

CONFIDENTIAL HOTLINE POLICY

Bayou Steel Corporation and its subsidiaries (the "Company") are committed to maintaining principles of ethical business conduct. Compliance with law is company policy, and it is the obligation of the Company and its employees to conduct business with due regard for compliance with applicable laws.

It is Company policy for employees to report suspected violations of law or Company policy to their supervisor whenever possible. There may be some situations, however, when employees are reluctant to report allegations of wrongdoing to their direct supervisors, particularly when the employee suspects his or her supervision of wrongdoing. As part of the compliance program to deter and detect violations of law and Company policy, and to encourage open and honest communication, a confidential telephone Hotline has been implemented. The following are examples of what may be reported and are not all inclusive:

- Environmental or safety violations;
- Conflicts of interest;
- Illegal gratuities or kickbacks;
- Employee harassment or discrimination; or
- Theft of Company property;
- Fraud;
- Misstatement of payroll timesheets; or
- Misstatement of financial data.

Lynn Bergeson, the Company's outside legal counsel, has been designated as the Hotline operator. All hotline calls will be made to a dedicated telephone number in her office which will be accessible 24 hours a day. Ms. Bergeson will be the only person authorized to retrieve messages from the Hotline. Once a report has been made, Ms. Bergeson will refer the report to appropriate Company officials for further investigation. All reports will be promptly, thoroughly, and objectively investigated.

It is critical to the effectiveness of the Hotline that confidentiality be maintained to the highest possible degree. Realizing that in a Company such as ours it may be difficult to completely assure the anonymous or confidential nature of these calls, the Company has committed to the following provisions:

All calls and reports will be handled in confidence.

Retribution against good faith callers will not be tolerated.

Reports can be made anonymously. Callers will be given a number with which to identify themselves when calling to follow up on the report.

Access to reports will be limited to only those Company officials involved in the investigation.

