

TASTY BAKING CO
Form 11-K
June 30, 2003

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, 2002

OR

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

For the transition period from to

Commission file number 1-5084

TASTY BAKING COMPANY 401 (K) THRIFT 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 the principal executive
offices of Tasty Baking Company)

TASTY BAKING COMPANY 401 (K) THRIFT PLAN

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

Report of Independent Auditors

Financial Statements:

Statements of Net Assets Available for Benefits
at December 31, 2002 and December 31, 2001

Statements of Changes in Net Assets Available for
Benefits for the years ended December 31, 2002,
December 31, 2001 and December 31, 2000

Notes to Financial Statements

Supplemental Schedule:

Assets Held for Investment Purposes at end of year

Exhibits:

23.1 Consent of Independent Auditors

99.1 Certification pursuant to 18
U.S.C. Section 1350, as adopted
pursuant to Section 906 of the
Sarbanes - Oxley Act of 2002

* Refers to item number in Form
5500 (Annual Return/ Report of
Employee Benefit Plan) for plan
year ended December 31, 2002.

REPORT OF INDEPENDENT AUDITORS

To the Participants and Administrator of
Tasty Baking Company 401(k) Thrift Plan:

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In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Tasty Baking Company 401 (k) Thrift Plan (the "Plan") at December 31, 2002 and 2001, and the changes in net assets available for benefits for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. 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 of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Assets Held for Investment Purposes as of the end of the Plan Year is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is 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. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP
Philadelphia, PA
June 25, 2003

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| | 2002 | At December 31, ----- | 2001 |
|-----------------------------------|---------------|--------------------------|---------------|
| | ----- | | ----- |
| Assets: | | | |
| Investments | \$ 23,745,648 | | \$ 31,804,389 |
| Receivables: | | | |
| Securities sold | 13 | | 13,025 |
| | ----- | | ----- |
| Total assets | 23,745,661 | | 31,817,414 |
| | ----- | | ----- |
| Liabilities: | | | |
| Payables: | | | |
| Securities purchased | - | | 7,934 |
| | ----- | | ----- |
| Total liabilities | - | | 7,934 |
| | ----- | | ----- |
| Net assets available for benefits | \$ 23,745,661 | | \$ 31,809,480 |
| | ===== | | ===== |

See accompanying notes to financial statements.

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TASTY BAKING COMPANY 401 (k) THRIFT PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

| | 2002 | For the ----- |
|--|-------|------------------|
| | ----- | |
| Additions: | | |
| Additions to net assets attributed to: | | |
| Investment Income: | | |
| Net appreciation (depreciation) in | | |

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| | | |
|---|----------------|-------|
| fair value of investments | \$ (6,730,999) | \$ 1 |
| Cash dividends | 803,569 | |
| Interest | 139,784 | |
| | ----- | |
| | (5,787,646) | 2 |
| Contributions: | | |
| Participant | 1,914,326 | 1 |
| Employer | 405,292 | |
| | ----- | |
| | 2,319,618 | 2 |
| | ----- | |
| Total additions | (3,468,028) | 4 |
| | ----- | |
| Deductions: | | |
| Deductions from net assets attributed to: | | |
| Benefits paid to participants | 4,595,791 | 2 |
| | ----- | |
| Total deductions | 4,595,791 | 2 |
| | ----- | |
| Net increase (decrease) | (8,063,819) | 2 |
| Net assets available for benefits: | | |
| Beginning of year | 31,809,480 | 29 |
| | ----- | |
| End of year | \$ 23,745,661 | \$ 31 |
| | ===== | ===== |

See accompanying notes to financial statements

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TASTY BAKING COMPANY 401 (K) THRIFT PLAN

NOTES TO FINANCIAL STATEMENTS

1. Description of Plan:

General:

The Tasty Baking Company 401(k) Thrift Plan (the Plan) is a defined contribution plan under which all employees of Tasty Baking Company 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).

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For allocations, benefits and vesting provisions as well as any other questions, Plan participants should refer to the Plan document.

While Tasty Baking Company (TBC) has not expressed any intent to discontinue the Plan, it is free to do so at any time, subject to the provisions set forth in ERISA. In the event such discontinuance resulted in the termination of the Plan, the net assets of the Plan, comprised of all participant account balances, would be distributed to Plan participants and beneficiaries.

Contributions:

Under the Plan, employee contributions may be made in an amount up to 15% of an employee's annual base salary. The Company's contribution (employer portion) is equal to an amount not to exceed the lesser of \$600 or 100% of the contributions made by each employee. Employee contributions are made through payroll deductions as authorized by the employees and are immediately vested. The Company's contributions are invested in TBC common stock while participants may choose from a selection of mutual fund options offered by Dreyfus Service Corporation, a trustee for the Plan, for their contributions.

The Company's investment alternatives available to participants provide alternatives that cover all major sectors of the market. These investment alternatives include: Capital Preservation Fund, Dreyfus 100% U.S. Treasury Intermediate Term Fund, Dreyfus Disciplined Stock Fund, Dreyfus Premier Balanced Fund, Dreyfus Emerging Leaders Fund, Dreyfus S&P 500 Basic Index Fund, Dreyfus Premier Midcap Fund and the Dreyfus International Value Fund. Participants may change the investment mix of their ongoing and/or existing invested account balances daily. They may sell any shares of Tasty Baking Company stock in their employee account, resulting from a participant elected fund option prior to 1995, and invest the proceeds in any other investment funds offered.

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1. Description of Plan cont'd.:

Withdrawals:

Participants who terminate from the Plan can elect to have distributed to them the full value in their respective accounts which include their contributions and 100% of the employer contributions made on their behalf.

Active participants may withdraw balances accumulated through 1987 once each quarter without cause. All balances accumulated may be withdrawn (pre-1987 funds first) at any time but only for a hardship withdrawal as defined by IRS regulations. Once an active participant has been a Plan participant for five years, company contributions can be withdrawn on any Plan year-end date. Withdrawals by an active participant in this regard causes no interruption to contributions and company matching contributions are not penalized.

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Participant Loans:

The Plan allows participants to obtain loans at a minimum amount of \$500. 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 administrator 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.

2. Summary of Significant Accounting Policies:

Investment Valuation and Income Recognition:

Investments are stated at fair value. The value of common stock of Tasty Baking Company is determined based upon the bid price of the stock on the NYSE on the last day of trading of the Plan year.

The investment in Mutual Funds is represented by unit shares, which are valued at each respective fund's net asset value as publicly reported by the fund's respective investment department. The Capital Preservation Fund, a money market fund, is reported at fair value, which is equivalent to cost.

Purchases and sales of investments are reflected on a trade-date basis. Gains and losses realized are based principally on specific identification. Plan investments are sold to satisfy participant withdrawal and transfer requests and, therefore, resultant gains or losses are recorded as withdrawals are made.

Dividend income is recorded on the ex-dividend date. Income from other investments is recorded as earned on an accrual basis.

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2. Summary of Significant Accounting Policies cont'd.:

Investment Valuation and Income Recognition cont'd.:

The Plan presents in the Statements of Changes in Net Assets Available for Benefits the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

Payment of Benefits:

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Benefits are recorded when paid.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

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.

3. Related Party Transactions:

Tasty Baking Company is the sponsor of the Plan and pays all administrative expenses and fees on behalf of the participants excluding fees for participant loans. For the years ended December 31, 2002, 2001 and 2000, fees and expenses totalling \$34,651, \$44,801 and \$35,563, respectively, were paid to Dreyfus Service Corporation and Dreyfus Trust Company, the Plan's administrator and trustee, respectively, on behalf of the Plan's participants.

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4. Investments:

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

| | December 31, 2002 | 2001 |
|--|----------------------|-------------|
| | ---- | ---- |
| Tasty Baking Company common stock, 487,785 and 559,624 shares, respectively | \$4,243,730 | \$9,905,345 |

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| | | |
|-----------------------------------|-------------|-------------|
| Net Assets: | ----- | ----- |
| Tasty Baking Company common stock | \$4,073,783 | \$9,479,536 |

| | Years Ended December | |
|---|----------------------|----------------|
| | 2002 | 2001 |
| | ----- | ----- |
| Changes in Net Assets: | | |
| Employer contributions | \$ 405,292 | \$ 405,292 |
| Dividends | 242,762 | 242,762 |
| Distributions to participants | (1,314,158) | (1,314,158) |
| Direct Rollover Transfer | (316,891) | (316,891) |
| Net appreciation (depreciation) of investments | (4,422,758) | (4,422,758) |
| | ----- | ----- |
| | \$ (5,405,753) | \$ (5,405,753) |
| | ===== | ===== |

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6. Federal Income Taxes:

The United States Treasury Department determined on November 12, 1996 that the Plan, as amended and restated in effect from January 1, 1995, a non-standardized prototype profit sharing plan and trust sponsored by Dreyfus Corporation, constituted a qualified trust under Section 401(a) of the Internal Revenue Code and is therefore exempt from federal income taxes under provisions of Section 501(a).

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INVESTMENT PURPOSES AT DECEMBER 31, 2002 PURSUANT TO
 SCHEDULE H, SECTION IV, ITEM 4i IN ANNUAL RETURN/REPORT
 OF EMPLOYEE BENEFIT PLAN FORM 5500

Schedule

| b. Identity of Issue, Borrower, Lessor or Similar Party | c. Description of Investment Including Maturity Date Rate of Interest, Collateral, Par of Maturity Value | d. Cost |
|--|---|-------------|
| *Tasty Baking Company | Common Stock | \$ 5,460,8 |
| Capital Preservation Fund, LaSalle National Trust, N.A. | Collective Investment Fund | 8,453,7 |
| *Dreyfus 100% U. S. Treasury Intermediate Term Fund | Mutual Fund | 1,217, |
| *Dreyfus S&P 500 Basic Index Fund | Mutual Fund | 2,323, |
| *Dreyfus Premier Balanced Fund | Mutual Fund | 1,637, |
| *Dreyfus Disciplined Stock Fund | Mutual Fund | 3,403, |
| *Dreyfus Emerging Leaders Fund | Mutual Fund | 2,274, |
| *Dreyfus Premier Midcap Fund | Mutual Fund | 307, |
| *Dreyfus International Value Fund | Mutual Fund | 171,9 |
| | Subtotal - Mutual Funds | 11,335,1 |
| Loans to Participants | 9.5% - 10.5% | |
| | Total | \$ 25,249,7 |

*Party-In-Interest

SIGNATURES

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 thereunto duly authorized.

TASTY BAKING COMPANY 401 (K) THRIFT PLAN

BY /s/ David S. Marberger

David S. Marberger
Chairman of Plan Committee

Date: June 30, 2003