

TASTY BAKING COMPANY
AUDIT COMMITTEE CHARTER

1. Committee Composition.

- (a) The Audit Committee shall be composed of not less than three Directors selected by the Board, each of whom shall be independent as defined in Rule 10A-3(b) under the Securities and Exchange Act of 1934, as amended, and the listing standards of the NASDAQ Stock Market.
- (b) Each member of the Audit Committee shall (i) not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years, and (ii) be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. At least one member of the Audit Committee must be an "audit committee financial expert" as such term is defined in SEC Regulation S-K, Item 401 and possess "financial sophistication" as such term is used in the listing standards of the NASDAQ Stock Market.
- (c) The Board shall appoint the members of the Committee upon the recommendation of the Nominating and Corporate Governance Committee. One member of the Committee shall be designated by the Board as Chairperson. Each member of the Committee shall serve for one year or until his or her successor has been appointed and qualified. The Chairperson and members of the Committee shall receive such compensation for their service on the Committee as the Board may determine from time to time.

2. Role of the Committee. The function of the Audit Committee is oversight in the sense that it is to watch closely, maintain surveillance, review carefully relevant matters and make appropriate suggestions; it is management's responsibility to direct, manage and maintain appropriate systems for accounting and internal control and for the preparation, presentation and integrity of the financial statements; and it is the registered public accounting firm's responsibility to plan and carry out a proper audit. The registered public accounting firm for the Company shall report directly, and are ultimately accountable to the Audit Committee. The Audit Committee shall select, evaluate, oversee the work of and, when appropriate, replace the registered public accounting firm.

Although the Audit Committee is expected to take a detached and questioning approach to the matters that come before it, the review of the Company's financial statements by the Audit Committee is not an audit, nor does the Committee's review substitute for the responsibilities of the Company's management for preparing, or the registered public accounting firm for auditing, the financial statements. Members of the Audit Committee are not full-time employees of the Company and, in serving on this Committee, are not, and do not hold themselves out to be, acting as accountants or auditors. As such, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures.

In discharging their duties the members of the Audit Committee may rely on the accuracy of information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by (a) one or more officers of the Company whom the Director reasonably believes to be reliable and competent in the matters presented; (b) legal counsel, public accountants, or other persons as to matters the Director reasonably believes are within the person's professional expertise; or (c) a Board committee of which the Director is not a member.

3. Purposes. The purposes of the Audit Committee are to assist the Board in its oversight of (a) the integrity of the Company's financial statements; (b) the registered public accounting firm's qualifications and independence; (c) the performance of the Company's internal audit function and registered public accounting firm; and (d) the Company's compliance with legal and regulatory requirements. The Audit Committee shall also prepare an audit committee report as required by the SEC to be included in the Company's annual proxy statement.
4. Duties and Responsibilities. To carry out its purposes, the Audit Committee shall have the following duties, responsibilities and authority:
 - (a) To select, retain or terminate the registered public accounting firm and, in connection therewith, annually to receive, evaluate and discuss with the registered public accounting firm a formal written report from them setting forth all audit, review or attest engagements as well as all non-audit engagements, and other relationships with the Company, which shall include specific representations as to their objectivity and independence;
 - (b) To review and approve, in advance, all audit services and all permissible non-audit services performed by the registered public accounting firm, including the related fees and terms of such engagements, and authority to establish pre-approval policies and procedures for the engagement of registered public accounting firm to provide audit and permissible non-audit services. The Committee may delegate to one or more members the authority to grant pre-approvals or to take other action on behalf of the Committee, provided that decisions of any such member or subcommittee to grant pre-approvals or take such other action shall be presented to the Committee at its next scheduled meeting;
 - (c) To meet with the registered public accounting firm, the personnel responsible for the Company's internal audit function and management, including private meetings with each as necessary, (i) to review and discuss the arrangements for and scope of the annual audit and any special audits; (ii) to discuss any matters of concern relating to the Company's financial statements, including any adjustments to such statements recommended by the registered public accounting firm, or other results of said audit(s); (iii) to consider the registered public accounting firm's comments with respect to the Company's financial policies, procedures, internal accounting controls and any audit problems or difficulties, and in each case management's responses thereto; (iv) to review and discuss the

form of opinion the registered public accounting firm propose to render to the Board of Directors and shareholders; (v) to review and discuss the Company's annual audited financial statements and quarterly financial statements with the registered public accounting firm and management and make a recommendation on including such audited financial statements in the Company's annual report to shareholders; (vi) to consider and review the Company's annual assessment of the effectiveness of its internal control over financial reporting and the registered public accounting firm's attestation and report about the Company's assessment; and (vii) to resolve disagreements between management and the registered public accounting firm regarding financial reporting;

- (d) To review and discuss as a Committee any and all reports from the registered public accounting firm regarding (i) critical accounting policies and practices used by the Company, (ii) alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, (iii) the risks of using any such alternative treatments or disclosures, (iv) the treatment preferred by the registered public accounting firm, and (v) material written communications between management and the independent auditor, including any management letter and any internal control observations and recommendations. The Committee shall further discuss the effect of any changes in accounting principles or practices proposed by management or the registered public accounting firm upon the Company;
- (e) To review and discuss as a Committee (i) the Company's release of quarterly or annual financial results as well as financial information, earnings warnings and earnings guidance released to the public, analysts or rating agencies, and (ii) the disclosures in the Company's annual proxy statement, including the Report of the Audit Committee and the Board of Directors' recommendation to ratify the appointment of the registered public accounting firm;
- (f) To discuss with management the Company's guidelines and policies with respect to risk assessment and risk management;
- (g) To review any disclosures made by the chief executive and chief financial officers of the Company in their certification process for the Company's periodic reports filed with the SEC about any significant deficiencies in the design or operation of internal controls, any material weaknesses in internal controls and any fraud, whether or not material, involving management or other employees having a significant role in internal controls;
- (h) To establish procedures, take actions and perform all duties necessary for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

- (i) To establish procedures, oversee compliance and take all actions pursuant to the Company's Code of Business Conduct, review management's process for communicating and enforcing the Company's Code of Business Conduct, and review and recommend revisions to the Code of Business Conduct to the Board of Directors from time to time;
 - (j) To periodically review and approve all related party transactions for potential conflict of interest situations as required by the listing standards of the NASDAQ Stock Market;
 - (k) To obtain and review not less often than annually a report by the registered public accounting firm describing: (i) the registered public accounting firm's internal quality-control procedures; and (ii) any material issues raised by the most recent internal quality-control or peer review of the firm or any inquiry or investigation by governmental or professional authorities within the preceding five years respecting any audits carried out by the registered public accounting firm, and any steps taken to deal with any such issues;
 - (l) To oversee and evaluate the independence of the registered public accounting firm, which shall include at least the following items: (i) receiving an annual statement from the registered public accounting firm confirming their independence; (ii) evaluating the lead partner of the independent auditor; (iii) confirming the appropriate rotation of the lead audit partner and overseeing the rotation of other audit partners; (iv) reviewing the hiring by the Company of employees or former employees of the registered public accounting firm; and (v) engage in a dialogue with the registered public accounting firm with respect to any disclosed relationships or services that may impact the objectivity and independence of the registered public accounting firm;
 - (m) To set hiring policies for the employment of current and former employees of the registered public accounting firm by the Company;
 - (n) To engage independent counsel and other advisers as the Committee determines appropriate to carry out its duties, without the consent of management or the Board of Directors;
 - (o) To conduct an annual performance evaluation of the Audit Committee; and
 - (p) To report its activities to the full Board of Directors on a regular basis and to make recommendation with respect to the above and other matters as the Committee may deem necessary or appropriate.
5. Resources. The Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to retain special counsel and other experts or consultants at the expense of the Company. The Company shall provide to the Committee sufficient funding to pay the fees of the registered public accounting firm for performing audit, review or attest services for the Company, the fees of any special

counsel, consultant or experts engaged by the Committee, and the costs associated with the administration of the Committee.

6. Annual Charter Review. The Committee shall review this Charter at least annually and recommend any changes to the Nominating and Corporate Governance Committee and the Board of Directors.