining to Alonzo J. Primus, who is both a Director and the President and Chief Executive Officer of the Bank, may be found in the section entitled “Continuing Directors” on page 4.

*Lisa Vandercook*, age 54, has been the Chief Risk Management Officer of the Bank since March 2006 and was also the Chief Risk Management Officer for Republic First Bank from March 2006 until September 2008. Prior to joining First Bank of Delaware, Ms. Vandercook served in various regulatory, audit, compliance and risk management positions, most recently at JPMorgan Chase.

*Daniel J. Mignogna*, age 59, was named Executive Vice President, Chief Operations Officer of the Bank in January 2009. From April 2006 until January 2009, he managed day to day operations for First Bank of Delaware’s National Consumer Lending division as Senior Vice President. Prior to joining First Bank of Delaware, Mr. Mignogna worked at Bank of America, Fleet Boston Financial and National Westminster Bank in consumer credit, vendor management, strategic operations and residential lending. He has also held positions in retail bank management and corporate training at other banks in the New York City area.

## Executive Compensation

The following table shows the annual compensation of the Bank’s Chairman, the Bank’s Chief Executive Officer and the most highly compensated executive officers of the Bank other than the Chief Executive Officer. Collectively, these officers are referred to as the “named executive officers.”

### 2009 SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards (\$ (1))	All Other Compensation (\$)	Total (\$)
Harry D. Madonna Chairman of the Board of Directors	(2) 2009	385,000	-	32,613	233,661	651,274
	2008	371,000	400,000	23,485	215,574	1,010,059
Alonzo J. Primus President/Chief Executive Officer	(3) 2009	357,500	75,000	16,385	177,277	626,162
	2008	279,000	300,000	91,255	148,899	819,154
Daniel J. Mignogna Executive Vice President	(4) 2009	185,000	15,004	-	44,250	244,254
	2008	170,000	50,000	-	40,246	260,246
Lisa Vandercook Chief Risk Management Officer	(5) 2009	155,000	10,075	-	31,532	196,607
	2008	129,648	30,000	-	31,114	190,762

- (1) The amount shown is the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. Assumptions made in the valuation of option awards for financial statement reporting purposes are discussed in Notes 2 and 14 in the Notes to Consolidated Financial Statements, included in the Annual Report and Form 10-K accompanying this proxy statement.
- (2) In 2009 and 2008, respectively, other compensation for Harry D. Madonna includes \$26,008 and \$25,990 of automobile and transportation allowance, \$3,095 and \$4,061 of business development expense including a club membership which is sometimes used for personal purposes, \$8,308 and \$3,736 for life and supplemental long-term disability insurance, \$0 and \$4,600 matching contributions made by the Bank to the Bank’s 401(k) plan, and \$196,250 and \$177,187 of contributions by the Bank to the Bank’s Deferred Compensation Plan of which the 2009 contributions vest over three year periods and the 2008 contributions were vested in 2009. Mr. Madonna served as Chief Executive Officer through July 22, 2008.
- (3) In 2009 and 2008, respectively, other compensation for Alonzo J. Primus includes \$18,000 and \$24,449 of automobile and transportation allowance, \$11,977 and \$11,996 of business development expense including a club membership which is sometimes used for personal purposes, \$3,500 and \$1,004 for life insurance, \$2,500 and \$0 for supplemental long-term disability insurance, \$9,800 and \$9,200 for matching contributions made by the Bank to the Bank’s 401(k) plan, and \$131,500 and \$102,250 of contributions by the Bank to the deferred compensation plan of which the 2009 contributions vest over three year periods and the 2008 contributions were vested in 2009.
- (4) In 2009 and 2008, respectively, other compensation for Daniel J. Mignogna includes \$7,250 and \$6,246 for matching contributions by the Bank to the Bank’s 401(k) plan, and \$37,000 and \$34,000 of contributions by the Bank to the deferred compensation plan which vest over three-year periods.

- (5) In 2009 and 2008, respectively, other compensation for Lisa Vandercook includes \$4,292 and \$5,185 for matching contributions by the Bank to the Bank's 401(k) plan, and \$27,240 and \$25,929 of contributions by the Bank to the deferred compensation plan which vest over three-year periods.

Our named executive officers receive a combination of base salary, health and welfare benefits, bonus compensation, long-term incentive compensation in the form of stock option awards, qualified and nonqualified deferred compensation and perquisites. Bonus compensation is paid at the discretion of the Compensation Committee after consideration of numerous factors, which may include net income, core deposits, loan growth, income from loan programs and other factors set by the Compensation Committee.

The Bank has entered into employment agreements with each of Messrs. Madonna and Primus. The current agreement with Mr. Primus was effective July 1, 2009. The Bank and Mr. Madonna entered into an employment agreement effective January 1, 2010, to amend and restate his prior agreement. The amendments were initiated at Mr. Madonna's request to reduce his annual compensation and certain other benefits in recognition of the state of the economy in general and the financial services industry in particular, as well as the financial performance of the Bank, to further align the interests of the Bank and Mr. Madonna and to more clearly define the services Mr. Madonna would be providing. Compared to the prior agreement, the amended and restated agreement reduces Mr. Madonna's annual salary, eliminates automatic annual compensation increases and guaranteed deferred compensation, reduces by 50% the costs to the Bank of providing health benefits, an automobile and certain other benefits, and eliminates the tax "gross-up" provision in the event of a change of control, as defined in the agreement. The compensation paid to Messrs. Madonna and Primus is determined, in large part, by the terms of these employment agreements, which are described below.

*Harry D. Madonna.* The amended and restated employment agreement provides for Mr. Madonna's continuing service as Chairman of the Board of the Bank as executive Chairman, to provide services set out in the agreement, for a term of three years beginning January 1, 2010 at an annual base salary of \$300,000. The Bank may terminate Mr. Madonna's agreement with notice at least six months prior to the scheduled expiration/renewal date or any time for good reason. Mr. Madonna may terminate the agreement with six months prior notice. Mr. Madonna is also eligible to receive annual increases in base salary and annual bonuses in amounts determined in the sole discretion and determination of the Compensation Committee of the Bank's Board of Directors upon achieving mutually agreed upon budget criteria. He may also receive discretionary deferred compensation. Annually, for each of the three years of the agreement, Mr. Madonna will receive options to purchase 25,000 shares of the Bank's common stock at a per share exercise price equal to the price on the date of grant. Options will vest four years after their dates of grant. Mr. Madonna will be provided one half the costs of an automobile and will be reimbursed for its operation, maintenance and insurance expenses. Additionally, he will receive one half of the cost of health and disability insurance available to all employees, term life insurance for three times his salary, business related travel and entertainment expenses and club dues and expenses. The agreement with Mr. Madonna provides for severance and change in control payments, which are discussed below under the heading, "Severance and Change in Control Benefits" on page 20. It also provides for the non-disclosure by Mr.

Madonna of confidential information acquired by him in the context of his employment with the Bank.

*Alonzo J. Primus.* Mr. Primus currently serves as President and Chief Executive Officer of the Bank under the terms of an agreement with a term of three years beginning July 1, 2009, at a salary of \$370,000. That salary amount increased to \$410,000 effective January 1, 2010. This salary will increase by an additional 10% for each of the next three years per the agreement. The Bank may terminate the agreement after three years with six months prior notice or any time for cause. Mr. Primus may terminate the agreement upon six months notice to the Bank. Mr. Primus is also eligible to receive an annual bonus in an amount set by the sole discretion and determination of the Compensation Committee upon achieving mutually agreed upon budget criteria. Mr. Primus will also receive 25% of base salary and most recent bonus as deferred compensation, which will vest over three years, pursuant to the Bank's Deferred Compensation Plan. Annually, for each of the three years of the agreement, Mr. Primus will receive 25,000 stock options at an exercise price equal to the stock's market price on the date of grant, which will vest four years after the date of the grant. Mr. Primus will receive a monthly automobile allowance of \$2,000. Additionally, Mr. Primus will receive health and disability insurance available to all employees, term life insurance for three times his salary, additional disability insurance, business related travel and entertainment expenses and club dues and expenses. The agreement with Mr. Primus provides for severance and change in control payments, which are discussed below under the heading, "Severance and Change in Control Benefits" on page 20. It also provides for the non-disclosure by Mr. Primus of confidential information acquired by him in the context of his employment with the Bank and post-employment non-compete agreements, which apply for one year after employment.

The Bank maintains a deferred compensation plan for the benefit of certain officers and directors. The plan permits certain participants to make elective contributions to their accounts, subject to applicable provisions of the Internal Revenue Code. In addition, the Bank may make discretionary contributions to participant accounts. Bank contributions are subject to vesting, and generally vest three years after the end of the plan year to which the contribution applies, subject to acceleration of vesting upon certain changes in control (as defined in the plan) and to forfeiture upon termination for cause (as defined in the plan). Participant accounts are adjusted to reflect contributions and distributions, and income, gains, losses, and expenses as if the accounts had been invested in permitted investments selected by the participants, including Bank common stock. The plan provides for distributions upon retirement and, subject to applicable limitations under the Internal Revenue Code, limited hardship withdrawals.

## OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2009

	Option Awards			
	Exercisable (1)	Unexercisable (2)	Exercise Price	Expiration Date
Harry D. Madonna Chairman		25,000	1.25	December 31, 2019
			25,000	January 21, 2019
			25,000	January 23, 2018
			25,000	January 2, 2017
	100,000		2.70	April 19, 2015
	42,800		2.45	April 19, 2015
	18,700		2.67	January 1, 2014
	8,004		2.45	January 1, 2014
Alonzo J. Primus Chief Executive Officer / President		25,000	1.33	January 21, 2019
		100,000	1.65	October 23, 2018
		25,000	2.76	January 23, 2018
		25,000	3.10	January 2, 2017
	5,300		2.70	April 19, 2015
	2,268		2.45	April 19, 2015
	16,500		2.79	April 14, 2014
	7,062		2.45	April 14, 2014
	7,700		2.67	January 1, 2014
	3,296		2.45	January 1, 2014
	2,200		1.63	March 31, 2013
	942		2.45	March 31, 2013
	3,300		1.20	February 19, 2012
	1,412		2.45	February 19, 2012
Daniel J. Mignogna Executive Vice President		10,000	3.10	January 2, 2017
Lisa Vandercook Chief Risk Management Officer		5,000	3.10	January 2, 2017

(1) All exercisable options are fully vested.

(2) All unexercisable options are subject to vesting and will vest four years after the date of grant, or on January 23, 2012, for options which expire on January 2, 2018. Options which expire on January 21, 2019 will vest on January 21, 2013.

### *Severance and Change in Control Benefits*

Messrs. Madonna and Primus are parties to employment agreements with the Bank that provide for certain severance and change in control benefits.

In the case of Mr. Madonna's agreement, upon the occurrence of a change in control (as defined in the agreement), termination for any reason other than death, resignation by the executive without cause (as defined in the agreement), termination by the Bank with good reason (as defined in the agreement), Mr. Madonna would receive a severance payment equal to three times his annual base salary plus three times his average bonus over the prior three years and three years of health and life insurance or cash in an amount equal to the cost of such insurance. In the event that severance amounts and benefits payable to Mr. Madonna would subject him to excise taxes under Section 4999 of the Internal Revenue Code, the Bank would reduce the payments otherwise payable to Mr. Madonna to the extent necessary so that he would not be subject to such excise taxes. Subject to compliance with Section 409A of the Internal Revenue Code, all severance payments are to be made in a lump sum within 30 days after the triggering event. Had Mr. Madonna been terminated as of December 31, 2009 without cause or in connection with a change in control, he would have received compensation and benefits aggregating approximately \$2.2 million. If Mr. Madonna's new agreement, effective January 1, 2010 is used, had Mr. Madonna been terminated as of January 1, 2010 without cause or in connection with a change in control, he would have received compensation and benefits aggregating approximately \$1.1 million. The lower number reflects the elimination of the tax "gross-up" provision in the event of a change of control.

In the case of the agreement with Mr. Primus, upon the occurrence of a change in control (as defined in the agreement), or termination for any reason other than death, resignation by the executive without cause (as defined in the agreement) and termination by the Bank with good reason (as defined in the agreement), Mr. Primus would receive a severance payment equal to three times his annual base salary plus three times his average bonus over the prior three years. Mr. Primus would also have immediate vesting of all stock options, annuities, deferred compensation and pensions if applicable. Also, he would receive three years of health and life insurance or cash in an amount equal to the cost of such insurance. Mr. Primus would also receive a "gross-up" payment as reimbursement for any additional excise taxes if triggered under Section 4999 of the Internal Revenue Code. Had Mr. Primus been terminated as of December 31, 2009 without cause or in connection with a change in control, he would have received compensation and benefits aggregating approximately \$2.0 million.

The Bank has adopted a change in control policy for certain senior officers, including Mr. Mignogna and Ms. Vandercook. The policy is not applicable to Messrs. Madonna and Primus. The policy provides that upon the occurrence of a change in control or similar transaction that does not receive the approval of the Board required by the policy, particularly a hostile takeover, which is followed by a termination of employment, any officer eligible to receive benefits under the policy would receive a payment equal to two times his or her annual base salary. Had Mr. Mignogna terminated his employment on December 31, 2009, following a covered change in control, he would have received change

in control benefits under the policy equal to approximately \$370,000. Had Ms. Vandercook terminated her employment on December 31, 2009, following a covered change in control, she would have received change in control benefits under the policy equal to approximately \$310,000.

## Compensation of Directors

### 2009 DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash (\$)	Option Awards (\$)(1)	Total (\$)
William W. Batoff	73,100	3,932	77,032
Lyle W. Hall, Jr.	73,850	3,932	77,782
Harris Wildstein Esq.	71,350	3,932	75,282

(1) The amount shown is the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. Assumptions made in the valuation of option awards for financial statement reporting purposes are discussed in Notes 2 and 14 in the Notes to Consolidated Financial Statements, included in the Annual Report and Form 10-K accompanying this proxy statement. As of December 31, 2009, the following directors had the following outstanding options: Mr. Batoff: 154,800 options; Mr. Hall: 9,000 options; and Mr. Wildstein: 186,216 options. Of those options, all are vested except 3,000 for Messrs. Batoff and Wildstein which vest on January 2, 2010, 3,000 for each of the above directors which vest January 23, 2011 and 6,000 for each of the above directors which vest January 21, 2012, which is three years after the date of grant.

Employee Directors receive no additional compensation for their service on the Board. During 2009, non-employee Directors received a \$6,000 quarterly retainer. The Audit Committee Chair received \$1,500 for each Audit Committee meeting attended and each other member of the Audit Committee received \$1,000 for each Audit Committee meeting attended. The Chair of all other Board committees received \$750 for each committee meeting attended and each other member of those committees received \$500 for each committee meeting attended. Non-employee Directors also receive an additional retainer of \$2,300 per month for business development expenses. In 2009, each non-employee Director also earned \$17,500 for extra time and effort expended on regulatory issues.

Non-employee Directors are eligible to receive grants of stock options under the Bank's Stock Option Plan and Restricted Stock Plan and to participate in the Bank's Deferred Compensation Plan.

## Equity Compensation Plan Information

The following table sets forth information as of December 31, 2009, with respect to the shares of common stock that may be issued under the Bank's existing equity compensation plans.

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance (excluding securities reflected in column (a))
Equity compensation plans approved by security holders: Stock Option Plan and Restricted Stock Plan	957,422	\$2.40	72,068
Equity compensation plans not approved by security holders	--	--	--
Total	957,422	\$2.40	72,068

### Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires the Bank's officers and Directors and persons who own more than 10% of a registered class of the Bank's equity securities (collectively, the "Reporting Persons") to file reports of ownership and changes in ownership with the FDIC and to furnish the Bank with copies of these reports. Based on the Bank's review of the copies of the reports filed by such persons and written representations, the Bank believes that all filings required to be made by Reporting Persons for the period from January 1, 2009 through December 31, 2009 were made on a timely basis.

### Audit Committee Report

The Audit Committee is responsible for providing independent, objective oversight of the Bank's accounting functions and internal controls. Management is responsible for the Bank's internal controls and financial reporting process. The independent auditors are responsible for performing an independent audit of the Bank's consolidated financial statements in accordance with generally accepted auditing standards and to issue a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

In connection with these responsibilities, the Audit Committee has reviewed and discussed the audited financial statements with management. The Audit Committee has discussed with the independent auditors the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (Codification of Statements on Auditing Standards AU § 380). The Audit Committee has received the written disclosures and the letter from the independent accountants required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and has discussed with the independent accountant the independent accountant's independence.

Based upon the Audit Committee's review and discussions with management and the independent accountants referred to above, the Audit Committee recommended to the Board of Directors that the Bank's audited consolidated financial statements be included in the Bank's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, for filing with the FDIC.

Respectfully submitted,

William W. Batoff  
Harris Wildstein

## Security Ownership Of Certain Beneficial Owners And Management

The following table sets forth, as of March 19, 2010, information with respect to the holdings of Bank securities of all persons which the Bank, pursuant to filings with the FDIC and the Bank's stock transfer records, has reason to believe may be beneficial owners of more than five percent of the Bank's outstanding common stock, each Director and Director nominee, each named executive officer, and by the Bank's executive officers and Directors as a group.

<u>Name and Address of Beneficial Owner (1)</u>	<u>Amount and Nature of Beneficial Ownership (2)</u>	<u>Percentage of Class (2)</u>
Harry D. Madonna	1,899,726 <sup>(3)</sup>	16.4%
William W. Batoff	272,204 <sup>(4)</sup>	2.4%
Harris Wildstein, Esq.	1,267,593 <sup>(5)</sup>	10.9%
Alonzo J. Primus	83,518 <sup>(6)</sup>	*
Dan Mignogna	-	*
Lisa Vandercook	-	*
All Directors and executive officers as a group (6 persons)	3,523,041	29.7%

\* Represents less than 1% of the issued and outstanding shares.

- (1) Unless otherwise indicated, the address of each beneficial owner is c/o First Bank of Delaware, Brandywine Commons II, 1000 Rocky Run Parkway, Wilmington, Delaware 19803. The group of Directors and executive officers was determined as of March 19, 2010 and does not reflect any changes in management since that date.
- (2) The securities "beneficially owned" by an individual are determined in accordance with the definition of "beneficial ownership" set forth in Rule 13d-3 under the Securities Exchange Act of 1934, as amended. Any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: voting power, which includes the power to vote, or to direct the voting of, the Bank's common stock; and/or, investment power, which includes the power to dispose, or to direct the disposition of, the Bank's common stock, is determined to be a beneficial owner of the Bank's common stock. All shares are subject to the named person's sole voting and investment power unless otherwise indicated. Shares beneficially owned include options to purchase shares which are currently exercisable or which will be exercisable within 60 days of March 3, 2010. Percentage calculations presume that the identified individual or group exercises all of his, her or their respective options and that no other holders of options exercise their options. As of March 15, 2010 there were 11,418,901 shares of the Bank's common stock outstanding.
- (3) Includes 169,504 shares of common stock subject to options which are currently exercisable and 708,076 shares of common stock held in a trust for Mr. Madonna's children.
- (4) Includes 145,800 shares of common stock subject to options which are currently exercisable.
- (5) Includes 177,216 shares of common stock subject to options which are currently exercisable. Also includes 31,596 shares held as custodian for his daughter, 13,913 shares with power of attorney for his mother, 14,282 shares owned by his wife and 39,590 owned by his son.
- (6) Includes 49,980 shares of common stock subject to options which are currently exercisable.

## Certain Relationships and Related Transactions

Prior to January 31, 2005, the Bank was a wholly owned subsidiary of Republic First Bancorp, Inc. Three of the Bank's incumbent Directors, all but Mr. Primus, also serve as Directors of Republic First Bancorp, Inc. and Republic First Bank. Mr. Madonna serves as

Chairman, Chief Executive Officer and President of Republic First Bancorp, Inc. and Republic First Bank.

At the time the Bank was spun off from Republic First Bancorp, Inc., Republic First and BSC Services Corporation, a wholly-owned subsidiary of the Bank, entered into a number of agreements pursuant to which BSC Services Corporation provided services to Republic First Bank, including a financial accounting and reporting service agreement, compliance services agreement, operation and data processing services agreement; and human resources and payroll services agreement. These agreements provided for shared data processing, accounting, employee leasing, human resources, credit and compliance services.

During 2008, the Bank and Republic First Bank began to transition away from this relationship. In July 2008, the Bank and Republic First Bank entered into a number of agreements, similar to those between BSC Services Corporation and Republic First Bank, but pursuant to which Republic First Bank would provide services to the Bank. These agreements include a financial accounting and reporting service agreement, compliance and audit services agreement, operations, data processing and administrative services agreement, human resources and payroll services agreement, and credit and loan administration services agreement. In August 2008, all employees of BSC Services Corporation were transferred to the direct employ of either the Bank or Republic First Bank. As of December 31, 2008, the financial accounting and reporting, compliance, audit and human resources and payroll services agreement had ended.

For services provided in 2009, after changes in the relationship between the Bank and Republic First Bank, the Bank paid Republic First Bank \$235,000.

The Bank has made, and expects to continue to make, loans in the future to our Directors and executive officers and their family members, and to firms, corporations, and other entities in which they and their family members maintain interests. None of such loans are, as of the date of this proxy statement, or were at December 31, 2009, nonaccrual, past due, restructured or potential problems, and all of such loans were made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the Bank and did not involve more than the normal risk of collectability or present other unfavorable features.

The Bank has several extensions of credit to Harris Wildstein, a Director of the Bank, or to companies in which Mr. Wildstein has an interest. Mr. Wildstein's related companies were beneficiaries of a \$660,000 5.75% loan made on December 19, 2007. The balance outstanding at December 31, 2009 and January 20, 2010 was \$637,778. Total 2009 principal and interest payments on that loan were respectively, \$12,398 and \$37,561. In 2009, the highest amount of all extensions of credit to Mr. Wildstein was \$644,000, which amounted to 1.4% of shareholders' equity as of December 31, 2009.

All transactions with related persons are approved by the Board of Directors of the Bank. The Bank has written policies which require such Board approval, and which require that the terms of such extensions of credit be on the same terms as transactions with non-related persons.

## Independent Public Accountants

On October 1, 2009, the Bank was notified that the audit practice of Beard Miller Company LLP (“Beard”) an independent registered public accounting firm, was combined with ParenteBeard LLC (“ParenteBeard”) in a transaction pursuant to which Beard combined its operations with ParenteBeard and certain of the professional staff and partners of Beard joined ParenteBeard either as employees or partners of ParenteBeard. On October 1, 2009, Beard resigned as the auditors of the Bank and with the approval of the Audit Committee of the Bank’s Board of Directors, ParenteBeard was engaged as its independent registered public accounting firm.

Prior to engaging ParenteBeard, the Bank did not consult with ParenteBeard regarding the application of accounting principles to a specific completed or contemplated transaction or regarding the type of audit opinions that might be rendered by ParenteBeard on the Bank’s financial statements, and ParenteBeard did not provide any written or oral advice that was an important factor considered by the Bank in reaching a decision as to any such accounting, auditing or financial reporting issue.

The report of independent registered public accounting firm of Beard regarding the Bank’s financial statements for the fiscal years ended December 31, 2008 and 2007 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the years ended December 31, 2008 and 2007, and during the interim period from the end of the most recently completed fiscal year through October 1, 2009, the date of resignation, there were no disagreements with Beard on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures, which disagreements, if not resolved to the satisfaction of Beard would have caused it to make reference to such disagreement in its reports.

The following table presents fees for the annual audit of the Bank’s financial statements and other professional services by Beard and ParenteBeard, the Bank’s independent auditors for the years ended December 31, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Audit Fees:	\$97,011	\$96,750
Audit-Related Fees:	--	--
Tax Fees:	\$17,960	10,000
All Other Fees:	--	17,500
Total Fees	<u>\$114,971</u>	<u>\$124,250</u>

Audit Fees consist of fees billed for professional services rendered for the audit of the Bank's consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by the above firms in connection with statutory and regulatory filings or engagements.

Audit-Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Bank's consolidated financial statements and are not reported under "Audit Fees."

Tax Fees consist of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal and state tax compliance, tax audit defense, customs and duties, and mergers and acquisitions.

All Other Fees consist of fees billed for products and services provided by the principal accountant, other than those services described above.

Representatives of ParenteBeard are expected to be present at the Annual Meeting, and they will have the opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions. As of the date of this proxy statement, the Audit Committee has not yet met to select the Bank's auditors for 2010.

#### **Audit Committee Pre-Approval Procedures**

The Audit Committee meets with the Bank's independent auditors to pre-approve the annual scope of accounting services to be performed and the related fee estimates. The Audit Committee also meets with the Bank's independent auditors on a quarterly basis, following completion of its quarterly reviews and annual audit and prior to the Bank's earnings announcements, to review the results of the auditors' work. During the course of the year, any authorized member of the Audit Committee may pre-approve requests for services that were not approved in the annual pre-approval process. Any interim pre-approvals would be reported at the following quarterly meeting of the Audit Committee. During fiscal year 2009, all audit and non-audit services performed by ParenteBeard for the Bank were pre-approved by the Audit Committee in accordance with the foregoing procedures and the Audit Committee Charter. The percentage of services that were approved by the audit committee for Audit-Related Fees, Tax Fees, and All Other Fees was 100%.

#### **Code of Ethics**

The Bank has adopted a code of ethics that applies to the Bank's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The text of the Bank's code of ethics is available on the Bank's website at [www.fbdel.com](http://www.fbdel.com).

#### **Shareholder Proposals and Nominations for the 2011 Annual Meeting**

Any shareholder who intends to present a proposal for consideration at the Bank's 2011 Annual Meeting of Shareholders must submit her or his proposal to the Bank no later than November 29, 2010 in order to have the Bank consider the inclusion of such proposal in

the Bank's 2011 proxy and proxy statement relating to the 2011 Annual Meeting of Shareholders. Reference is made to SEC Rule 14a-8 for information concerning the content and form of such proposal and the manner in which such proposal must be made.

Any shareholder who intends to present a proposal for consideration at the Bank's 2011 Annual Meeting of Shareholders outside of the process of SEC Rule 14a-8 must deliver written notice of any proposed director nomination or other proposal for consideration at the Bank's 2011 Annual Meeting of Stockholders to the Bank's Corporate Secretary no later than November 29, 2010, pursuant to the Bank's advance notice by-law. This requirement is separate from and in addition to the SEC requirements that a shareholder must meet in order to have a shareholder proposal included in the Bank's proxy statement.

Nominations for election to the Board of Directors at the 2011 Annual Meeting may be made only in writing by a shareholder entitled to vote at the 2011 Annual Meeting of Shareholders. Such nominations must be addressed as follows: Margaret McCool, Corporate Secretary, First Bank of Delaware, Brandywine Commons II, 1000 Rocky Run Parkway, Wilmington, Delaware 19803. Nominations for the 2011 Annual Meeting must be received by the Corporate Secretary no later than November 29, 2010 and must be accompanied by the following information: (i) the name and address of the shareholder who intends to make the nomination; (ii) a representation that the shareholder is a holder of record of stock entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (iv) such other information regarding each nominee proposed by such shareholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the SEC and FDIC, had each nominee been nominated or intended to be nominated by the Board; and (v) the consent of each nominee to serve as a Director of the Bank if so elected. The chairman of any meeting of shareholders held to elect Directors may refuse to recognize the nomination of any person not made in compliance with such provisions.

### **Security Holders Sharing an Address**

Only one copy of this proxy statement and the accompanying Annual Report and Form 10-K are being delivered to multiple shareholders sharing an address unless the Bank has previously received contrary instructions from one or more of such shareholders. On written or oral request to Margaret McCool, Corporate Secretary, First Bank of Delaware, Brandywine Commons II, 1000 Rocky Run Parkway, Wilmington, Delaware 19803, (302) 529-5984, the Bank will deliver promptly a separate copy of this proxy statement and the accompanying Annual Report and Form 10-K to a shareholder at a shared address to which a single copy of the documents was delivered. Shareholders sharing an address who wish, in the future, to receive separate copies or a single copy of our proxy statements and annual reports should provide written or oral notice to the Corporate Secretary at the address and telephone number set forth above.

## **Annual Report and Form 10-K**

A copy of the Bank's Annual Report and Form 10-K accompanies this proxy statement. The Bank's Annual Report and Form 10-K serve as an "annual disclosure statement" required under Part 350 of the FDIC Rules (12 CFR 350). **On written request, we will provide, without charge, a copy of our Annual Report on Form 10-K for the year ended December 31, 2009, as filed with the FDIC (including a list briefly describing the exhibits thereto), to any record holder or beneficial owner of common stock on March 15, 2010, the record date for the Annual Meeting, or to any person who subsequently becomes such a record holder or beneficial owner.** Requests should be directed to Margaret McCool, Corporate Secretary, First Bank of Delaware, Brandywine Commons II, 1000 Rocky Run Parkway, Wilmington, Delaware 19803, (302) 529-5984.

## **Internet Availability of Proxy Materials**

This proxy statement and the Bank's Annual Report and Form 10-K are available on the Bank's website at [www.fbdel.com](http://www.fbdel.com).

IT IS IMPORTANT THAT YOU RETURN YOUR SIGNED PROXY CARD PROMPTLY, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE COMPLETE, SIGN AND MAIL THE ENCLOSED PROXY CARD IN THE ACCOMPANYING ENVELOPE PROMPTLY, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING.

By Order of the Board of Directors,



Margaret McCool,  
Corporate Secretary

April 6, 2010

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