



NEWS RELEASE

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BAYOU STEEL CORPORATION

FOR IMMEDIATE RELEASE

BAYOU STEEL CORPORATION REPORTS **FISCAL 2002 RESULTS**

LaPlace, Louisiana (January 10, 2003) --- Bayou Steel Corporation (AMEX:BYX) reported a loss of \$7.8 million for the fourth quarter of fiscal 2002 and a loss of \$40.7 for the year ended September 30, 2002. The annual loss included two non-cash charges totaling \$14.3 million for write downs of a deferred tax asset and the carrying value of its Tennessee facility. The quarterly and annual results compare with a loss of \$7.5 million and \$34.1 million in the prior year comparable periods.

The annual results are reflective of a year that, in the second fiscal quarter, produced one of the lowest selling prices ever experienced by the Company. "This year has brought extreme challenges to the organization," said Jerry Pitts, President and Chief Operating Officer. "Although falling shipments over the last several years stabilized, the erosion of selling prices and operating margins continued well into the year until we received modest relief in the second half," Pitts continued. The selling price for the Company's finished product reached a floor in its second fiscal quarter before gaining \$21 per ton over the remainder of its fiscal year.

Excluding the two non-cash write downs, the loss would have been \$26.4 million for the year compared to a \$34.1 million loss in the prior year improving over 20%. Pitts expanded, "This improvement, almost entirely driven by reductions in operating cost, is substantial; however, we have not reached our goal of achieving cash breakeven from our operations." Offsetting even further improvement made by the Company was a reduction in the metal margin which is the difference between the price of the raw material scrap and finished goods selling prices. This spread decreased \$60 per ton or approximately \$30 million since the Company reported earnings in fiscal 1998.

Given the continued losses and the Company's sensitivity to liquidity issues that naturally arise with sustained losses, the Company did not make a scheduled interest payment under its first mortgage notes in December. Pitts stated, "The Company decided not to make this payment to preserve liquidity under our line of credit and to ensure sufficient funding for on-going operations." The Company has retained financial advisors and has commenced discussions with a committee representing the holders of over 75% of the aggregate principal amount outstanding under the notes. The Company is also discussing with its senior lender options available under its line of credit facility. Pitts added, "We are seeking every equitable solution to the problems the Company now faces and are seeking financing options suitable to allow us to accomplish our business plan. We believe that the execution of our plan will bring positive cash flow."

"Shipments declined in the usual slow months of October through December. The new year, however, should bring increased shipments overall as a result of modest improvements in the underlying demand, and, more importantly, as a result of operational enhancements which we believe will be well received by our customers. Additionally, pricing

in our first fiscal quarter has been consistent with the improved pricing experienced at the end of fiscal 2002. Bayou appreciates the strong support of our customers, suppliers, and, most of all, our employees in dealing with the challenges of the past. Their continued support will help us achieve our short term goal of achieving cash breakeven," 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)

	(Unaudited)			
	<u>Three Months Ended</u>		<u>Year Ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Net sales	\$ 38,097	\$ 34,291	\$ 142,134	\$ 140,447
Gross margin	(3,150)	(2,884)	(8,206)	(16,453)
SG&A	(1,441)	(1,703)	(6,653)	(6,837)
Impairment loss	—	—	(6,603)	—
Operating loss	(4,591)	(4,587)	(21,462)	(23,290)
Interest and other	(3,091)	(2,868)	(11,504)	(10,829)
Loss before income tax	(7,682)	(7,455)	(32,965)	(34,119)
Provision for income tax	—	—	(7,682)	—
Net loss	\$ (7,682)	\$ (7,455)	\$ (40,647)	\$ (34,119)
Net loss per share	(0.60)	(0.58)	(3.15)	(2.65)
Shipment tons	132,552	123,085	514,765	499,065
Average selling price per ton	\$ 281	\$ 284	\$ 271	\$ 280