



NEWS RELEASE

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BAYOU STEEL CORPORATION

FOR IMMEDIATE RELEASE

BAYOU STEEL CORPORATION REPORTS **FIRST QUARTER FISCAL 2006 RESULTS**

LaPlace, Louisiana (February 24, 2006) --- Bayou Steel Corporation today reported its financial results for the first quarter (ending December 31, 2005) of fiscal 2006.

The Company reported net income of \$3.2 million, or \$1.60 per fully diluted share, on sales of \$67.2 million for the first quarter of fiscal year 2006 ending December 31, 2005, compared to net income of \$4.2 million, or \$2.01 per fully diluted share, on sales of \$63.1 million for the same quarter last year.

Net sales for the first quarter of fiscal 2006 increased \$4.1 million when compared to the same period in fiscal 2005. This increase in sales is due to shipping 123,417 tons which is 10,000 tons or a 7% higher than the prior year quarter.

Jerry M. Pitts, President and CEO of the Company, commented, "Demand and prices have risen to levels not seen in our products in quite some time creating a strong business climate for Bayou Steel. Our backlog at the end of December was the highest in almost five years. Steel inventories at our customers are low by historical standards; so, we expect shipments to continue to grow this year and look forward to what we believe will be a strong market for the rest of fiscal 2006."

Mr. Pitts continued, "We are still dealing with circumstances created by the two major storms that made landfall along the Gulf Coast in 2005. Available labor and record high energy prices are still issues that are affecting operations. The Company has been able to maintain strong but less than maximum production levels and minimize production cost increases with the exception of energy costs which increased operating costs 24% over the same prior year period. Due to the success of our recent initiatives to attract and retain personnel in the wake of the challenges brought about by the hurricanes, we expect to increase operations by approximately 20% during the second fiscal quarter."

Mr. Pitts concluded, "We increased available cash by \$9.4 million to \$14.6 million as of December 31, 2005. We also have an available unused line of credit of \$43 million with a major bank."

Bayou Steel invites you to visit its web site, www.bayousteel.com, to view its first quarter fiscal 2006 report.

This release contains various "forward-looking" statements which represent the Company's expectations or beliefs concerning future events. The Company cautions that a number of important factors could, individually or in the aggregate, cause actual results to differ materially from those included in the forward-looking statements. Any forward looking statements contained in this document speak only as of the date hereof, and the Company disclaims any intent or obligation to update such forward looking statements.

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

BAYOU STEEL CORPORATION
FINANCIAL HIGHLIGHTS
(Unaudited)

INCOME STATEMENT:	Quarter Ending December 31, 2005	Quarter Ending December 31, 2004
Net Sales	\$ 67,246,477	\$ 63,117,361
Depreciation	222,665	193,888
Gross Profit	8,207,201	9,400,279
Operating Income	5,916,531	7,489,243
Interest and Other Expense on Debt	746,999	918,000
Income before Income Taxes	5,280,186	6,856,435
Net Income	3,229,925	4,182,426
Net Income per Share - Basic	1.61	2.09
Net Income per Share - Diluted	1.60	2.01
EBITDA ⁽¹⁾	6,139,196	7,683,131
	December 31, 2005	December 31, 2004
Working Capital	\$ 70,381,844	\$ 53,228,652
Notes Due 2011	30,000,000	30,000,000
Credit Facility	—	14,640,933
Stockholders' Equity	\$ 52,195,478	\$ 27,672,929

⁽¹⁾ The Company defines EBITDA as Operating Income plus Depreciation.