



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 REPORTS THIRD FISCAL QUARTER RESULTS

LaPlace, Louisiana (August 19, 2004) --- Bayou Steel Corporation today reported its financial results for its third fiscal quarter and the nine months ending June 30, 2004.

Bayou Steel 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 "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.

The Company reported net income for the third quarter of fiscal 2004 totaling \$6.1 million or \$2.97 per share fully diluted compared to a net loss for the Predecessor Company of \$3.6 million or \$0.28 per share fully diluted for the same prior year quarter. For the nine months ended June 30, 2004, the Company earned \$7.9 million from February 18, 2004 through June 30, 2004 and the Predecessor Company reported \$15.8 million in income, including \$19.3 million in reorganization adjustments, from October 1, 2003 through February 17, 2004. For the prior year comparable nine months, the Predecessor Company lost \$30.2 million.

Third quarter sales for fiscal 2004 were \$59.3 million on shipments of 118,734 tons. This was sharply higher than the \$37.7 million in sales on shipments of 120,100 tons for the prior year third quarter and this measure was not affected by the reorganization. Average selling prices increased \$186 per ton or 60% compared to the third fiscal quarter of fiscal 2003 and \$90 per ton or 22% compared to the second quarter of fiscal 2004. The selling price increase has generally been related to the sharply escalating prices for scrap and the increasing prices for alloys and fuel, which the Company has been able to pass through to its customers because of strong demand for the Company's products.

Jerry M. Pitts, President and CEO of Bayou Steel Corporation commented, "The Company's recent results reflect continued strong pricing throughout the period. We expect pricing strength to continue in our fourth fiscal quarter. While we expect that costs will continue to rise, we do expect pricing to keep pace with these increases."

Mr. Pitts continued, "Our efforts are focused toward building a solid foundation so that we can be competitive and profitable not only in this favorable market environment but also when the business enters a downturn."

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)

INCOME STATEMENT:	3rd Fiscal Quarter	
	Successor Company	Predecessor Company
	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003
Net Sales	\$ 59,341,260	\$ 37,674,493
Reorganization Expense	—	1,421,491
Operating Income (Loss)	10,966,229	(3,515,770)
Depreciation	21,900	1,948,442
Interest and Other Expense on Debt	880,609	236,346
Income (Loss) before Taxes	9,889,294	(3,610,021)
Net Income (Loss)	6,064,002	(3,610,021)
Net Income (Loss) per Share - Basic	3.03	(0.28)
Net Income (Loss) per Share - Diluted	2.97	(0.28)

INCOME STATEMENT:	Year to Date		
	Successor Company	Predecessor Company	
	Period from February 18, 2004 through June 30, 2004	Period from October 1, 2003 through February 17, 2004	Nine Months Ended June 31, 2003
Net Sales	\$ 89,356,146	\$ 81,909,905	\$ 103,899,535
Reorganization Expense	—	1,688,540	4,179,972
Operating Income (Loss)	13,812,620	(3,180,467)	(26,223,509)
Depreciation	21,900	3,395,408	5,872,591
Interest and Other Expense on Debt	1,316,365	378,141	4,256,199
Gain on Reorganization and Fresh-Start Adjustments, Net	—	19,294,629	—
Income (Loss) before Taxes	12,885,362	15,839,010	(30,183,373)
Net Income (Loss)	7,860,070	15,839,010	(30,183,373)
Net Income (Loss) per Share - Basic	3.93	1.23	(2.34)
Net Income (Loss) per Share - Diluted	3.89	1.23	(2.34)

BALANCE SHEET:	Successor Company
	June 30, 2004
Working Capital	\$ 41,884,896
Notes Due 2011	30,000,000
Credit Facility	16,668,464
Other Post Reorganization Debt	1,336,029
Stockholders' Equity	12,909,173