



# NEWS RELEASE

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## BAYOU STEEL CORPORATION

### *FOR IMMEDIATE RELEASE*

#### **BAYOU STEEL CORPORATION REPORTS** **SECOND QUARTER RESULTS**

LaPlace, Louisiana (May 24, 2004) --- Bayou Steel Corporation today reported its financial results for the second fiscal quarter ending March 31, 2004.

The Company emerged from bankruptcy pursuant to a plan of reorganization that became effective on February 18, 2004. Accordingly, for accounting purposes, financial statements for periods after February 18, 2004 related to a new reporting entity (the "Successor Company") in many respects are not directly comparable to prior periods of the old reporting entity (the "Predecessor Company"). Among other changes, there have been substantial reductions in debt and revaluations of assets and other liabilities.

Second quarter sales for fiscal 2004 were \$60.2 million on shipments of 146,695 tons. This was sharply higher than the \$37.4 million in sales on shipments of 130,680 tons for the prior year second quarter and this measure was not affected by the reorganization. Average selling prices increased \$124 per ton or 44% compared to the second fiscal quarter of fiscal 2003. Scrap metal and alloy raw material costs, together with escalating energy prices, increased \$78 per ton during this period, partially offsetting the selling price increases.

The second fiscal quarter of 2004 comprised 48 days of the Predecessor Company's results, which included charges and credits related to the company's reorganization, as well as 43 days of the Successor Company's results. As a consequence, the 2004 combined second fiscal quarter and year-to-date cost of sales and net income are not comparable to prior year periods due to the impact of the change in reported financial statement carrying values that resulted from the bankruptcy reorganization. The Company reported net income of \$16.4 million for the period from January 1, 2004 through February 17, 2004 primarily due to the discharge of debt upon reorganizing. For the 43 day period extending from February 18, 2004 through March 31, 2004, the Company reported net income of \$1.8 million or \$0.90 per share.

Jerry M. Pitts, President and CEO of Bayou Steel Corporation commented, "The past four years have been difficult for the steel industry as well as for Bayou Steel. The recent swing in earnings performance is a welcome relief. We attribute the earnings turnaround to favorable changes in market conditions which have allowed us to operate at higher levels of capacity utilization. There is strong demand for steel products and, during the second quarter, that demand was complemented by a rush of shipments as many customers purchased ahead of announced price increases. The current earnings environment is clearly positive."

Mr. Pitts continued, “You may have noticed that the cost basis of our fixed assets has been adjusted to nearly zero. This was caused by applying fresh-start accounting procedures as required by Generally Accepted Accounting Principles (“GAAP”). I want to reassure you that our plant, property, and equipment have significant value. Our facilities can produce over 600,000 tons per year of quality finished product.”

Mr. Pitts concluded, “Today Bayou Steel is a changed company. Our balance sheet is stronger and our new line of credit offers more flexibility than we have had in several years. We have maintained our loyal customer and supplier bases and our employees remain dedicated to ensuring our success. We are well positioned to take advantage of the improved market conditions.”

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)**

**2<sup>nd</sup> Fiscal Quarter**

	2 <sup>nd</sup> Fiscal Quarter		
	Successor Company	Predecessor Company	
<b>INCOME STATEMENT:</b>	Period from February 18, 2004 through March 31, 2004	Period from January 1, 2004 through February 17, 2004	Three Months Ended March 31, 2003
Net Sales .....	\$ 30,014,886	\$ 30,216,013	\$ 37,394,347
Operating Income (Loss) .....	2,846,391	(2,754,471)	(16,640,312)
Depreciation .....	1,941	1,237,839	1,997,871
Reorganization and Fresh-Start Adjustments, Net .....	—	19,294,629	—
Income (Loss) before Taxes .....	2,996,068	16,393,873	(17,587,320)
Net Income (Loss) .....	1,796,068	16,393,873	(17,587,320)
EPS (Basic and Diluted) .....	0.90	1.27	(1.36)

**Year to Date**

	Year to Date		
	Successor Company	Predecessor Company	
<b>INCOME STATEMENT:</b>	Period from February 18, 2004 through March 31, 2004	Period from October 1, 2003 through February 17, 2004	Six Months Ended March 31, 2003
Net Sales .....	\$ 30,014,886	\$ 81,909,905	\$ 66,225,041
Operating Income (Loss) .....	2,846,391	(3,180,467)	(22,707,738)
Depreciation .....	1,941	3,395,408	3,924,149
Reorganization and Fresh-Start Adjustments, Net .....	—	19,294,629	—
Income (Loss) before Taxes .....	2,996,068	15,839,010	(26,573,351)
Net Income (Loss) .....	1,796,068	15,839,010	(26,573,351)
EPS (Basic and Diluted) .....	0.90	1.23	(2.06)

**Successor  
Company**

	Period from February 18, 2004 through March 31, 2004
<b>BALANCE SHEET:</b>	
Working Capital	\$ 35,046,658
Notes Due 2011 .....	30,000,000
Credit Facility .....	19,801,989
Other Post Reorganization Debt ..	6,379,790
Stockholders' Equity .....	5,088,303