



NEWS RELEASE

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BAYOU STEEL CORPORATION

FOR IMMEDIATE RELEASE

BAYOU STEEL CORPORATION REPORTS **FISCAL 2004 RESULTS**

LaPlace, Louisiana (January 6, 2005) --- Bayou Steel Corporation today reported its financial results for the year ending September 30, 2004.

Bayou Steel emerged from bankruptcy pursuant to a plan of reorganization that became effective on February 18, 2004. For accounting purposes, financial statements for periods after February 18, 2004, related to the Company that emerged from bankruptcy (the "Company"), are not directly comparable to prior periods of the predecessor company (the "Predecessor Company"). Among other changes, there have been substantial reductions in debt and revaluations of assets and other liabilities.

The Company reported net income for the period from February 18, 2004 through September 30, 2004, totaling \$13.8 million or \$6.86 per fully diluted share. The Predecessor Company reported \$16.0 million in income, including \$19.5 million in net reorganization adjustments, from October 1, 2003 through February 17, 2004. For fiscal 2004, the Company reported net income of \$29.8 million. For fiscal 2003, the Predecessor Company reported a loss of \$34.5 million.

Sales for fiscal 2004 were \$240.8 million on shipments of 546,378 tons. This was sharply higher than the \$150.3 million in sales on shipments of 497,868 tons for fiscal 2003. The average selling price increased from \$298 per ton to \$437 per ton or 47% compared to fiscal 2003. In the fourth quarter ending September 30, 2004, the average selling price was \$531 per ton. The selling price increase has generally been related to the sharply escalating prices for scrap and the increasing prices for alloys and fuel, which the Company has been successful in passing through to its customers because of strong demand for the Company's products.

Jerry M. Pitts, President and CEO of the Company, commented, "Earnings have surged in fiscal year 2004 as compared to the prior year. This favorable turnaround is largely the result of increased demand for our products, which allowed us to raise our product prices at a higher rate than the unprecedented increases in the cost of scrap. Although Bayou Steel experienced significant increases in the cost of other major commodity items, including electricity, natural gas, and alloys, our margins have significantly improved as our increased product pricing has outpaced that of scrap and other cost related items. Though the industry pricing trend is unclear, overall market demand for our products is still favorable."

Mr. Pitts continued, "In December, we underwent a much needed shutdown in the plants to conduct equipment maintenance that was partially deferred due to limited funds during the Company's bankruptcy. We expect that production and efficiencies after our start-up will increase in both our Louisiana and Tennessee plants. This will enable us to better capitalize on these current great market conditions. All of this encourages us going forward."

Mr. Pitts concluded, "We are grateful to the many constituencies that continued to support us, especially when conditions were not so positive. We extend our sincere thanks to our employees, customers, vendors, local governmental bodies and communities who have faithfully stood with us."

Bayou Steel invites you to visit its web site, www.bayousteel.com, to view its fiscal 2004 Annual 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
(Audited)

	Successor Company		Predecessor Company	
	Period from February 18, 2004 through September 30, 2004		Period from October 1, 2003 through February 17, 2004	Fiscal 2003
INCOME STATEMENT:				
Net Sales	\$ 158,866,455		\$ 81,909,905	\$ 150,264,840
Depreciation	23,455		3,395,408	8,467,174
Reorganization Expense.....	—		1,688,540	5,220,320
Gross Margin	28,729,597		1,274,419	(9,927,834)
Operating Income (Loss)	24,177,385		(3,180,467)	(30,397,567)
Interest and Other Expense on Debt.....	2,213,235		378,141	4,442,925
Gain on Reorganization and Fresh-Start Adjustments, Net.....	—		19,499,698	—
Income (Loss) before Taxes.....	22,707,800		16,044,079	(34,512,920)
Net Income (Loss)	13,845,127		16,044,079	(34,512,920)
Net Income (Loss) per Share - Basic	6.92		1.24	(2.68)
Net Income (Loss) per Share - Diluted	6.86		1.24	(2.68)
EBITDA ⁽¹⁾	24,200,840		214,941	(13,930,393)

	Successor Company	
	September 30, 2004	
BALANCE SHEET:		
Working Capital	\$ 50,778,906	
Notes Due 2011	30,000,000	
Credit Facility	10,831,501	
Other Post Reorganization Obligations.....	1,416,759	
Stockholders' Equity	22,926,719	

⁽¹⁾ The Company defines EBITDA as Operating Income plus Depreciation. Includes Reorganization Expenses in all periods presented. In fiscal 2003, EBITDA excludes an \$8,000,000 provision for impairment loss on long-lived assets.