



NEWS RELEASE

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BAYOU STEEL CORPORATION

FOR IMMEDIATE RELEASE

BAYOU STEEL CORPORATION REPORTS **THIRD QUARTER RESULTS**

LaPlace, Louisiana (August 13, 2002) -- Bayou Steel Corporation (AMEX:BYX) reported a loss of \$22.2 million for the third quarter of fiscal 2002, of which \$14.3 million was for two non-cash accounting charges, and a loss of \$33.0 million for the nine months ended June 30, 2002.

During the quarter, the Company took a \$7.7 million accounting charge to fully reserve any potential future tax benefit that it may derive from its \$130 million in net operating loss carryforwards (NOLs). The Company still has up to 20 years to use portions of these NOLs to offset future taxable income. Additionally, responding to an accounting standard coupled with poor current market conditions, the Company recorded a \$6.6 million charge for the write down of certain operating assets. Each charge is considered to be nonrecurring and did not impact cash or liquidity.

Excluding these two non-cash charges, the loss would have been \$7.9 million for the third quarter of fiscal 2002 compared to a \$7.5 million loss for the prior year comparable quarter and a \$18.7 million loss for the nine months ended June 30, 2002 compared to a \$26.7 million loss for the comparable prior year period.

"As of June 30 we had \$30 million in availability remaining on our revolving credit facility. We do not anticipate any constraints in availability despite near-term loss projections," stated President and Chief Operating Officer Jerry Pitts.

Pitts added, "Looking at the trend this year, shipments have improved each quarter and, as a result, we have been able to increase production which has resulted in decreasing conversion cost in our first two quarters. In our second quarter the average selling price fell to an all time low for Bayou and scrap prices began an upward trend. Throughout Bayou's third quarter, the increase in scrap cost outpaced the increase in selling price as both the domestic and export markets for scrap strengthened. We expect that the surge in scrap cost peaked in July and will remain stable in the fourth quarter." Addressing selling price Pitts commented, "Since the record low selling price experienced in our second quarter, Bayou has had one selling price increase take effect in May; one in mid-July; and an additional increase announced for late September. Collectively, the announced increases total \$45 per ton of which we expect to realize at least \$35 per ton by the end of our fourth quarter."

Excluding non-cash accounting charges, losses from operations for the third quarter were somewhat consistent with those of the prior year quarter despite a selling price decrease of \$9 per ton and a scrap cost increase of \$16 per ton. "Favorable fuel prices along with our successful efforts to secure tax benefits have helped offset a \$25 per ton margin squeeze in the quarter. Comparing the year to date results with those of last year excluding the non-cash accounting charges, Bayou's net loss was \$8 million less than the comparable prior year period despite a \$13 per ton margin decrease. This improvement was a result of aggressive cost reduction and efficiency enhancement initiatives as well as better fuel prices," Pitts said.

“Looking ahead, shipments are expected to continue the favorable trend providing the opportunity to increase production and decrease cost. Our fiscal fourth quarter will see two price increases providing much needed relief to margins. Our biggest immediate challenge is to improve operating efficiencies and control cost to maximize the positive effects of the pending price increases,” Pitts concluded.

This release contains various "forward-looking" statements which represent the Company's expectation or belief 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.

FINANCIAL HIGHLIGHTS
(In Thousands, Except Per Share Data, Shipments and Selling Price)

	<u>(Unaudited)</u>		<u>(Unaudited)</u>	
	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Net sales	\$ 38,864	\$ 32,581	\$ 104,037	\$ 106,154
Gross margin	(3,250)	(2,826)	(5,056)	(13,569)
SG&A	(1,760)	(1,811)	(5,072)	(5,135)
Impairment loss	<u>(6,603)</u>	<u>—</u>	<u>(6,603)</u>	<u>—</u>
Operating loss	(11,613)	(4,637)	(16,731)	(18,704)
Interest and other	<u>(2,922)</u>	<u>(2,827)</u>	<u>(8,552)</u>	<u>(7,961)</u>
Loss before income tax	(14,535)	(7,464)	(25,283)	(26,665)
Provision for income tax	<u>(7,682)</u>	<u>—</u>	<u>(7,682)</u>	<u>—</u>
Net loss	\$ (22,217)	\$ (7,464)	\$ (32,965)	\$ (26,665)
Net loss per share	(1.72)	(0.58)	(2.56)	(2.07)
Shipment tons	140,951	115,421	382,213	375,980
Average selling price per ton	\$ 271	\$ 280	\$ 268	\$ 279

	<u>June 30,</u>	<u>September 30,</u>
	<u>2002</u>	<u>2001</u>
Working Capital	\$ 52,867	\$ 63,393
Debt to Equity	4.4 to 1	1.9 to 1
Liquidity ⁽¹⁾	\$ 30,000	\$ 41,000

⁽¹⁾ Liquidity is defined as cash plus availability under the line of credit facility.