



NEWS RELEASE

Financial: Richard J. Gonzalez, CFO-BSC
Phone: (985) 652-4900 Fax: (985) 652-0485
E-Mail Address: fna@bayousteel.com
Web Page: <http://www.bayousteel.com>
PO Box 5000, LaPlace LA 70069-1156

BAYOU STEEL CORPORATION

FOR IMMEDIATE RELEASE

BAYOU STEEL ANNOUNCES STOCKHOLDER APPROVAL OF MERGER AGREEMENT

LaPlace, Louisiana (May 12, 2006). Bayou Steel Corporation announced today that its stockholders voted at a special meeting held yesterday to adopt the previously announced merger agreement to be acquired by an entity owned by funds over which Black Diamond Capital Management, L.L.C. ("Black Diamond") acts as an investment manager. Subject to the satisfactory completion of applicable regulatory reviews and customary closing conditions, the transaction is expected to close in late May or early June of 2006. Subject to certain adjustments at closing, including an adjustment for working capital, the total per share purchase price for the Bayou Steel shares is expected to be approximately \$75 in cash, assuming a closing in the quarter ending June 2006.

Jerry Pitts, the President and CEO of Bayou Steel, noted: "We at Bayou Steel are very pleased that our stockholders have overwhelmingly approved this transaction with Black Diamond and look forward to closing the acquisition as soon as possible."

Bayou Steel Corporation manufactures light structural and merchant bar products in LaPlace, Louisiana and Harriman, Tennessee. The Company also operates stocking locations along the inland waterway system near Pittsburgh, Chicago, and Tulsa.

About Black Diamond Capital Management, L.L.C.

Black Diamond Capital Management, L.L.C. is an alternative asset management firm with in excess of \$8 billion under management in a combination of private equity, hedge funds and structured vehicles. It was founded in 1995 by its principals, James Zenni and Stephen Deckoff. Its investors are largely comprised of leading institutional investors, including pension funds, endowments and insurance companies. Black Diamond has offices in Lake Forest, Illinois, Greenwich, Connecticut, and London, England.

Forward-Looking Statements

Statements in this press release regarding Bayou Steel Corporation which are not historical facts are "forward-looking statements" that involve risks and uncertainties. There can be no assurance that future results will be achieved and actual results could differ materially from forecasts and estimates. Forward-looking statements in this press release include, without limitation, statements relating to the anticipated closing date of the transaction, the total per share purchase price for the Bayou Steel shares, and the possibility that any of the regulatory reviews and closing conditions, including those outside the control of Bayou Steel, will be satisfied. Bayou Steel does not assure the future results or outcomes of the matters described in forward-looking statements; rather, these statements merely reflect current expectations of the approximate outcomes of the matters discussed.