GALAXY NUTRITIONAL FOODS

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GALAXY NUTRITIONAL FOODS REPORTS 2nd QUARTER RESULTS

ORLANDO, Florida (November 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 second quarter ended September 30, 2001. Net sales for the three months decreased 7% to $11,381,321 compared with net sales of $12,214,562 for the same quarter a year ago. For the six months, net sales totaled $23,196,111 versus net sales of $23,470,983 for the six month period one year ago. While Galaxy's current weekly sales order rate for the past few months has been approximately $1.4 million, the Company's ability to ship these orders continued to be affected by production difficulties on new slice production equipment and delays in other new production lines caused by the machine manufacturers.

The reported operating loss for the quarter is $4,358,565 with $2,047,577 of this amount representing a non-cash compensation charge related to stock options previously treated as non-compensation. Upon adoption of new accounting principals, the Company must now record compensation expense or income depending on the stock price at the end of each reporting period. Additionally, the quarter includes one-time writeoffs of totaling $1,075,000 for inventory and accounts receivable changes. The total net loss for the quarter was $5,016,923 or $(0.59) per share, compared to a net profit of $712,230 or $0.07 per share one year ago. For the six months ended September 30, 2001, the net loss is $7,258,694 or $(0.84) per share with $3,621,143 of this amount representing non-cash compensation related to stock options, versus a net profit of $1,401,554 or $0.15 per share a year ago.

Angelo S. Morini, Galaxy's Chairman, President & CEO, stated, "There is no doubt that we are still feeling the effects of two new slice production machines and other new production equipment not being installed on time due to delays from the equipment manufacturers. The unfortunate effects of these installation delays were compounded by the slice equipment not operating efficiently when they were finally installed causing Galaxy more unexpected shipping problems. Individually wrapped slices are our number one selling product, and not being able to ship full orders cost Galaxy an additional $5 million in sales for the quarter. Additionally, the failure of these machines to operate according to the manufacturer's specifications, caused approximately 1.7 million pounds of slices to be reproduced. The reproduced product affected our inventory levels which are directly linked to our borrowing power according to the terms of our line of credit. The result was less money from our credit line coming into Galaxy which, combined with the new equipment inefficiencies, caused us the short-shipment problems. These shortages forced us to continue discounting prices which naturally lowered our margins and negatively impacted our bottom line. Also affecting our results for the quarter were one-time inventory write-offs for excess packaging and materials. With these write-offs, Galaxy has now reduced its retail and foodservice product lines from 400 to 200 products. The 200 products are our core products which represent 98% of our business and these inventory reductions will result in much stronger efficiencies resulting in higher profit margins in the short and long term for Galaxy."

Morini continued, "For the past two months, Galaxy has been at a weekly sales order rate of $1.4 million in sales. During this time we were able to ship only 65% of these orders. I am pleased to report that this situation is steadily improving and we expect it to be completely resolved in the next few months. Our product has never been more in demand and our new product line extensions recently introduced to our customers have been received with great enthusiasm. In the past weeks, the Company announced that two major investors have increased their stakes in Galaxy. The belief in our Company and our mission has never been greater and I can assure all our shareholders and customers that we have taken all necessary steps to strengthen internal controls and increase our efficiencies. The affects of these actions should be realized in the next few months positioning Galaxy for major growth," Morini concluded.

ABOUT GALAXY NUTRITIONAL FOODS
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.

INCOME (LOSS) FROM OPERATIONS	(4,358,565)	1,007,668	(5,937,078)	1,760,205
OTHER INCOME (EXPENSE):				
Interest expense	(652,986)	(311,186)	(1,325,510)	(613,639)
Other income (expense)	(5,372)	15,748	3,894	14,988
Total	(658,358)	(295,438)	(1,321,616)	(598,651)
NET INCOME (LOSS) BEFORE INCOME TAX BENEFIT	(5,016,923)	712,230	(7,258,694)	1,161,554
INCOME TAX BENEFIT	--	--	--	240,000
NET INCOME (LOSS)	(5,016,923)	712,230	(7,258,694)	1,401,554
PREFERRED STOCK DIVIDENDS	876,877	--	1,201,891	--
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	$ (5,893,800)	$ 712,230	$ (8,460,585)	$ 1,401,554
BASIC NET EARNINGS (LOSS) PER COMMON SHARE	$ (0.59)	$ 0.08	$ (0.84)	$ 0.15
DILUTED NET EARNINGS (LOSS) PER COMMON SHARE	$ (0.59)	$ 0.07	$ (0.84)	$ 0.15