



NEWS RELEASE

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BAYOU STEEL CORPORATION OR IMMEDIATE RELEASE

BAYOU STEEL CORPORATION ANNOUNCES STRONG RESULTS FOR THIRD QUARTER FISCAL 2005

LaPlace, Louisiana (August 15, 2005) --- Bayou Steel Corporation today reported its financial results for the third quarter (ending June 30, 2005) of fiscal 2005.

The Company reported net income of \$5.2 million or \$2.59 per fully diluted share for the third quarter of fiscal 2005 and \$14.5 million or \$7.24 per fully diluted share after three quarters of fiscal 2005.

Bayou Steel emerged from bankruptcy on February 18, 2004. 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"). When Bayou Steel emerged from bankruptcy, there were substantial reductions in its debt as well as revaluations of assets and other liabilities. Fiscal 2004 reflects both the Company's and Predecessor Company's results, rendering the traditional comparison of net income with fiscal 2005 less useful.

Sales for the third quarter of fiscal 2005 were \$68.4 million while sales for the prior year comparable quarter were \$59.3 million. The increase in sales was due to a 12% increase in shipments to 133,000 tons and to an \$11 per ton increase in the selling price to \$507 per ton. Shipments increased as customers appear to have finally reduced their inventories accumulated last year as customers had increased inventories in advance of an anticipated rapid rise in selling prices. 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. The Company's selling prices have declined in recent months as the cost of scrap metal has declined, and the Company followed the industry in reducing prices.

Jerry Pitts, President and CEO of the Company, commented "Bayou Steel continues to perform at a high level of profitability. Shipments during the quarter increased as our customers worked through their higher than normal inventories. Even though selling prices and margins have recently declined, selling prices and margins are still at very high levels."

Mr. Pitts continued, "Operating levels for the current period were lower than the immediate prior quarter and lower than the prior year period in order to reduce inventory levels. Our per unit fixed production costs will increase, but the lower operating level should allow us to reduce inventories by over \$10 million by September 30, 2005. Since our successful planned maintenance shutdown in December, our melt shop has performed very well even at reduced operating levels. Since December, the melt shop has set three productivity records and our billet yield in the third fiscal quarter was a 25 year record. With scrap metal representing over 50% of our

production costs, increased billet yield has a significant impact in lowering our costs. We still have opportunities for improvement in operations and our team is focused on achieving greater improvements in all facets of the business in the near future.”

Looking forward, Pitts concluded, “Backlog for our products has grown over the past month and is at a solid level. The outlook for our products appears to be better for the second half of calendar 2005. Our metal margin, the difference between our selling prices and scrap raw material cost, remains near record levels although we expect the metal margin to be lower than the third fiscal quarter. Scrap continues to be volatile and is moving sharply upward. A competitor has recently announced a \$45 per ton price increase effective September 1, 2005.”

Bayou Steel invites you to visit its web site, www.bayousteel.com, to view its third quarter fiscal 2005 report.

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.

**BAYOU STEEL CORPORATION
FINANCIAL HIGHLIGHTS
(Unaudited)**

	<u>Quarter Ending</u>	
	<u>June 30, 2005</u>	<u>June 30, 2004</u>
INCOME STATEMENT:		
Net Sales	\$ 68,396,303	\$ 59,341,260
Cost of Sales	<u>55,345,370</u>	<u>46,548,402</u>
Gross Margin	13,050,933	12,792,858
Selling, General and Administrative	<u>3,337,546</u>	<u>1,826,629</u>
Operating Income	9,713,387	10,966,229
Interest and Other Expense on Debt	1,154,225	880,609
Miscellaneous Expense	<u>27,110</u>	<u>196,326</u>
Income before Taxes	8,532,052	9,889,294
Provision for Income Tax	<u>3,338,726</u>	<u>3,825,292</u>
Net Income	<u><u>5,193,326</u></u>	<u><u>6,064,002</u></u>
Net Income per Share - Basic	2.60	3.03
Net Income per Share - Diluted	2.59	2.97
Depreciation	258,071	19,959
EBITDA ⁽¹⁾	9,971,458	10,986,188

	Successor Company		Predecessor Company
	Nine Months Ended June 30, 2005	Period from February 18, 2004 through June 30, 2004	Period from October 1, 2003 through February 17, 2004
INCOME STATEMENT:			
Net Sales	\$ 193,640,827	\$ 89,356,146	\$ 81,909,905
Cost of Sales	<u>157,827,334</u>	<u>72,895,793</u>	<u>80,635,486</u>
Gross Margin	35,813,493	16,460,353	1,274,419
Selling, General and Administrative	9,081,410	2,647,733	2,766,346
Reorganization Expense	<u>—</u>	<u>—</u>	<u>1,688,540</u>
Operating Income (Loss)	26,732,083	13,812,620	(3,180,467)
Other Income (Expense):			
Interest expense	(3,063,500)	(1,316,365)	(378,141)
Miscellaneous	147,042	389,107	102,989
Fresh-start adjustments	—	—	(79,627,465)
Gain on reorganization	<u>—</u>	<u>—</u>	<u>99,127,163</u>
Income before Taxes	23,815,625	12,885,362	16,044,079
Provision for Income Tax	<u>9,299,319</u>	<u>5,025,292</u>	<u>—</u>
Net Income	<u><u>14,516,306</u></u>	<u><u>7,860,070</u></u>	<u><u>16,044,079</u></u>
Net Income per Share – Basic	7.26	3.93	1.24
Net Income per Share – Diluted	7.24	3.89	1.24
Depreciation	446,312	21,900	3,395,408
EBITDA ⁽¹⁾	27,178,395	13,834,520	1,903,481
	Successor Company		
	June 30, 2005		
Working Capital (excluding debt)	\$ 88,645,726		
Notes Due 2011	30,000,000		
Credit Facility	28,577,366		
Post-Reorganization Obligations	610,923		
Stockholders' Equity	\$ 39,327,405		

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