

TASTY BAKING CO  
Form 11-K  
June 27, 2008

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 11-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the calendar year December 31, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-5084

TASTY BAKING COMPANY 401(k) AND COMPANY FUNDED RETIREMENT PLAN  
2801 Hunting Park Avenue  
Philadelphia, Pennsylvania 19129  
(Full title of the plan and the address of the plan, if different from that of the issuer named below)

TASTY BAKING COMPANY  
2801 Hunting Park Avenue  
Philadelphia, Pennsylvania 19129  
(Name of issuer of the securities held pursuant to the Plan and the address of its principal  
executive offices)

---

TASTY BAKING COMPANY 401(k) AND  
COMPANY FUNDED RETIREMENT PLAN

---

Financial Statements and Supplemental Schedules  
For the Years Ended December 31, 2007 and 2006  
With Report of Independent Registered Public Accounting Firm

---

TASTY BAKING COMPANY 401(k) AND COMPANY FUNDED RETIREMENT PLAN

TABLE OF CONTENTS

	Page(s)
<u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>1</u>
FINANCIAL STATEMENTS	
<u>Statements of Net Assets Available for Benefits     at December 31, 2007 and 2006</u>	<u>2</u>
<u>Statements of Changes in Net Assets Available for Benefits     for the Years Ended December 31, 2007 and 2006</u>	<u>3</u>
<u>Notes to Financial Statements</u>	<u>4-12</u>
SUPPLEMENTAL SCHEDULES	
<u>Schedule H, Part IV, Line 4(i)*     Schedule of Assets (Held at End of Year) as of December 31, 2007</u>	<u>13</u>
<u>Schedule H, Part IV, Line 4(j)*     Schedule of Reportable Transactions for the Year Ended December     31, 2007</u>	<u>14</u>
EXHIBITS	
Signature	
23.1 Consent of Independent Registered Public Accounting Firm	

---

\* Refers to item numbers in Form 5500 (Annual Return/Report of Employee Benefit Plan) for the year ended December 31, 2007.

---

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Participants and Administrator of  
Tasty Baking Company 401(k) and Company Funded Retirement Plan

We have audited the accompanying statements of net assets available for benefits of Tasty Baking Company 401(k) and Company Funded Retirement Plan (the "Plan") as of December 31, 2007 and 2006, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2007 and 2006, and the changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2007 and schedule of reportable transactions for the year ended December 31, 2007 are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Mitchell & Titus LLP  
Philadelphia, PA  
June 25, 2008

---

TASTY BAKING COMPANY 401(k) and COMPANY FUNDED RETIREMENT PLAN  
 Statements of Net Assets Available for Benefits  
 as of December 31, 2007 and 2006

	2007	2006
ASSETS		
Investments, at fair value	\$ 39,953,511	\$ 37,537,191
Receivables:		
Participant Contribution Receivable	40,741	40,389
Employee Contribution Receivable	44,353	46,290
Total receivables	85,094	86,679
Net assets available for benefits, at fair value	40,038,605	37,623,870
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(64,147)	80,326
Net assets available for benefits	\$ 39,974,458	\$ 37,704,196

The accompanying notes are an integral part of these financial statements.

TASTY BAKING COMPANY 401(k) and COMPANY FUNDED RETIREMENT PLAN  
 Statements of Changes in Net Assets Available for Benefits  
 For the Years Ended December 31, 2007 and 2006

	2007	2006
<b>ADDITIONS</b>		
Additions to Net Assets Attributed to:		
Net appreciation (depreciation) in fair value of investments	\$ (659,069)	\$ 2,722,855
Cash dividends	1,620,312	783,461
Interest	499,250	472,331
	1,460,493	3,978,647
Contributions		
Participant	2,216,684	2,308,193
Employer	2,481,198	2,484,654
	4,697,882	4,792,847
Total additions	6,158,375	8,771,494
<b>DEDUCTIONS</b>		
Deductions from Net Assets Attributed to:		
Benefits paid to participants	3,881,038	2,968,300
Administrative expense	7,075	3,573
Total deductions	3,888,113	2,971,873
Net increase	2,270,262	5,799,621
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		
Beginning of year	37,704,196	31,904,575
End of year	\$ 39,974,458	\$ 37,704,196

The accompanying notes are an integral part of these financial statements.

TASTY BAKING COMPANY 401(k) AND COMPANY FUNDED RETIREMENT PLAN  
Notes to Financial Statements  
December 31, 2007 and 2006

---

NOTE 1

DESCRIPTION OF PLAN

General

The Tasty Baking Company 401(k) and Company Funded Retirement Plan (the "Plan") is a defined contribution plan under which all employees of Tasty Baking Company and Tasty Baking Oxford, Inc. (the "Companies") who meet certain service requirements are eligible to participate. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Plan Merger

On March 27, 2005, the Companies merged the Tasty Baking Oxford, Inc. 401(k) Savings Plan (the "Oxford Plan") into the Tasty Baking Company 401(k) Thrift Plan and renamed the merged plans as the Tasty Baking Company 401(k) and Company Funded Retirement Plan. All assets of the Oxford Plan were transferred to the Plan immediately after the effective date of the merger.

For a description of the contribution, benefits, and vesting provisions of the Plan, as well as other Plan provisions, Plan participants should refer to the Plan document or Summary Plan Description (SPD).

Plan Amendments

The Plan made certain amendments to comply with new IRS regulations in 2007. The Plan amended the vesting schedule of the company-funded contribution. Effective January 1, 2007, a participant is 100% vested after three years of service.

Contributions

Under the 401(k) portion of the Plan, employee elective deferral contributions may be made in an amount up to the annual IRS contribution limit of \$15,500 in 2007, or \$20,500 for participants age 50 and over. Employees can contribute any whole percentage of their eligible compensation as their elective deferrals subject to the annual IRS limit. The Companies make matching contributions equal to 50% of the employees' elective deferrals that do not exceed 4% of their compensation as defined in the Plan. Elective deferral contributions are made through payroll deductions as authorized by the employees and are immediately vested. For the investment of their own contributions, participants may choose from a variety of Vanguard Group mutual fund options selected by the Plan Committee and a fund that invests primarily in common stock of Tasty Baking Company. The Plan is administered by the

TASTY BAKING COMPANY 401(k) AND COMPANY FUNDED RETIREMENT PLAN  
Notes to Financial Statements  
December 31, 2007 and 2006

---

NOTE 1

DESCRIPTION OF PLAN (continued)

Vanguard Group and the Plan trustee is the Vanguard Fiduciary Trust Company.

Under the portion of the Plan called "Tasty Funded Retirement Contributions," the Companies also make cash contributions into individual accounts for all eligible employees. These contributions will be equal to a percentage of an employee's eligible compensation and will increase with the employee's age and years of credited service.

Participants may self-direct the investment of this account, as well as their matching contribution account, in the same Vanguard Group mutual fund options that are available for the investment of their elective deferral contributions.

The investment alternatives available to participants provide choices that cover all major sectors of the market. Participants may change the investment mix of their ongoing contributions and/or existing account balances daily, subject to certain limitations on reinvestment in certain Vanguard Group funds within a 60-day period.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Companies' contribution and (b) Plan earnings, net of the allocation of their funds' administrative expenses (see Note 5). The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are vested immediately in their contributions and the employer's matching contributions plus actual earnings thereon. Vesting in the company-funded portion of their accounts is based on years of service. Effective January 1, 2007, a participant is 100% vested after three years of service. A participant was 100% vested after five years of service prior to January 1, 2007.

Withdrawals

Participants who terminate employment can elect to have the full value in their respective accounts distributed to them including their own contributions and employer matching contributions made on their behalf. Tasty Funded Retirement Contribution amounts are also distributable upon termination of employment if the participant is vested as of the termination date.



TASTY BAKING COMPANY 401(k) AND COMPANY FUNDED RETIREMENT PLAN  
Notes to Financial Statements  
December 31, 2007 and 2006

---

NOTE 1

DESCRIPTION OF PLAN (continued)

Active participants may make withdrawals from their after-tax contribution accounts at any time for any reason. Once an active participant has been a Plan participant for five years, matching contributions previously made in the form of company stock can be withdrawn upon request as of any Plan year-end date. Participants may make withdrawals of their elective deferral contributions because of hardship provided certain conditions imposed by the Plan are satisfied. Participants may also make withdrawals from their account balance attributable to elective deferrals and matching contributions on or after the attainment of age 59 and a half. Participants may not withdraw any portion of their Tasty Funded Retirement Contributions account until they terminate employment, and then, only if they are vested in that account.

Participant Loans

The Plan allows participants to obtain loans from their vested account balance. In addition to other loan requirements, the unpaid balance from all loans outstanding to a participant from the Plan shall not exceed 50% of the vested balance of the participant's account or \$50,000, whichever is less. Loans bear interest at amounts determined by the Plan Committee and are currently the Prime Rate plus 1%. Loans are repayable in equal installments through payroll deductions and are collateralized by 50% of participant's vested account balance. A detailed description of the Plan's procedures for loans is set forth in the Participant Loan Policy which can be obtained from the Plan Committee.

Forfeitures

Forfeitures will be prospectively applied toward Tasty Funded Retirement contributions that are payable by the Companies for the participants.

Termination

The Companies retain the right to terminate the Plan at any time. If the Plan is terminated, participants become 100% vested in all amounts held for their benefit under the Plan.

TASTY BAKING COMPANY 401(k) AND COMPANY FUNDED RETIREMENT PLAN  
Notes to Financial Statements  
December 31, 2007 and 2006

---

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies, which conform with generally accepted accounting principles, have been used consistently in the preparation of the Plan's financial statements.

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the Plan at year-end. Units of the Retirement Savings Trust are valued at net asset value at year-end. The Companies' stock fund is valued at its year-end closing price (comprised of year-end market price plus uninvested cash position). Participant loans are valued at cost which approximates fair value.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

As described in Financial Accounting Standards Board Staff Position "FSP AAG INV-1" and Statement of Position "SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans" (collectively "the FSP"), investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan.

TASTY BAKING COMPANY 401(k) AND COMPANY FUNDED RETIREMENT PLAN  
Notes to Financial Statements  
December 31, 2007 and 2006

---

NOTE 2                                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Plan invests in investment contracts through the Vanguard Retirement Savings Trust Fund which is included in tax-exempt common collective trusts. As required by the FSP, the statement of net assets available for benefits presents the fair value of the investments in the stable value fund as well as the adjustment of the investments in the stable value fund from fair value to contract value relating to the investment contracts. The statement of changes in net assets available for benefits is prepared on a contract value basis.

In September 2006, the Financial Accounting Standards Board issued Statement No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurements. SFAS No. 157 is effective for financial assets and liabilities in fiscal years beginning after November 15, 2007. The Plan's management is currently evaluating the pending adoption of SFAS No. 157 on the Plan's financial statements.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and amounts reported in the statement of net assets available for benefits.

Payment of Benefits

Benefits are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure contingent assets and liabilities at the date of the financial statements and the reported amount of additions and deductions during the reporting period. Actual results could differ from those estimates.

TASTY BAKING COMPANY 401(k) AND COMPANY FUNDED RETIREMENT PLAN  
Notes to Financial Statements  
December 31, 2007 and 2006

---

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risks and Uncertainties

The Plan provides for various investment options including a money market fund, Tasty Baking Company common stock, and mutual funds. Investment securities are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

NOTE 3 RELATED-PARTY TRANSACTIONS

The Plan invests in shares of mutual funds managed by an affiliate of Vanguard Fiduciary Trust Company (VFTC) and in shares of common stock of Tasty Baking Company. VFTC acts as trustee for only those investments as defined by the Plan. Transactions in such investments qualify as party-in-interest transactions which are exempt from the prohibited transaction rules of ERISA and the Code.

TASTY BAKING COMPANY 401(k) AND COMPANY FUNDED RETIREMENT PLAN  
Notes to Financial Statements  
December 31, 2007 and 2006

---

## NOTE 4

## INVESTMENTS

The following table represents investments of 5% or more of the Plan's net assets:

	December 31, 2007
Tasty Baking Company Common Stock shares 357,787	\$ 2,976,791
Vanguard 500 Index Fund Investor Shares	3,664,810
Vanguard Growth & Income Fund Investor Shares	5,061,403
Vanguard Small-Cap Index Fund Investor Shares	3,999,650
Vanguard Wellington Fund Investor Shares	3,594,400
Vanguard Total Bond Market Index Fund Investor Shares	2,505,706
Vanguard Retirement Savings Trust Investor Shares, at contract value	8,413,581

TASTY BAKING COMPANY 401(k) AND COMPANY FUNDED RETIREMENT PLAN  
Notes to Financial Statements  
December 31, 2007 and 2006

---

## NOTE 4

## INVESTMENTS (continued)

	December 31, 2006
Tasty Baking Company Common Stock 400,395 shares	\$ 3,599,552
Vanguard 500 Index Fund Investor Shares	3,473,217
Vanguard Growth & Income Fund Investor Shares	4,662,835
Vanguard Small-Cap Index Fund Investor Shares	3,833,514
Vanguard Wellington Fund Investor Shares	3,000,728
Vanguard Total Bond Market Index Fund Investor Shares	2,347,477
Vanguard Retirement Savings Trust Investor Shares at contract value	8,308,250

During 2007 and 2006, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated/ (depreciated) in value as follows:

	2007	2006
Mutual funds	\$ (232,357)	\$ 652,743
Common stock	(426,712)	2,070,112
(Depreciation) appreciation	\$ (659,069)	\$ 2,722,855

TASTY BAKING COMPANY 401(k) AND COMPANY FUNDED RETIREMENT PLAN  
Notes to Financial Statements  
December 31, 2007 and 2006

---

## NOTE 5

## PLAN EXPENSES

Tasty Baking Company is the sponsor of the Plan and pays all Plan administrative expenses and fees on behalf of the participants excluding fees for participant loans. For the years ended December 31, 2007 and 2006, fees and expenses totaling \$94,413 and \$88,997, respectively, were paid to the Vanguard Group and VFTC on behalf of the Plan's participants.

## NOTE 6

## FEDERAL INCOME TAXES

The Internal Revenue Service has determined and informed the Companies by letter dated January 1, 2003, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is designed in accordance with the applicable provisions of the IRC and the Plan administrator believes that the Plan is currently being operated in compliance with the applicable provisions of the IRC.

## NOTE 7.

## RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500:

The following is a reconciliation of net assets available for benefits per the Plan's financial statements to the Form 5500 at December 31, 2007:

Net assets available for benefits per the financial statements	\$ 39,974,458
Adjustment for fully benefit-responsive investment contracts	64,147
Net assets available for benefits per Form 5500	\$ 40,038,605

The following is a reconciliation of net increase per the Plan's financial statements to the Form 5500 at December 31, 2007:

Net assets available for benefits per the financial statements	\$ 2,270,262
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	64,147
Net assets available for benefits per Form 5500	\$ 2,334,409

SUPPLEMENTAL SCHEDULES

---



Edgar Filing: TASTY BAKING CO - Form 11-K

E.I.N. 23-1145880/PN  
Plan Number 002

TASTY BAKING COMPANY 401(k) AND COMPANY FUNDED RETIREMENT PLAN  
Schedule H, Part IV, Line 4(i)  
Schedule of Assets (Held at End of Year)  
December 31, 2007

a.	Identity of Issue, Borrower, b. Lessor or Similar Party	Description of Investment Including Maturity Date c. Par of Maturity Value	d. Cost	Current Value e.
*	Tasty Baking Company	Company Stock	\$ 3,781,261	\$ 2,976,791
*	Vanguard Retirement Savings Trust at fair value	Common Collective Trust	8,477,727	8,477,727
*	Vanguard 500 Index Inv	Registered Investment Company	3,138,496	3,664,810
*	Vanguard Growth & Income Inv	Registered Investment Company	5,016,847	5,061,403
*	Vanguard Morgan Growth Inv	Registered Investment Company	573,544	643,775
*	Vanguard Prime Money Mkt	Registered Investment Company	1,182,626	1,182,626
*	Vanguard REIT Index Fund	Registered Investment Company	325,053	297,770
*	Vanguard Sm-Cap Index Inv	Registered Investment Company	3,397,121	3,999,650
*	Vanguard Strat Equity Fund	Registered Investment Company	1,316,157	1,221,430
*	Vanguard Tgt Retirement 2005	Registered Investment Company	42,157	42,681
*	Vanguard Tgt Retirement 2010	Registered Investment Company	1,825	1,836
*	Vanguard Tgt Retirement 2015	Registered Investment Company	866,397	943,286
*	Vanguard Tgt Retirement 2020	Registered Investment Company	127,152	124,329
*	Vanguard Tgt Retirement 2025	Registered Investment Company	597,310	663,643
*	Vanguard Tgt Retirement 2030	Registered Investment Company	22,552	22,265
*	Vanguard Tgt Retirement 2035	Registered Investment Company	365,493	400,932

Edgar Filing: TASTY BAKING CO - Form 11-K

*	Vanguard Tgt Retirement 2040	Registered Investment Company	26,698	26,236
*	Vanguard Tgt Retirement 2045	Registered Investment Company	292,210	337,888
*	Vanguard Tgt Retirement 2050	Registered Investment Company	2,554	2,515
*	Vanguard Target Retirement Inc	Registered Investment Company	176,324	178,608
*	Vanguard Total Bond Mkt Idx	Registered Investment Company	2,467,868	2,505,706
*	Vanguard Total Int'l Stock Idx	Registered Investment Company	881,627	1,126,068
*	Vanguard Total Stock Mkt Inv	Registered Investment Company	186,022	202,156
*	Vanguard Wellington Inv	Registered Investment Company	3,443,833	3,594,400
*	Vanguard Windsor II Fund Inv	Registered Investment Company	565,900	542,925
		Subtotal - Registered Investment Company	25,015,766	26,786,938
	Loans to Participants	5% - 10.5%	1,712,055	1,712,055
		Total	\$ 38,986,809	\$ 39,953,511

\* Party-in-Interest

TASTY BAKING 401(k) AND COMPANY FUNDED RETIREMENT PLAN  
 Schedule of Reportable Transactions - Attachment for Schedule H, Line 4j  
 For the Year Ended December 31, 2007

Tasty Baking 401(k) and Company Funded Retirement Plan, EIN 23-1145880, PN 002

(a) Identity of Party Involved	(b) Description of Asset (include interest rate and maturity in case of loan)	(c) Purchase Price	(d) Selling Price	(e) Historical Cost of Asset	(f) Current Value of Asset on Transaction Date	(g) Historical Gain (Loss)
Vanguard	Vanguard Growth & Income Inv	\$ 1,408,152	\$ -	\$ -	\$ 1,408,152	\$ -
Vanguard	Vanguard Growth & Income Inv		486,156	417,301	486,156	68,855
Vanguard	Vanguard Retirement Savings Trust	1,782,108			1,782,108	-
Vanguard	Vanguard Retirement Savings Trust		1,757,104	1,757,104	1,757,104	-

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Committee members who administer the Plan have duly caused this annual report to be signed by the undersigned hereunto duly authorized.

TASTY BAKING COMPANY 401(k) AND COMPANY FUNDED RETIREMENT PLAN

BY /s/ Paul D. Ridder  
Paul D. Ridder for the Tasty Baking Company 401(k) Plan  
Committee

Date: June 25, 2008