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GALAXY NUTRITIONAL FOODS REPORTS BETTER THAN EXPECTED 1ST QUARTER RESULTS

ORLANDO, Florida (August 15, 2001) - Galaxy Nutritional Foods (AMEX: GXY), a leading producer of nutritious plant-based dairy alternatives for the retail and foodservice markets, announced results for its first quarter ended June 30, 2001. As expected, net sales increased 5% to \$11,814,790 compared with net sales of \$11,256,421 a year ago. While demand for Galaxy's products continues to increase rapidly, sales growth was significantly inhibited by unanticipated delays in the installation of additional production lines during the latter part of fiscal 2001 and this first quarter ended June 30, 2001.

The Company also reported an operating loss of \$1,578, 513, with \$1,573,566 of this amount representing a non-cash compensation charge related to stock options which were previously treated as non-compensation. The Company had to adopt new accounting principles relating to the accounting of various modifications to fixed stock options resulting in the need to record these compensation options as an expense at each reporting period. Had the Company not adopted these new accounting principles, the operating loss for the first quarter would have been (\$4,947). This operating loss is compared with an operating profit of \$713,237 for the comparable quarter one year ago. The EBITDA results for the quarter are a positive \$450,600. After all adjustments, the total net loss for the quarter was \$2,241,771, or (\$0.26) per share compared to a net profit of \$689,324, or \$0.07 per share, one year ago.

Angelo S. Morini, Galaxy's Chairman, President & CEO, stated, "the EBITDA improvement over the last few quarters is primarily due to the tremendous efficiencies of some of our new production lines becoming operational this quarter. There is no doubt that our sales growth this quarter would have been much stronger had we had all of our new production equipment operational. I feel confident that when all production lines are up to speed, we should be reporting much stronger sales for our third and fourth quarters. Additionally, because of shortages, we were forced to discount prices resulting in lower margins. As this situation is now subsiding and we are able to ship full orders, we expect to return to profitability in the last two quarters. I am also confident that our new and very experienced Chief Financial Officer, Jack Gallagher, will strengthen our internal controls which will also be a factor in our growth and return to profitability."

Morini concluded, "Galaxy's recent investment in additional state-of-the-art production equipment which now gives us the ability to produce over 6 million pounds of product per week will finally enable our market category leading brands to flourish accretively in the \$150 billion dairy category. Galaxy's products penetrate 1.7% of U.S. households, a percentage we can now significantly increase without production capacity constraints. We are one of the food industry's best kept secrets and I believe that it won't be for long."

About Galaxy Nutritional Foods, Inc.

Galaxy Nutritional Foods is the leading producer of health-promoting plant-based dairy and dairy-related alternatives for the retail and foodservice markets. These phytonutrient- enriched products, made from nature's best grains - soy, rice and oats - are low and no fat (no saturated fat and no trans-fatty acids), have no cholesterol, no lactose, are growth hormone and antibiotic free and have more calcium, vitamins and minerals than conventional dairy products. Because they are made with plant proteins, they are more environmentally friendly and economically efficient than dairy products derived solely from animal proteins. Galaxy's products are part of the nutritional or functional foods category, the fastest growing segment of the retail food market. Galaxy brand names include: Veggie™, Nature's Alternative, Galaxy™, Soyco™, Soymage™, Wholesome Valley™, formägg®, Lite Bakery®, Veggie Café™ and Veggie Lite Bakery™. For more information, please visit Galaxy's website at www.galaxyfoods.com.

This press release contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties, or other factors which may cause actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on those forward-looking statements which speak only as of the date hereof. The company undertakes no obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect unanticipated events or developments.