



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 THE RECAPITALIZATION OF THE COMPANY

LaPlace, Louisiana (July 14, 2005) - - - Bayou Steel Corporation announced today that it is engaged in an effort to restructure its balance sheet by entering into a \$50 million Senior Secured Credit Facility and increasing its existing revolving credit facility from \$45 million to \$65 million. In addition, the Company announced that its Board of Directors is considering the declaration of a special dividend of approximately \$35 million, or \$17.50 per share. A final decision as to whether to complete the refinancing and declare the special dividend is expected within the next month. If approved by the Board, proceeds of the \$50 million secured debt offering, together with borrowings under the upsized revolving credit facility, will be used to refinance the Company's outstanding \$30 million of 9.0% First Mortgage Notes and to pay a special dividend of approximately \$35 million to the Company's stockholders.

Mr. Jerry Pitts, the chief executive officer of Bayou Steel said, "Since the company emerged from bankruptcy in February 2004, it has enjoyed very favorable steel market conditions. Industry metal margins, including our own, have been at historically high levels, and we expect that metal margins, and the demand for our products, will continue to be strong for the foreseeable future. We currently project that the Company's EBITDA for its fiscal year ended September 30, 2005 will be approximately \$39 million as adjusted.

Mr. Pitts continued, "We are evaluating the restructuring of the Company's debt and the payment of this dividend as the Board evaluates ways to maximize shareholder value. We believe that the Company will be able to comfortably service its additional debt going forward, and that our overall leverage ratio will be comparable to other steel companies. We also believe the company can continue to generate solid profit, reinvest in the capital assets, and continue to grow its business with the cash it will generate from operations. In addition, the Company will maintain and grow its availability under the revolving line of credit."

The Company does not have any current intention of commencing the payment of regular dividends to its shareholders.

Bayou Steel invites you to visit its web site, www.bayousteel.com, to view additional information used in this refinancing endeavor.

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.