



NEWS RELEASE

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BAYOU STEEL CORPORATION

FOR IMMEDIATE RELEASE

BAYOU STEEL CORPORATION **ANNOUNCES STRONG RESULTS FOR** **SECOND QUARTER FISCAL 2005**

LaPlace, Louisiana (May 20, 2005) --- Bayou Steel Corporation today reported its financial results for the second quarter (ending March 31, 2005) of fiscal 2005.

The Company reported net income of \$5.1 million or \$2.50 per fully diluted share for the second quarter of fiscal 2005 and \$9.3 million or \$4.60 per fully diluted share after two quarters of fiscal 2005.

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 periods prior to February 18, 2004 (the "Predecessor Company"). Among other changes, when Bayou Steel emerged from bankruptcy, there were substantial reductions in its debt as well as revaluations of assets and other liabilities. The second quarter and year to date periods of fiscal 2004 reflect both the Company's and Predecessor Company's results, rendering the traditional comparison of net income with fiscal 2005 less useful.

Sales for the second quarter of fiscal 2005 were \$62.1 million while sales for the prior year comparable quarter were \$60.2 million. The increase in sales was entirely due to an increase in the selling price of \$126 per ton to \$532 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 during fiscal 2004. The Company was successful during the period in passing through several price increases for its products offsetting its higher costs of scrap and additives and increasing gross margin by \$75 per ton.

Jerry M. Pitts, President and CEO of the Company, commented, "Operating income in the second quarter of fiscal year 2005 has increased significantly as compared to the prior year quarter and was one of the best quarters in the Company's history. Strong margins contributed to the growth of earnings. Given the challenges of the last four years in the steel industry, it is especially pleasing to see the market continue to support healthy margins while demand has softened."

Mr. Pitts continued, "In December, we successfully achieved a much needed shutdown in the manufacturing plants to conduct equipment maintenance that was partially deferred due to limited funds during the Company's bankruptcy. Since the start-up, our production and efficiencies have increased in both our Louisiana and Tennessee plants. For example, productivity in our melt shop increased by 17% in the second quarter as compared to the immediate preceding quarter in which we took the shutdown. These improvements will enable us to better control costs and capitalize on favorable market conditions. In December, we opened a remote scrap processing location. Our ferrous and non-ferrous operations are expanding according to plan. We expect this facility to provide the Louisiana plant with additional scrap metal and replace more costly purchased scrap."

Mr. Pitts added, "The decline in scrap pricing and scrap surcharges in recent months has resulted in conservative buying patters by our customers. The quarter also reflected some seasonal weakening in demand. As we anticipated, customers' adjusted inventories and shipments declined. As a result, we have adjusted operations to control our inventories. This may increase per unit fixed costs. Our outlook for the June 2005 quarter, however, is positive with demand remaining steady and margins continuing at high levels."

Bayou Steel invites you to visit its web site, www.bayousteel.com, to view its second quarter fiscal 2005 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 manufacturers 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
(Unaudited)

	Successor Company		Predecessor Company
	Quarter Ending March 31, 2005	Period from February 18, 2004 Through March 31, 2004	Period from January 1, 2004 Through February 17, 2004
INCOME STATEMENT:			
Net Sales	\$ 62,127,164	\$ 30,014,886	\$ 30,216,013
Depreciation	(5,647)	1,941	1,237,839
Reorganization Expense.....			766,769
Gross Margin	11,466,535	3,667,495	(1,003,266)
Operating Income (Loss).....	9,529,449	2,846,391	(2,754,471)
Interest and Other Expense on Debt.....	991,275	435,756	134,827
Income (Loss) before Taxes.....	8,427,135	2,996,068	16,598,942
Net Income (Loss)	5,140,552	1,796,068	16,598,942
Net Income (Loss) per Share - Basic.....	2.57	0.90	1.29
Net Income (Loss) per Share - Diluted	2.50	0.90	1.29
EBITDA ⁽¹⁾	9,523,802	2,848,332	(749,863)

	<u>Successor Company</u>		<u>Predecessor Company</u>
	<u>Six Months Ended March 31, 2005</u>	<u>Period from February 18, 2004 Through March 31, 2004</u>	<u>Period from October 1, 2003 Through February 17, 2004</u>
INCOME STATEMENT:			
Net Sales	\$ 125,244,525	\$ 30,014,886	\$ 81,909,905
Depreciation	188,241	1,941	3,395,408
Reorganization Expense.....			1,688,540
Gross Margin	20,866,814	3,667,495	1,274,419
Operating Income (Loss).....	17,018,692	2,846,391	(3,180,467)
Interest and Other Expense on Debt.....	1,909,275	435,756	378,141
Income (Loss) before Taxes.....	15,283,570	2,996,068	16,044,079
Net Income (Loss)	9,322,978	1,796,068	16,044,079
Net Income (Loss) per Share - Basic.....	4.66	0.90	1.24
Net Income (Loss) per Share - Diluted	4.60	0.90	1.24
EBITDA ⁽¹⁾	17,206,933	2,848,332	1,903,481

	<u>Successor Company</u>
	<u>March 31, 2005</u>
Working Capital	\$ 56,138,062
Notes Due 2011	30,000,000
Credit Facility.....	24,656,841
Post-Reorganization Obligations.....	610,923
Stockholders' Equity	\$ 33,377,265

(1) The Company defines EBITDA as Operating Income plus Depreciation. Includes Reorganization Expenses in all periods presented.