



# QUARTERLY INSIGHT

PRSRST STD  
U S POSTAGE  
PAID  
ORLANDO FL  
PERMIT NO. 2748

2<sup>ND</sup> QUARTER ENDING  
SEPTEMBER 30, 2003

David H. Lipka *Chairman of the Board*  
Christopher J. New, *Chief Executive Officer*  
Salvatore J. Furnari, *Chief Financial Officer*

**Galaxy Nutritional Foods Investor Relations Contact:**  
Dawn Robért (407) 854-0433; Fax: (407) 855-1099  
e-mail: drobert@galaxyfoods.com  
Website: www.galaxyfoods.com

To:

2441 VISCOUNT ROW, ORLANDO, FL 32809 • 407-855-5500 • AMEX:GXY

## DAVID H. LIPKA APPOINTED AS GALAXY CHAIRMAN...



David H. Lipka, former president of DCA Food Industries, was recently appointed Galaxy's Chairman of the Board of Directors. Mr. Lipka has been a director of Galaxy since December 2002. Charles Jarvie, Galaxy's chairman since December 2002, will continue as an independent director and a member of the audit committee. Mr. Jarvie will also be directly involved in strengthening sales and marketing and will work on other developmental activities. This change is the result of strategic board initiatives designed to maximize the expertise and roles of its directors.

### About our new Chairman...

David H. Lipka spent forty years with DCA Food Industries Inc., an international manufacturer of food ingredients with combined sales in excess of \$1 billion per annum, holding positions of president, CEO, and COO. He presently serves on the board of Doctor's Associates Inc. (Subway Stores) and has served on numerous boards including Dunkin Donuts Inc., Allied-Lyons Inc., and Kerry Group PLC. Mr. Lipka has also been chairman and CEO of Pennari Foods and Leon Baking Company. He obtained his graduate degree at the School of Business at New York University.



## JOHN JACKSON - TEN YEARS AND COUNTING...

Our Vice President of Sales, John Jackson, recently celebrated his 10-year anniversary with Galaxy. John was a young, eager and hard-working young man when he started his career with Galaxy. Ten years later, he is still young, eager and hard-working. The difference is that throughout the years he has helped put together a strong network of regional managers and brokers and has helped grow sales more than 1000% since 1993. We look forward to celebrating more fruitful years with John. He certainly is one of our brightest Galaxy stars.



## JUNE HAS A "LOCK" ON OUR "HARTS"...

Whether you remember her as Lassie's mom, as the young matriarch on *Lost in Space*, or from her many other memorable screen and television roles throughout the years, there is no doubt that June Lockhart has been a fan favorite for a long time. That is why we were very excited to learn that

June loves Veggie Slices so much she never leaves home without them! She even takes them on her overseas trips! June was a natural to feature in our Florida advertising campaign which is currently underway. Her image and her product endorsements appear on several Veggie point-of-sale materials which are an important part of this exciting campaign.



## GALAXY'S SOYCO DAIRY ALTERNATIVES WIN BEST IN SHOW AWARD AT NATURAL PRODUCTS EXPO EAST..

Soyco dairy alternatives received a 2003 Best in Show award from the American Vegetarian Association (AVA) during the Natural Products Expo East held in early September in Washington D.C. Galaxy's Soyco division has been marketing healthy dairy alternatives to the health food industry for more than twenty years. Like our Veggie line of products sold in the mass market, Soyco products are made with natural



ingredients, are low in fat, have no saturated or trans-fats, are cholesterol and lactose free, contain more calcium vitamins and other important minerals, and contain no potentially harmful growth hormones, antibiotics or dioxins.

◀ CHRISTOPHER AND ANGELO MORINI ACCEPTING THE AVA AWARD IN WASHINGTON, DC

**About the Natural Products Expo...**

The Natural Products Expo was held in Washington D.C. from September 5-7, 2003. It is the premier trade show for the natural products industry. The show, in its nineteenth year, features more than 1,700 exhibitors and is attended by nearly 20,000 retailers and manufacturers. It offers buyers from around the world easy access to the world's best natural products.



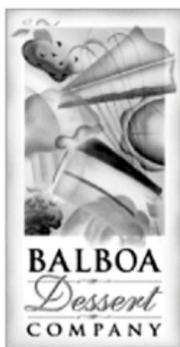
**About the American Vegetarian Association...**

The AVA was created to promote the interests and concerns of individuals and organizations involved in the preservation, propagation, and distribution of vegetarian ideas and products. The primary goal of the AVA is to provide a widely recognized certification program that will enable vegetarian-minded people to make accurate food choices, being certain that they can be confident in their selection, and that of the manufacturers claims.

**AND MORE KUDOS...**

**Galaxy's Lite Bakery Desserts Wins 2003 California Restaurant Association Innovator Award**

On August 1, 2003, Galaxy's line of Lite Bakery desserts, developed by Balboa Bakery of Santa Ana, California, received a 2003 Innovator Award at the 2003 California Restaurant Association (CRA) trade show held in Los Angeles.



The CRA grants this prestigious award annually to the best-of-the-best new products invented to improve the quality of the hospitality industry. The award was presented to Galaxy's president, Angelo Morini and representatives from Balboa Dessert Company at the kick-off dinner for the Western Foodservice and Hospitality Exposition, the largest regional exhibition of its type in the United States.

The high-quality Lite Bakery® dessert line featuring Galaxy's plant-based Veggie® brand dairy products is definitely innovative. The dessert line is low fat, has no saturated fat, has less or no cholesterol, has no trans-fats and is lactose free. According to a recent study published by the European Journal of Clinical Nutrition, and reported on in Prevention Magazine, "cheese" made without milk fat, such as Galaxy Nutritional Foods' Veggie and Rice brand dairy alternatives, eliminate saturated fat while increasing unsaturated fat intake thereby cutting cholesterol in two different ways (total cholesterol and LDL "bad" cholesterol).



**Lite Bakery**

**About the CRA...**

The California Restaurant Association (CRA) is the largest and longest serving non-profit restaurant trade association in the nation. Representing the restaurant and hospitality industries since 1906, CRA is made up of approximately 20,000 foodservice establishments in the Golden State. CRA is governed by a 55-member Board of Directors and has a staff of 40 employees whose sole responsibilities are to serve members and promote the restaurant industry.



**GALAXY GAINING ON MEGASTORE MANIA...**

With the growing mania of megastores, Galaxy is gaining on its key initiatives to increase sales at Super Wal-Marts. Robin Wilkinson, Galaxy's Southern U.S. sales manager, has increased the number of Wal-Mart distribution centers selling Galaxy products to 16 with additional east coast distribution centers currently being considered by Wal-Mart. Megastores are continuing to cut into supermarket sales and we are diligently working toward being an important part of the megastore trend.



**NEW ACCOUNT UPDATES...**

As previously reported, Galaxy products are an important feature of the new Moonrose vegetarian program at SYSCO, the nation's largest foodservice distributor. We expect to start shipping product for this exciting program during our third quarter ending December 31, 2003.

Galaxy sales team has also been focused on driving our "Availability and Visibility" in retail stores throughout the U.S. To accomplish this, Galaxy initiated plans to fill store voids where authorized, place new sku's and gain new accounts. Within the last quarter, the following accounts were added or showed significant gains in their existing product lines which increased our points of distribution:

**ACCOUNT/DISTRIBUTOR**

- KROGER
- SINGLE SOURCE
- TREE OF LIFE
- SAFEWAY
- H.F. BUTT
- TRADER JOE
- A&P
- MEIJER
- WILLIAM R. HILL
- SHAWS
- ALBERTSON'S
- AP MILITARY



**QUARTERLY QUOTE...**

Let him who would move the world, first move himself.

- Socrates

