



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 CORPORATION ANNOUNCES **AGREEMENT TO BE ACQUIRED BY** **BLACK DIAMOND CAPITAL MANAGEMENT**

LaPlace, Louisiana (March 17, 2006). Bayou Steel Corporation announced today that it has entered into a definitive agreement with an entity managed by Black Diamond Capital Management, L.L.C. ("Black Diamond"), an existing holder of Bayou Steel's common stock. Pursuant to this agreement, the Black Diamond entity would acquire all of the outstanding shares of Bayou Steel's common stock. During the past several months, the Company's Board of Directors has been engaged in a process designed to elicit all offers for the Company that would maximize stockholder value. The agreement with Black Diamond represents the successful culmination of that process.

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, assuming a closing in the quarter ended June 30, 2006. The closing of the transaction is not subject to any financing condition. Subject to Bayou Steel stockholder approval and satisfactory completion of applicable regulatory reviews, the transaction is expected to close in the second quarter of 2006.

Jerry Pitts, the President and CEO of Bayou Steel, commented: "Bayou Steel believes the transaction with Black Diamond represents a very attractive per share price. Black Diamond is a committed strategic partner and this transaction will provide continuity in the present management team as well as a strong financially sound independent company that will ensure the cost effective modernization and expansion of our key production facilities and processes. The Company is committed to remain a strong competitor that will continue to serve our customers, suppliers and employees. We look forward to closing the transaction as soon as the required approvals can be obtained."

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.

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.

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 and Greenwich, Connecticut.