

TASTY BAKING COMPANY

COMPENSATION COMMITTEE CHARTER

1. Committee Composition. The Committee shall be composed of not less than three (3) members who (i) qualify as independent directors as defined by the listing standards of the NASDAQ Stock Market, (ii) meet the definition of “non-employee director” under Rule 16b-3 of the Securities Exchange Act of 1934, and (iii) meet the definition of “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986. The Board shall appoint the members of the Committee and its Chairperson upon the recommendation of the Nominating and Corporate Governance Committee. Each member of the Committee shall serve for one year or until his or her successor has been appointed and qualified. The Board may at any time remove one or more directors as members of the Committee. 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. Purposes. The purposes of the Committee shall be to evaluate, approve and recommend to the Board of Directors the compensation arrangements for the Company’s senior management, to review and recommend to the Board of Directors the Company’s incentive-compensation plans and equity-based plans, to review and recommend to the Board of Directors the funding and investment policies, advisors and investment options for the Company’s employee retirement benefit plans, to periodically review the compensation arrangements paid to the Board of Directors, and to prepare a compensation committee report on executive compensation as required by the SEC to be included in the Company’s proxy statement or annual report on Form 10-K, as such duties and responsibilities are more specifically set forth below.
3. Duties and Responsibilities. To carry out its purposes, the Committee shall have the following duties, responsibilities and authority:
 - (a) To review and recommend to the Board corporate goals and objectives relevant to Chief Executive Officer (“CEO”) compensation, evaluate the CEO’s performance in light of those goals and objectives, and determine and approve the CEO’s compensation level based on this evaluation, subject to ratification by the Board of Directors;
 - (b) To review and consider the Company’s performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, the awards given to the CEO in past years, and determine and approve the long-term incentive component of CEO compensation, subject to ratification by the Board of Directors;
 - (c) To review and consider the CEO’s recommendations regarding the compensation of the other executive officers of the Company, including recommendations pertaining to incentive-compensation plans and equity-based plans and determine

and approve the compensation of the other executive officers of the Company, subject to ratification by the Board of Directors;

- (d) To serve as the plan committee and administer the compensation and stock-based incentive plans for which the Committee has been granted administrative responsibility consistent with the terms of such plans, including, as applicable, approving all stock option and other grants for executive officers and performance goals under incentive plans, subject to ratification by the Board of Directors, and determining whether or not performance goals have been attained. Consistent with Company policy, nothing herein shall provide the Committee with the authority to reprice outstanding stock options;
- (e) To review and recommend to the Board compensation, equity-based plans and benefit programs for non-employee directors;
- (f) To have the sole authority to retain and terminate any consulting firm used in the Committee's evaluation, including sole authority to approve the firm's fees and retention terms;
- (g) To produce a Committee report on executive compensation as required by the SEC to be included in the Company's annual proxy statement or annual report on Form 10-K filed with the SEC;
- (h) With respect to any employee benefit retirement plan for the benefit of any group of employees of the Company, including specifically the Company's pension plan ("Pension Plan") and the Tasty Baking Company 401(k) and Company Funded Retirement Plan (the "Retirement Plan") to periodically review and report to the Board with respect to the performance by any third parties responsible for the administration, management or the investment of funds in such Plan and, in connection therewith, and review and consider the recommendations of management or the appropriate Plan committee with respect thereto.
- (i) To approve and report to the Board the hiring and termination of investment advisors and portfolio managers for such benefit plans as may be recommended jointly by management and the appropriate Plan committee;
- (j) With respect to the Company Pension Plan, to periodically review the Plan funding policy and investment policy as proposed by management and the Pension Plan Committee and report the Committee's recommendations for approval or revision thereof to the Board for appropriate action;
- (k) With respect to the Company Retirement Plan, to periodically review the investment choices offered to participating employees and the recommendations of management and the Plan committee with respect thereto and report the Committee's recommendations for approval or revision thereof to the Board for appropriate action;

- (l) To review and make recommendations to the Board with respect to any amendments proposed by management or the appropriate Plan committee to an employee benefit retirement plan;
 - (m) To evaluate the Committee's performance annually;
 - (n) To delegate duties to subcommittees as the Committee deems necessary and appropriate; and
 - (o) To report its activities to the Board on a regular basis and make such recommendations with respect to the above and other matters as the Committee may deem necessary and appropriate.
4. Resources. The Company shall provide the Committee appropriate funding, as determined by the Committee, for payment of compensation to any consulting firm, independent counsel or other advisors retained by the Committee.
5. Charter Review. The Committee shall review this Charter at least annually and recommend any changes to the Board of Directors and share its recommendations with the Nominating and Corporate Governance Committee.