

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

Press Page

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GALAXY FOODS OBTAINS \$4 MILLION LOAN

ORLANDO, FLORIDA (October 13, 1999) - Galaxy Foods Company (AMEX:GXY), makers of nutraceutical soy-based dairy and dairy-related alternatives, obtained a \$4,000,000 subordinated loan with Finova Mezzanine Capital based in Nashville, Tennessee. The note bears interest at a rate of 13.5% and is secured by a secondary lien on the Company's assets. The Company currently has a \$5,500,000 senior revolving credit facility and a \$3,000,000 term note with Finova Capital Corporation.

The Finova Group, Inc., which includes Finova Mezzanine Capital and Finova Capital Corporation, is one of the nation's leading financial services companies focused on providing a broad range of capital solutions primarily to midsize businesses. The Finova Group, Inc. is headquartered in Phoenix with business development offices throughout the United States, London, U.K. and Toronto, Canada.

Cynthia L. Hunter, Galaxy's Chief Financial Officer, reported that proceeds from the subordinated loan would be used primarily for working capital needed to propel Galaxy's rapid sales growth. Ms. Hunter also forecasted that these proceeds should meet the Company's cash flow needs well into the foreseeable future.

Angelo S. Morini, Galaxy's President & CEO, stated "We examined a variety of lenders but our positive three year history with Finova, compounded with their equitable terms and excitement about our Company, made them the logical choice. Our relationship with Finova is an extremely important one and we look forward to working together in an effort to meet the Company's fast growth rate as well as our future needs."

Galaxy Foods Company is the leading producer of health-promoting dairy and dairy-related alternatives for the retail, foodservice and industrial markets. These plant-based products, which are low or no fat (no saturated fat), have no cholesterol and no lactose and contain more vitamins and minerals than conventional dairy products, are part of the nutraceutical or functional food category, the fastest growing segment of the retail food market. The Company also markets conventional dairy products for all three channels of distribution. Galaxy brand names include Veggie Slices, Veggie Milk, formägg, Soyco, Soymage, Wholesome Valley, and Lite Bakery. For more information, contact Tracy Rushwin at (407) 855-5500, extension 105. You may also obtain more information from Galaxy's web site 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.
