



QUARTERLY INSIGHT

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3RD QUARTER ENDING
DECEMBER 31, 2003

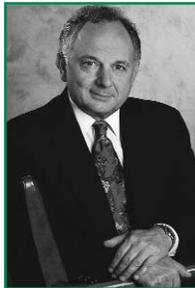
David H. Lipka *Chairman of the Board*
Christopher J. New, *Chief Executive Officer*
Salvatore J. Furnari, *Chief Financial Officer*

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GALAXY'S FOUNDER & PRESIDENT RELINQUISHES ROLE IN COMPANY'S OPERATIONS...



Angelo S. Morini announced his decision to abdicate his role in the daily operations of Galaxy Nutritional Foods. He stepped down as Vice-Chairman and President and has been named Chairman Emeritus. Mr. Morini will continue as an employee and as an active member of the Company's Board of Directors.

Mr. Morini commented, "I'm proud of what has been accomplished at Galaxy and my role as founder of the company. I believe Galaxy is on course for success, and the time has come for me to step away from the daily operations and take a more advisory role with the company. I look forward to continuing my role as a member of the Board of Directors and making my experience and knowledge of our business available to help continue the company's growth."

THE CARIBBEAN AND BEYOND...

December 2003 will mark the second anniversary of the first U.S. commercial good shipments to the island of Cuba. This month is also a big month for Galaxy because of our first shipment of products to Cuba. This exciting endeavor will include Galaxy Sandwich Slices, Galaxy Imitation Parmesan and Veggie Shreds.



D. Bennett & Associates continues its hard work to expand Galaxy products further south. One of the biggest supermarket chains in Guatemala recently authorized Veggie products in 13 of their stores as a test. If this proves to be a success, we will be expanding to 60 stores in total!



SOYCO EXPANSION...

Consumers are continually looking for ways to enjoy their favorite foods without jeopardizing their health. Galaxy's Rice line, which is primarily sold through natural food stores, is gaining in popularity throughout mainstream supermarkets and grocery stores. At the Produce Marketing Association tradeshow we attended in October, we focused on the Soyco Rice line of products in order to gain distribution in produce.

Publix recently authorized 5 new Rice Slices into their warehouse in order to offer its customers a soy-free dairy alternative. This is just another example of Galaxy's products being an integral component of healthy living.



ABOUT THE PRODUCE MARKETING ASSOCIATION...

The Produce Marketing Association, founded in 1949, is a not-for-profit global trade association serving more than 2,400 members who market fresh fruits, vegetables, and related products worldwide. Its members are involved in the production, distribution, retail, and foodservice sectors of the industry.

WHO'S WHO AMONG GALAXY ASSOCIATES...

Welcome to our newest Galaxy team member! December 8, 2003 Joe Addlesberger started his new career with Galaxy Nutritional Foods as our new Production Manager.



Joe earned a Bachelor's degree from St John's University and comes to us with an impressive background in manufacturing. He recently left Monterey Mushroom to join our team. Prior to that, and for most of his manufacturing career, he worked for Frito Lay in their potato processing department.

We are pleased to have Joe on our team and believe he will prove to be an asset as we forge ahead to greater profitability!

KEEPING UP WITH TRENDS...

Organic products are becoming increasingly important to consumers. According to Natural Category Buyer, 33% of the US population buys organically grown food. Galaxy's Organic Wholesome Valley Singles play an important role in the organic market. The Wholesome Valley American Single is one of Soyco's best selling products that sells second only to the Rice American Single.



Another trend that has taken the US by storm is low carbohydrate diets. As always, Veggie and Soyco products contain net carbohydrates ranging from 0-3 grams, which makes our products a perfect fit for those living the low carbohydrate lifestyle.

Galaxy Nutritional Foods objective is to promote healthy living, but price is still a major factor with many families. In order to accommodate these consumers, we continue to develop pasteurized process products. Our most recent launch is a 4 oz imitation Parmesan that will be sold through low price grocery chains and dollar stores.



CONSUMER MARKETING...

Consumers are the driving force that determines whether or not a company will succeed. In 2004, the marketing team at Galaxy will focus their efforts on consumer and co-op marketing opportunities.

Veggie and Soyco products offer consumers many health related benefits without sacrificing taste. Consumer pull tactics will increase trial and repeat purchases, which will increase household penetration.

Leveraging complimentary products on the account level will allow current customers and potential new customers to try our products without risk. Current customers will be able to identify new uses for our products, which will increase their purchases. Potential new customers will be able to try Galaxy's products with products that complement our Veggie brand.



PRODUCT IMPROVEMENT...

As consumers are getting over their negative biases of the taste associated with soy-based products, Galaxy Nutritional Foods continues to focus our research and development towards product improvement. Based on quantitative research, Veggie branded products were recently enhanced to incorporate better flavor, taste, color and texture. Our new and improved formula will be hitting shelves early in 2004.

QUARTERLY QUOTE...

Not everything that can be counted counts, and not everything that counts can be counted.

- Albert Einstein



GALAXY SHOW CALENDAR

DIVISION:	SHOW NAME:	CITY, STATE:	DATES:
RETAIL	AWG	Nashville, TN	Jan. 6, 2004
RETAIL	CPMA	Calgary, Canada	Feb. 4-7, 2004
SOYCO	Expo West	Anaheim, CA	Mar. 4-7, 2004
RETAIL	SE Produce Show	Lakeland, FL	Mar. 25-27, 2004
RETAIL	SE Frozen/Dairy Show	Hilton Head, SC	Apr. 1-3, 2004
SOYCO	Expo East	Washington, DC	Oct. 14-17, 2004
RETAIL	PMA	Anaheim, CA	Oct. 15-19, 2004
PL*	PLMA	Chicago, IL	Nov. 5-7, 2004

*PRIVATE LABEL