



NEWS RELEASE

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BAYOU STEEL CORPORATION

FOR IMMEDIATE RELEASE

BAYOU STEEL CORPORATION ANNOUNCES THIRD QUARTER PROFITS

LaPlace, Louisiana (August 3, 1999) --- Bayou Steel Corporation (AMEX:BYX) reported consolidated net income of \$1.4 million (\$0.11 basic earnings per share) on sales of \$54.8 million for its third fiscal quarter. For the nine months ended June 30, 1999, the Company reported net income of \$5.0 million (\$0.39 basic earnings per share) on sales of \$152.1 million. The quarterly and nine month results compare with \$4.7 million of income before the impact of debt refinancing on sales of \$59.6 million, and \$14.1 million on sales of \$191.8 million, respectively, in the prior fiscal year.

The market for structural and merchant bar products continues to be crowded by steel imports. The strong demand in North America, however, has resulted in a reduction of the inventory overhang and a 10% increase in our third quarter shipments over the prior quarter. "We set a record for tons shipped during the quarter at our Tennessee facility largely as a result of improved shipments to targeted original equipment manufacturers," stated President and Chief Operating Officer, Jerry Pitts.

The Company continues to operate both of its rolling mills on a five day per week schedule until it is determined that demand and inventory levels are appropriately matched. "Although this mode of operations has slightly increased our conversion cost for the period, properly managed inventories have enabled us to capitalize on sales opportunities while improving our cash position by reducing inventories. More importantly, because we have attained this operating schedule by displacing contractors and not laying off employees, we have maintained the experience and knowledge of our workforce. As a result, when it comes time to increase operations, we should experience minimal disruptions. We are currently evaluating an increase in operations during our fourth fiscal quarter," Pitts said.

A price increase scheduled for shipments after June 1 was not supported by the marketplace. Another price increase has been announced by a competitor effective August 1 which may provide some pricing relief. Pitts continued, "Bayou Steel has performed well in the last nine months given the dynamic and turbulent market conditions. The pending price increase is a sign that imports may be lessening and inventories at the mills and service centers are nearing acceptable levels. Our focus is to continue to manage our assets in the most effective manner while we seek to maximize shareholder value. We believe that the global economy has shown some signs of recovery and we are confident domestic demand will remain strong in the near-term."

The Company has recently completed the installation of several significant capital programs. Year to date capital spending totaled \$12.0 million - a significant component of which was a ladle furnace that will add nearly 40,000 tons to annual melting capacity and lower operating costs. "We have an aggressive capital program over the next few years designed to reduce cost and improve even further our competitiveness while affording sufficient flexibility appropriate for current market conditions," Pitts concluded.

This release contains certain forward-looking statements regarding the outlook for the Company's short-term financial results. Such forward looking statements are subject to risks and uncertainties and actual results could differ materially from those projected. Such risk and uncertainties include but are not limited to, general business and economic conditions; internal and external year 2000 compliance matters; competitive products and pricing, as well as fluctuations in supply (caused by imports) or demand; cost overruns or start-up problems; and potential equipment malfunctions. 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 operates a steel minimill on the Mississippi River in LaPlace, Louisiana which produces light structural steel products. Its wholly-owned subsidiary, Bayou Steel Corporation (Tennessee), produces merchant bar and bar shapes, and consists of a rolling mill and warehousing operation. The Company also operates three stocking locations along the inland waterway system near Pittsburgh, Chicago, and Tulsa where its products are inventoried. Bayou Steel's customers include steel service centers, distributors, original equipment manufacturers and fabricators.

FINANCIAL HIGHLIGHTS
(In Thousands, Except Per Share Data, Shipments and Selling Price)

| | (Unaudited) | | (Unaudited) | |
|--|--------------------|-------------|-------------------|-------------|
| | Three Months Ended | | Nine Months Ended | |
| | June 30, | | June 30, | |
| | <u>1999</u> | <u>1998</u> | <u>1999</u> | <u>1998</u> |
| Net sales | \$ 54,825 | \$ 59,606 | \$ 152,128 | \$ 191,789 |
| Gross profit | 6,216 | 9,449 | 20,151 | 26,016 |
| Operating income | 4,447 | 7,790 | 14,835 | 21,124 |
| Income before income tax | 2,140 | 4,847 | 7,715 | 14,364 |
| Provision for income tax * | 750 | 101 | 2,701 | 298 |
| Income before extraordinary item | 1,390 | 4,747 | 5,014 | 14,066 |
| Income (loss) available to common shareholders | 1,390 | (3,753) | 5,014 | 4,262 |
| Earnings before Interest, Taxes, Depreciation & Amortization (EBITDA) | 6,325 | 8,750 | 20,324 | 25,727 |
| Basic Earnings Per Share: | | | | |
| Before income tax and extraordinary item | 0.17 | 0.38 | 0.60 | 1.11 |
| Net income (loss) | 0.11 | (0.06) | 0.39 | 0.66 |
| Available to common shareholders | 0.11 | (0.29) | 0.39 | 0.33 |
| Shape shipment tons | 174,025 | 157,836 | 466,421 | 520,545 |
| Average selling price per ton | \$ 312 | \$ 370 | \$ 322 | \$ 363 |

* Reflects the non-cash impact of an adjustment to an income tax valuation allowance taken in the prior year. Accordingly, the impact of statutory income tax rates is reflected in fiscal 1999 results only.