

**P R E S S   R E L E A S E**

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**December 18, 2002**  
**Orlando, FL**

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**FOUNDER AND PRESIDENT OF GALAXY NUTRITIONAL FOODS TO RELINQUISH STOCK  
OPTIONS AND REVERSE RE-PRICING**

**ORLANDO, Fla., Dec. 18 /PRNewswire-FirstCall/ --**

Galaxy Nutritional Foods (Amex: GXY), a leading producer of nutritious plant-based dairy alternatives for the retail and foodservice markets, announced today that Angelo Morini, Founder and President, will relinquish certain stock options granted to him as well as foregoing the previously disclosed re-pricing of his stock options.

"To support the strategic moves which I have announced earlier today and to show my confidence in the Company's potential, I have decided to relinquish 1,163,898 stock options granted in May 2002," stated Mr. Morini. "Additionally, I am foregoing the stock option re-pricing that the Board approved in October 2002 on all of my 2,528,137 outstanding options granted prior to October 2002. These changes will allow the Company to receive an additional \$4.6 million upon exercise of the options and will save nearly \$1.2 million of non-cash stock compensation expense for every \$1.00 increase in the Company's stock price. I believe that the moves made today will improve shareholder value, strengthen the Company and allow Galaxy to enjoy the substantial growth which I envisioned when the Company was founded."

**About Galaxy Nutritional Foods(R), Inc.**

Galaxy Nutritional Foods(R) is the leading producer of health-promoting plant-based dairy and dairy-related alternatives for the retail and foodservice markets. An exclusive, new and technologically advanced, safer "hot process" is used to produce these phytonutrient-enriched products, made from nature's best grains - soy, rice and oats. Veggie products are low fat and fat free (saturated fat and trans-fatty acid free), cholesterol and lactose free, are growth hormone and antibiotic free, and have more calcium, vitamins and other minerals than conventional dairy products. Because they are made with plant proteins, the products are more environmentally friendly and economically efficient than dairy products derived solely from animal proteins. Galaxy's products are part of the healthy and natural foods category, the fastest growing segment of the retail food market. Galaxy brand names include: Galaxy Nutritional Foods(R); Veggie(R); Nature's Alternative(TM); Veggie Lite Bakery(TM); Veggie Cafe(TM); Soyco(R); Soymage(R); Wholesome Valley(R); Lite Bakery(R); and formaegg(R). For more information, please visit Galaxy's website at: [www.galaxyfoods.com](http://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.

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**SOURCE** Galaxy Nutritional Foods

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