

**P R E S S R E L E A S E**

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Contact

Dawn M. Rob rt, Investor Relations
Galaxy Nutritional Foods Co.
(407) 854-0433

GALAXY NUTRITIONAL FOODS
REPORTS MAJOR \$10 MILLION ANNUAL OPERATING SAVINGS
AND A POSITIVE EBITDA TREND

ORLANDO, Florida (March 21, 2002) - Galaxy Nutritional Foods (AMEX:GXY), a leading producer of nutritious plant-based dairy alternatives for the retail and foodservice markets, announced that the effects of previous cost-saving and other tactical initiatives are positively impacting the Company's operating expenses as well as its EBITDA.

The newly installed, state-of-the-art production equipment is currently producing much higher efficiencies and superior quality products. The Company is also experiencing significant savings from recent manufacturing restructuring initiatives and strengthened internal controls. These major operating cost reductions are expected to result in annual operating savings of approximately \$10 million, and as a result of these reductions, the Company is experiencing a positive EBITDA trend based on current sales.

"Even though sales growth has been stymied by new production equipment not being operational when expected, said Angelo S. Morini, Galaxy's President, Chairman & CEO, we are very pleased to now be operating at such high efficiency levels in every facet of our business. We are poised for a major turnaround and have every reason to feel confident that our sales growth will return to its previous fast track for our new fiscal year, which begins April 1, 2002. Our VeggieTM brand dairy alternatives remain the number one selling dairy alternative in the country, with over a 90% share of market, even through a difficult period. Superior quality, great taste, as well as all the important health parameters of our products which are of major importance to many of today's consumers have remained a winning combination for Galaxy," Morini concluded.

About Galaxy Nutritional FoodsTM, Inc.

Galaxy Nutritional FoodsTM 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: Galaxy Nutritional FoodsTM, VeggieTM, Nature's AlternativeTM, Veggie

Lite Bakery™, Veggie Café™, Soyco®, Soymage®, Wholesome Valley®, Lite Bakery®, and formägg®.
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.