

Eaton Vance Tax-Managed Global Buy-Write Opportunities Fund
Form N-Q
November 29, 2017

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

811-21745

Investment Company Act File Number

Eaton Vance Tax-Managed Global Buy-Write Opportunities Fund

(Exact Name of Registrant as Specified in Charter)

Two International Place, Boston, Massachusetts 02110

(Address of Principal Executive Offices)

Maureen A. Gemma

Two International Place, Boston, Massachusetts 02110

(Name and Address of Agent for Services)

(617) 482-8260

(Registrant's Telephone Number, Including Area Code)

December 31

Date of Fiscal Year End

September 30, 2017

Date of Reporting Period

Item 1. Schedule of Investments

Eaton Vance**Tax-Managed Global Buy-Write Opportunities Fund****September 30, 2017****PORTFOLIO OF INVESTMENTS (Unaudited)****Common Stocks 100.7%**

Security	Shares	Value
Aerospace & Defense 1.7%		
Airbus SE	56,122	\$ 5,342,541
General Dynamics Corp.	6,866	1,411,512
L3 Technologies, Inc.	5,966	1,124,174
Northrop Grumman Corp.	13,028	3,748,416
Raytheon Co.	33,521	6,254,348
Rolls-Royce Holdings PLC	156,584	1,862,452
Textron, Inc.	30,061	1,619,687
		\$ 21,363,130

Air Freight & Logistics 0.3%		
Deutsche Post AG	61,060	\$ 2,721,706
Expeditors International of Washington, Inc.	20,310	1,215,756
		\$ 3,937,462

Airlines 0.1%		
Alaska Air Group, Inc.	16,774	\$ 1,279,353
International Consolidated Airlines Group SA	65,562	521,303
		\$ 1,800,656

Auto Components 0.8%		
Aisin Seiki Co., Ltd.	10,200	\$ 537,772
BorgWarner, Inc.	11,315	579,667
Compagnie Generale des Etablissements Michelin, Class B	26,277	3,833,854
Denso Corp.	60,300	3,051,804
Toyota Gosei Co., Ltd.	12,800	302,494
Toyota Industries Corp.	6,400	368,080
Yokohama Rubber Co., Ltd. (The)	75,500	1,557,044
		\$ 10,230,715

Automobiles 1.2%		
Daimler AG ⁽¹⁾	132,059	\$ 10,541,614

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Honda Motor Co., Ltd.	32,300	954,159
Isuzu Motors, Ltd.	99,500	1,319,257
Mazda Motor Corp.	49,000	750,676
Toyota Motor Corp.	17,100	1,019,646
Volkswagen AG, PFC Shares	1,805	294,675

\$ 14,880,027

Banks 6.9%

Banco Bilbao Vizcaya Argentaria SA	41,559	\$ 371,554
Banco Santander SA ⁽¹⁾	1,466,812	10,260,125
Bank of America Corp.	50,000	1,267,000
BNP Paribas SA	100,600	8,115,981
Citigroup, Inc.	10,022	729,000
Credit Agricole SA ⁽¹⁾	243,088	4,425,201
Danske Bank A/S	72,886	2,920,802
Fifth Third Bancorp	112,006	3,133,928
First Horizon National Corp.	19,470	372,851

Security	Shares	Value
Hiroshima Bank, Ltd. (The)	43,500	\$ 352,693
HSBC Holdings PLC ⁽¹⁾	802,083	7,929,254
Huntington Bancshares, Inc.	307,053	4,286,460
ING Groep NV ⁽¹⁾	426,434	7,860,182
Intesa Sanpaolo SpA ⁽¹⁾	2,091,453	7,404,388
JPMorgan Chase & Co.	47,825	4,567,766
KBC Group NV	22,722	1,927,732
KeyCorp	218,919	4,120,056
Lloyds Banking Group PLC	927,572	842,937
PNC Financial Services Group, Inc. (The)	6,406	863,337
Shinsei Bank, Ltd.	33,600	538,494
Societe Generale SA	130,261	7,633,477
SunTrust Banks, Inc.	19,446	1,162,287
U.S. Bancorp	20,850	1,117,351
Wells Fargo & Co.	51,808	2,857,211

\$ 85,060,067

Beverages 1.7%

Anheuser-Busch InBev SA/NV	3,893	\$ 465,358
Coca-Cola Co. (The)	46,672	2,100,707
Constellation Brands, Inc., Class A	29,994	5,982,303
Heineken Holding NV	24,773	2,327,442
Heineken NV	7,692	761,142
Kirin Holdings Co., Ltd.	59,000	1,386,139
PepsiCo, Inc.	58,441	6,512,081
Takara Holdings, Inc.	84,000	766,629

\$ 20,301,801

Biotechnology 3.7%

AbbVie, Inc.	47,758	\$ 4,243,776
Amgen, Inc.	71,478	13,327,073
BioMarin Pharmaceutical, Inc. ⁽²⁾	19,589	1,823,148
Celgene Corp. ⁽²⁾	92,074	13,426,231
Gilead Sciences, Inc.	143,508	11,627,018
Shire PLC ⁽¹⁾	22,601	1,151,153

\$ 45,598,399

Building Products 0.5%

Daikin Industries, Ltd. ⁽¹⁾	62,200	\$ 6,299,147
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\$ 6,299,147

Capital Markets 1.6%

CME Group, Inc.	4,775	\$ 647,872
GAM Holding AG	43,549	675,096

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Moody's Corp.	18,539	2,580,814
Morgan Stanley	65,092	3,135,482
S&P Global, Inc.	27,142	4,242,566
Schroders PLC	62,659	2,818,821
St. James's Place PLC ⁽¹⁾	209,534	3,220,492
State Street Corp.	21,373	2,041,976

\$ 19,363,119

Chemicals 3.0%

AdvanSix, Inc. ⁽²⁾	1,261	\$ 50,125
Air Products and Chemicals, Inc.	32,423	4,903,006
Akzo Nobel NV	10,908	1,006,038

Security	Shares	Value
BASF SE ⁽¹⁾	108,986	\$ 11,610,957
Daicel Corp.	51,000	614,944
DowDuPont, Inc.	14,120	977,528
Eastman Chemical Co.	22,750	2,058,647
Johnson Matthey PLC	77,449	3,551,439
Kaneka Corp.	47,000	365,190
Linde AG	16,210	3,370,834
Mitsubishi Gas Chemical Co., Inc.	27,500	645,246
Nitto Denko Corp.	39,400	3,286,405
Shin-Etsu Chemical Co., Ltd.	22,800	2,040,598
Sumitomo Chemical Co., Ltd.	25,000	156,401
Toray Industries, Inc.	56,000	543,389
Tosoh Corp.	86,500	1,952,491
		\$ 37,133,238
Commercial Services & Supplies 0.4%		
SECOM Co., Ltd.	42,900	\$ 3,124,171
Waste Management, Inc.	23,366	1,828,857
		\$ 4,953,028
Communications Equipment 1.1%		
Cisco Systems, Inc.	357,128	\$ 12,010,215
Nokia Oyj	245,912	1,477,563
		\$ 13,487,778
Construction & Engineering 0.2%		
Ferrovial SA	81,605	\$ 1,798,071
Quanta Services, Inc. ⁽²⁾	10,281	384,201
		\$ 2,182,272
Construction Materials 0.2%		
CRH PLC	62,332	\$ 2,371,344
Imerys SA	4,825	435,965
		\$ 2,807,309
Consumer Finance 0.4%		
American Express Co.	42,280	\$ 3,824,649
Navient Corp.	50,603	760,057
		\$ 4,584,706
Containers & Packaging 0.2%		
International Paper Co.	16,999	\$ 965,883

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Sealed Air Corp.	27,433	1,171,938
Toyo Seikan Kaisha, Ltd.	15,800	264,034

\$ 2,401,855

Distributors 0.2%

Genuine Parts Co.	10,531	\$ 1,007,290
LKQ Corp. ⁽²⁾	53,930	1,940,941

\$ 2,948,231

Diversified Financial Services 0.7%

Berkshire Hathaway, Inc., Class B ⁽²⁾	16,883	\$ 3,094,992
Groupe Bruxelles Lambert SA	4,239	446,206
Investor AB, Class B	56,000	2,770,556
ORIX Corp.	41,300	666,756
Standard Life Aberdeen PLC	192,564	1,119,354

\$ 8,097,864

Security	Shares	Value		
Diversified Telecommunication Services 1.4%				
AT&T, Inc.	99,124	\$		3,882,687
BT Group PLC ⁽¹⁾	454,642			1,729,228
Deutsche Telekom AG ⁽¹⁾	220,347			4,114,826
Orange SA	56,906			931,776
Proximus SA	25,589			882,152
Verizon Communications, Inc.	105,653			5,228,767
		\$		16,769,436
Electric Utilities 0.9%				
Acciona SA	8,786	\$		707,345
Edison International	51,169			3,948,712
Iberdrola SA ⁽¹⁾	800,751			6,226,342
		\$		10,882,399
Electrical Equipment 0.9%				
ABB, Ltd.	258,273	\$		6,386,569
Fujikura, Ltd.	69,000			554,543
Legrand SA	47,726			3,444,388
Mabuchi Motor Co., Ltd.	6,600			330,655
		\$		10,716,155
Electronic Equipment, Instruments & Components 1.0%				
Alps Electric Co., Ltd. ⁽¹⁾	123,800	\$		3,271,874
Corning, Inc.	19,975			597,652
Kyocera Corp.	45,400			2,817,788
OMRON Corp.	16,500			841,374
Taiyo Yuden Co., Ltd.	124,900			1,849,675
TDK Corp.	40,200			2,731,715
		\$		12,110,078
Energy Equipment & Services 0.2%				
Halliburton Co.	50,055	\$		2,304,032
		\$		2,304,032
	(220,536)			
Currency translation adjustment from participation in non-consolidated companies	20,390	38,416	(106,297)	86,643
Changes in the fair value of derivatives classified as cash flow hedges and others	9,020	(1,525)	1,203	(2,180)
	(2,974)	398	(348)	594

Income tax relating to cash flow hedges				
Changes in the fair value of derivatives classified as cash flow hedges from participation in non-consolidated companies	-	-	-	154
Others from participation in non-consolidated companies	-	(852)	(1,620)	(2,606)
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of post employment benefit obligations	1,031	(78)	1,374	(99)
Other comprehensive income (loss) for the period, net of tax	(809)	26,557	(168,221)	(138,030)
Total comprehensive income (loss) income for the period	49,683	206,874	(21,938)	230,511
Attributable to:				
Owners of the parent	47,496	156,599	(26,777)	220,823
Non-controlling interest	2,187	50,275	4,839	9,688
Total comprehensive income (loss) for the period	49,683	206,874	(21,938)	230,511

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of June 30, 2015

and for the six-month periods ended June 30, 2015 and 2014

(All amounts in USD thousands)

Consolidated Condensed Interim Statements of Financial Position

	Notes	June 30, 2015 (Unaudited)	Balances as of December 31, 2014 (restated)	
ASSETS				
Non-current assets				
Property, plant and equipment, net	7	4,450,358	4,481,027	
Intangible assets, net	8	921,426	948,886	
Investments in non-consolidated companies	9	630,031	748,178	
Deferred tax assets		116,547	115,626	
Receivables, net		37,328	47,482	
Trade receivables, net		-	91	6,341,290
Current assets				
Receivables		98,644	112,229	
Derivative financial instruments		3,058	4,338	
Inventories, net		1,816,490	2,134,034	
Trade receivables, net		690,952	720,214	
Other investments		168,139	149,995	
Cash and cash equivalents		263,922	213,303	3,334,113
Non-current assets classified as held for sale			14,642	14,756
			3,055,847	3,348,869
Total Assets			9,211,537	9,690,159
EQUITY				
Capital and reserves attributable to the owners of the parent			4,464,121	4,697,201
Non-controlling interest			897,603	937,502
Total Equity			5,361,724	5,634,703
LIABILITIES				
Non-current liabilities				
Provisions		10,107	9,067	

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Deferred tax liabilities	661,289		670,523	
Other liabilities	350,476		371,900	
Trade payables	11,115		11,969	
Borrowings	757,667	1,790,654	900,611	1,964,070
Current liabilities				
Current income tax liabilities	18,453		51,083	
Other liabilities	229,663		210,206	
Trade payables	633,995		564,513	
Derivative financial instruments	1,316		1,376	
Borrowings	1,175,732	2,059,159	1,264,208	2,091,386
Total Liabilities		3,849,813		4,055,456
Total Equity and Liabilities		9,211,537		9,690,159

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of June 30, 2015

and for the six-month periods ended June 30, 2015 and 2014

(All amounts in USD thousands)

Consolidated Condensed Interim Statements of Changes in Equity

	Attributable to the owners of the parent (1)						Total	Non-controlling interest	Total Equity	
	Capital stock (2)	Treasury shares	Initial public offering expenses	Reserves (3)	Capital stock issue discount (4)	Currency translation adjustment				Retained earnings
Balance as of January 1, 2015 (restated)	2,004,743	(150,000)	(23,295)	1,475,619	(2,324,866)	(1,836,057)	5,551,057	4,697,201	937,502	5,634,703
Profit for the period							109,479	109,479	36,804	146,283
Other comprehensive income (loss) for the period										
Currency translation adjustment						(136,383)		(136,383)	(32,447)	(168,830)
Remeasurement of post employment benefit obligations				945				945	429	1,374
Cash flow hedges and others, net of tax				688				688	167	855
Others				(1,506)				(1,506)	(114)	(1,620)
Total comprehensive loss for the period	-	-	-	127	-	(136,383)	109,479	(26,777)	4,839	(21,941)
Dividends paid in cash (5)							(176,677)	(176,677)	-	(176,677)
Dividends paid in cash to								-	(32,743)	(32,743)

non-controlling interest Contributions from non-controlling shareholders in consolidated subsidiaries (6)			-	30,870	30,
Sale of participation in subsidiary companies (7)			-	1,509	1,
Acquisition of non-controlling interest (8)	(29,626)		(29,626)	(44,374)	(74,0
Balance as of June 30, 2015 (unaudited)	2,004,743(150,000)	(23,295)1,446,120(2,324,866)	(1,972,440) 5,483,8594,464,121	897,6035,361,	

(1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 11 (iii).

(2) The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of USD 1.00 per share. As of June 30, 2015, there were 2,004,743,442 shares issued. All issued shares are fully paid.

(3) Include legal reserve under Luxembourg law for USD 200.5 million, undistributable reserves under Luxembourg law for USD 1.4 billion, hedge accounting reserve, net of tax effect, for USD (0.4) million and reserves related to the acquisition of non-controlling interest in subsidiaries for USD (88.5) million.

(4) Represents the difference between book value of non-monetary contributions received from shareholders under Luxembourg GAAP and IFRS.

(5) See note 10.

(6) Corresponds to the contribution made by Nippon Steel Corporation in connection with its participation in Tenigal, S.R.L. de C.V.

(7) Corresponds to the sale of the participation in Ferrasa Panamá S.A.

(8) Corresponds to the acquisition on the non-controlling interest in Ferrasa S.A.S.

Dividends may be paid by Ternium to the extent distributable retained earnings calculated in accordance with Luxembourg law and regulations exist. Therefore, retained earnings included in these consolidated condensed interim financial statements may not be wholly distributable. See Note 11 (iii).

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of June 30, 2015

and for the six-month periods ended June 30, 2015 and 2014

(All amounts in USD thousands)

Consolidated Condensed Interim Statements of Changes in Equity

	Attributable to the owners of the parent (1)									
	Capital stock (2)	Treasury shares	Initial public offering expenses	Reserves (3)	Capital stock issue discount (4)	Currency translation adjustment	Retained earnings	Total	Non-controlling interest	Total Equity
Balance as of January 1, 2014	2,004,743	(150,000)	(23,295)	1,499,976	(2,324,866)	(1,563,562)	5,897,039	5,340,035	998,009	6,338,044
Profit for the period						279,108	279,108		89,433	368,541
Other comprehensive income (loss) for the period										
Currency translation adjustment						(55,153)		(55,153)	(78,740)	(133,893)
Remeasurement of post employment benefit obligations				(30)				(30)	(69)	(99)
Cash flow hedges, net of tax				(762)				(762)	(670)	(1,432)
Others				(2,340)				(2,340)	(266)	(2,606)
Total comprehensive income for the period	-	-	-	(3,132)	-	(55,153)	279,108	220,823	9,688	230,026
Dividends paid in cash				-		(147,231)	(147,231)		-	(147,231)
						-	-		(33,632)	(33,632)

Dividends paid
in cash to
non-controlling
interest

**Balance as of
June 30, 2014**

(unaudited) 2,004,743(150,000) (23,295) 1,496,844(2,324,866) (1,618,715) 6,028,9165,413,627 974,0656,387,

(1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 11 (iii).

(2) The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of USD 1.00 per share. As of June 30, 2014, there were 2,004,743,442 shares issued. All issued shares are fully paid.

(3) Include legal reserve under Luxembourg law for USD 200.5 million, undistributable reserves under Luxembourg law for USD 1.4 billion, hedge accounting reserve, net of tax effect, for USD (0.3) million and reserves related to the acquisition of non-controlling interest in subsidiaries for USD (58.9) million.

(4) Represents the difference between book value of non-monetary contributions received from shareholders under Luxembourg GAAP and IFRS.

Dividends may be paid by Ternium to the extent distributable retained earnings calculated in accordance with Luxembourg law and regulations exist. Therefore, retained earnings included in these consolidated condensed interim financial statements may not be wholly distributable. See Note 11 (iii).

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.

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Consolidated Condensed Interim Financial Statements as of June 30, 2015

and for the six-month periods ended June 30, 2015 and 2014

(All amounts in USD thousands)

Consolidated Condensed Interim Statements of Cash Flows

		Six-month period ended June 30, (Unaudited)	
	Notes	2015	2014
Cash flows from operating activities			
Profit for the period		146,283	368,541
Adjustments for:			
Depreciation and amortization	7 & 8	218,419	196,696
Income tax accruals less payments		(23,440)	(77,991)
Equity in losses (earnings) of non-consolidated companies		10,575	(2,256)
Interest accruals less payments		2,475	2,511
Changes in provisions		1,819	1,197
Changes in working capital (1)		386,123	(504,484)
Results on the sale of participation in subsidiary company		1,739	-
Net foreign exchange results and others		14,537	25,480
Net cash provided by operating activities		758,530	9,694
Cash flows from investing activities			
Capital expenditures	7 & 8	(227,470)	(240,017)
Investment in non-consolidated companies - Techgen		-	(3,010)
Loans to non-consolidated companies		-	(62,506)
Sale of participation in subsidiary company, net of cash disposed		(673)	-
(Increase) Decrease in other investments		(16,894)	60,950
Proceeds from the sale of property, plant and equipment		614	691
Net cash used in investing activities		(244,423)	(243,892)
Cash flows from financing activities			
Dividends paid in cash to company's shareholders		(176,677)	(147,231)
Dividends paid in cash to non-controlling interest		(32,743)	(33,632)
Contributions from non-controlling shareholders in consolidated subsidiaries		30,870	-
Acquisition of non-controlling interest		(74,000)	-
Proceeds from borrowings		401,963	594,315
Repayments of borrowings		(612,288)	(248,668)

Net cash (used in) provided by financing activities	(462,875)	164,784
Increase (Decrease) in cash and cash equivalents	51,232	(69,414)
Movement in cash and cash equivalents		
At January 1,	213,303	307,218
Effect of exchange rate changes	(613)	(8,066)
Increase (Decrease) in cash and cash equivalents	51,232	(69,414)
Cash and cash equivalents as of June 30, (2)	263,922	229,738

(1) The working capital is impacted by non-cash movement of USD (41.3) million as of June 30, 2015 (USD (97.1) million as of June 30, 2014) due to the variations in the exchange rates used by subsidiaries with functional currencies different from the US dollar.

(2) It includes restricted cash of USD 89 and USD 94 as of June 30, 2015 and 2014, respectively. In addition, the Company had other investments with a maturity of more than three months for USD 168,139 and USD 108,353 as of June 30, 2015 and 2014, respectively.

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of June 30, 2015

and for the six-month periods ended June 30, 2015 and 2014

Notes to the Consolidated Condensed Interim Financial Statements

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

a) General information and basis of presentation

Ternium S.A. (the “Company” or “Ternium”), was incorporated on December 22, 2003 to hold investments in flat and long steel manufacturing and distributing companies. The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of USD 1.00 per share. As of June 30, 2015, there were 2,004,743,442 shares issued. All issued shares are fully paid.

Following a corporate reorganization carried out during fiscal year 2005, in January 2006 the Company successfully completed its registration process with the United States Securities and Exchange Commission (“SEC”). Ternium’s ADSs began trading on the New York Stock Exchange under the symbol “TX” on February 1, 2006. The Company’s initial public offering was settled on February 6, 2006.

The Company was initially established as a public limited liability company (société anonyme) under Luxembourg’s 1929 holding company regime. Until termination of such regime on December 31, 2010, holding companies incorporated under the 1929 regime (including the Company) were exempt from Luxembourg corporate and withholding tax over dividends distributed to shareholders.

On January 1, 2011, the Company became an ordinary public limited liability company (société anonyme) and, effective as from that date, the Company is subject to all applicable Luxembourg taxes (including, among others, corporate income tax on its worldwide income) and its dividend distributions will generally be subject to Luxembourg withholding tax. However, dividends received by the Company from subsidiaries in high income tax jurisdictions, as defined under Luxembourg law, will continue to be exempt from corporate income tax in Luxembourg under Luxembourg’s participation exemption.

As part of the Company’s corporate reorganization in connection with the termination of Luxembourg’s 1929 holding company regime, on December 6, 2010, the Company contributed its equity holdings in all its subsidiaries and all its financial assets to its Luxembourg wholly-owned subsidiary Ternium Investments S.à r.l., or Ternium Investments, in

exchange for newly issued corporate units of Ternium Investments. As the assets contributed were recorded at their historical carrying amount in accordance with Luxembourg GAAP, the Company's December 2010 contribution of such assets to Ternium Investments resulted in a non-taxable revaluation of the accounting value of the Company's assets under Luxembourg GAAP. The amount of the December 2010 revaluation was equal to the difference between the historical carrying amounts of the assets contributed and the value at which such assets were contributed and amounted to USD 4.0 billion. However, for the purpose of these consolidated condensed interim financial statements, the assets contributed by Ternium to its wholly-owned subsidiary Ternium Investments were recorded based on their historical carrying amounts in accordance with IFRS, with no impact on the financial statements.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of June 30, 2015

and for the six-month periods ended June 30, 2015 and 2014

1. GENERAL INFORMATION AND BASIS OF PRESENTATION (continued)

Following the completion of the corporate reorganization, and upon its conversion into an ordinary Luxembourg holding company, the Company voluntarily recorded a special reserve exclusively for tax-basis purposes. As of December 31, 2014 and 2013, this special reserve amounted to USD 7.3 billion and USD 7.5 billion, respectively. The Company expects that, as a result of its corporate reorganization, its current overall tax burden will not increase, as all or substantially all of its dividend income will come from high income tax jurisdictions. In addition, the Company expects that dividend distributions for the foreseeable future will be imputed to the special reserve and therefore should be exempt from Luxembourg withholding tax under current Luxembourg law.

The name and percentage of ownership of subsidiaries that have been included in consolidation in these Consolidated Condensed Interim Financial Statements is disclosed in Note 2 to the audited Restated Consolidated Financial Statements for the year ended December 31, 2014.

On April 7, 2015, Ternium completed the acquisition of the remaining 46% minority interest in its Colombian subsidiary Ferrasa for a total consideration of USD 74.0 million.

Certain comparative amounts have been reclassified to conform to changes in presentation in the current period. These reclassifications do not have a material effect on the Company's consolidated financial statements.

The preparation of Consolidated Condensed Interim Financial Statements requires management to make estimates and assumptions that might affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the statement of financial position, and also the reported amounts of revenues and expenses for the reported periods. Actual results may differ from these estimates.

Material intercompany transactions and balances have been eliminated in consolidation. However, the fact that the functional currency of the Company's subsidiaries differ, results in the generation of foreign exchange gains and losses that are included in the Consolidated Condensed Interim Income Statement under "Other financial income (expenses), net".

These Consolidated Condensed Interim Financial Statements have been approved for issue by the Board of Directors of Ternium on August 4, 2015.

b) Restatement of 2014 Financial Statements

On May 28, 2015, the Company restated its Consolidated Financial Statements as of and for the year ended December 31, 2014 to reduce the carrying amount of the Company's investment in Usiminas. All information as of December 31, 2014 included in these Consolidated Condensed Interim Financial Statements is derived from the Company's Restated Consolidated Financial Statements as of and for the year ended December 31, 2014.

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2. ACCOUNTING POLICIES

These Consolidated Condensed Interim Financial Statements have been prepared in accordance with IAS 34, “Interim Financial Reporting” and are unaudited. These Consolidated Condensed Interim Financial Statements should be read in conjunction with the audited Restated Consolidated Financial Statements for the year ended December 31, 2014, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and adopted by the European Union (“EU”). Recently issued accounting pronouncements were applied by the Company as from their respective dates.

These Consolidated Condensed Interim Financial Statements have been prepared following the same accounting policies used in the preparation of the audited Restated Consolidated Financial Statements for the year ended December 31, 2014.

None of the accounting pronouncements issued after December 31, 2014, and as of the date of these Consolidated Condensed Interim Financial Statements have a material effect on the Company’s financial condition or result or operations.

3. SEGMENT INFORMATION

REPORTABLE OPERATING SEGMENTS

The Company is organized in two reportable segments: Steel and Mining.

The Steel segment includes the sales of steel products, which comprises slabs, hot rolled coils and sheets, cold rolled coils and sheets, tin plate, welded pipes, hot dipped galvanized and electro-galvanized sheets, pre-painted sheets, billets (steel in its basic, semi-finished state), wire rod and bars and other tailor-made products to serve its customers’ requirements.

The Steel segment comprises three operating segments: Mexico, Southern Region and Other markets. These three segments have been aggregated considering the economic characteristics and financial effects of each business activity in which the entity engages; the related economic environment in which it operates; the type or class of customer for the products; the nature of the products; and the production processes. The Mexico operating segment comprises the Company's businesses in Mexico. The Southern region operating segment manages the businesses in Argentina, Paraguay, Chile, Bolivia and Uruguay. The Other markets operating segment includes businesses mainly in United States, Colombia, Guatemala, Costa Rica, El Salvador, Nicaragua and Honduras.

The Mining segment includes the sales of mining products, mainly iron ore and pellets, and comprises the mining activities of Las Encinas, an iron ore mining company in which Ternium holds a 100% equity interest and the 50% of the operations and results performed by Peña Colorada, another iron ore mining company in which Ternium maintains that same percentage over its equity interest. Both mining operations are located in Mexico.

Ternium's Chief Operating Decision Maker (CEO) holds monthly meetings with senior management, in which operating and financial performance information is reviewed, including financial information that differs from IFRS principally as follows:

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3. SEGMENT INFORMATION (continued)

- The use of direct cost methodology to calculate the inventories, while under IFRS is at full cost, including absorption of production overheads and depreciation.

- The use of costs based on previously internally defined cost estimates, while, under IFRS, costs are calculated at historical cost (with the FIFO method).

- Other timing and non-significant differences.

Most information on segment assets is not disclosed as it is not reviewed by the CODM.

	Six-month period ended June 30, 2015 (Unaudited)			
	Steel	Mining	Inter-segment eliminations	Total
IFRS				
Net sales	4,120,767	106,638	(105,259)	4,122,146
Cost of sales	(3,401,440)	(116,800)	100,186	(3,418,054)
Gross profit	719,327	(10,162)	(5,073)	704,092
Selling, general and administrative expenses	(395,309)	(6,856)	-	(402,165)
Other operating income, net	5,375	(87)	-	5,288
Operating income - IFRS	329,393	(17,104)	(5,073)	307,215
Management view				
Net sales	4,120,767	116,574	(115,195)	4,122,146
Operating income	467,366	(3,098)	(2,322)	461,946

Reconciliation items:

Differences in Cost of sales				(154,731)
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Operating income - IFRS				307,215
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Financial income (expense), net				(25,997)
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Equity in (losses) earnings of non-consolidated companies				(10,575)
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Income before income tax expense - IFRS				270,643
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Depreciation and amortization - IFRS	(192,787)	(25,632)	-	(218,419)
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Six-month period ended June 30, 2014 (Unaudited)

	Steel	Mining	Inter-segment eliminations	Total
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IFRS

Net sales	4,339,755	159,567	(146,187)	4,353,135
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Cost of sales	(3,428,109)	(117,886)	145,607	(3,400,388)
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Gross profit	911,646	41,681	(580)	952,747
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Selling, general and administrative expenses	(400,715)	(7,861)	-	(408,576)
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Other operating income, net	5,612	554	-	6,166
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Operating income - IFRS	516,543	34,374	(580)	550,337
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Management view

Net sales	4,339,755	182,721	(169,341)	4,353,135
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Operating income	329,584	56,162	(580)	385,167
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Reconciliation items:

Differences in Cost of sales				165,170
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Operating income - IFRS				550,337
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Financial income (expense), net				(55,524)
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Equity in (losses) earnings of non-consolidated companies				2,256
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Income before income tax expense - IFRS				497,069
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Depreciation and amortization - IFRS	(177,597)	(19,099)	-	(196,696)
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Consolidated Condensed Interim Financial Statements as of June 30, 2015

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3. SEGMENT INFORMATION (continued)

GEOGRAPHICAL INFORMATION

There are no revenues from external customers attributable to the Company's country of incorporation (Luxembourg).

For purposes of reporting geographical information, net sales are allocated based on the customer's location. Allocation of non-current assets is based on the geographical location of the underlying assets.

	Six-month period ended June 30, 2015 (Unaudited)			Total
	Mexico	Southern region	Other markets	
Net sales	2,367,678	1,271,762	482,706	4,122,146
Non-current assets (1)	4,191,348	917,730	262,706	5,371,784
	Six-month period ended June 30, 2014 (Unaudited)			Total
	Mexico	Southern region	Other markets	
Net sales	2,450,657	1,307,876	594,602	4,353,135
Non-current assets (1)	4,307,761	916,588	267,577	5,491,926

(1) Includes Property, plant and equipment and Intangible assets.

4. COST OF SALES

Six-month period ended June 30,	
2015	2014

(Unaudited)

Inventories at the beginning of the year	2,134,034	1,941,130
Translation differences	(36,660)	(128,311)
Plus: Charges for the period		
Raw materials and consumables used and other movements	2,341,044	2,943,598
Services and fees	46,076	48,232
Labor cost	307,790	299,199
Depreciation of property, plant and equipment	169,928	161,508
Amortization of intangible assets	23,666	10,370
Maintenance expenses	244,315	232,339
Office expenses	3,293	3,230
Insurance	4,853	7,564
Change of obsolescence allowance	1,940	9,429
Recovery from sales of scrap and by-products	(15,347)	(21,204)
Others	9,612	9,279
Less: Inventories at the end of the period	(1,816,490)	(2,115,975)
Cost of Sales	3,418,054	3,400,388

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5. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Six-month period ended June 30, (Unaudited)	
	2015	2014
Services and fees	36,205	35,198
Labor cost	115,352	120,009
Depreciation of property, plant and equipment	7,003	7,002
Amortization of intangible assets	17,822	17,816
Maintenance and expenses	2,486	2,987
Taxes	65,320	65,166
Office expenses	21,154	21,360
Freight and transportation	129,097	128,897
(Decrease) increase of allowance for doubtful accounts	(734)	997
Others	8,460	9,144
Selling, general and administrative expenses	402,165	408,576

6. FINANCE EXPENSE, FINANCE INCOME AND FINANCIAL INCOME (EXPENSES) , NET

	Six-month period ended June 30, (Unaudited)	
	2015	2014
Interest expense	(47,477)	(52,724)
Debt issue costs	(1,017)	(2,142)
Finance expense	(48,494)	(54,866)
Interest income	3,985	3,844
Finance income	3,985	3,844
Net foreign exchange gain (loss)	13,756	(6,283)
Change in fair value of financial assets	(6,537)	(1,238)
Derivative contract results	12,564	4,736

Others	(1,271)	(1,718)
Other financial income (expenses), net	18,512	(4,503)

7. PROPERTY, PLANT AND EQUIPMENT, NET

	Six-month period ended June 30,	
	2015	2014
	(Unaudited)	
At the beginning of the year	4,481,027	4,708,895
Currency translation differences	(55,272)	(213,058)
Additions	212,961	208,111
Disposals	(11,427)	(6,703)
Depreciation charge	(176,931)	(168,510)
At the end of the period	4,450,358	4,528,735

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8. INTANGIBLE ASSETS, NET

	Six-month period ended June 30,	
	2015	2014
	(Unaudited)	
At the beginning of the year	948,886	961,504
Currency translation differences	(481)	(2,033)
Additions	14,509	31,906
Amortization charge	(41,488)	(28,186)
At the end of the period	921,426	963,191

9. INVESTMENTS IN NON-CONSOLIDATED COMPANIES

Company	Country of incorporation	Main activity	Voting rights as of		Value as of	
			June 30, 2015	December 31, 2014 (restated)	June 30, 2015 (unaudited)	December 31, 2014 (restated)
Usinas Siderurgicas de Minas Gerais S.A. - USIMINAS	Brazil	Manufacturing and selling of steel products	32.88%	32.88%	625,446	742,335
Other non-consolidated companies (1)					4,585	5,843
					630,031	748,178

(1) It includes the investments held in Techgen S.A. de C.V., Finma S.A.I.F., Arhsa S.A., Techinst S.A., Recrotek S.R.L. de C.V. and Gas Industrial de Monterrey S.A. de C.V.

(a) Usinas Siderurgicas de Minas Gerais S.A. - USIMINAS

On January 16, 2012, the Company's wholly-owned Luxembourg subsidiary Ternium Investments S.à r.l. ("Ternium Investments"), together with the Company's Argentine majority-owned subsidiary Siderar S.A.I.C., Siderar's wholly-owned Uruguayan subsidiary Prosid Investments S.A., and Confab Industrial S.A., a Brazilian subsidiary of Tenaris S.A. ("TenarisConfab"), joined Usiminas' existing control group through the acquisition of 84.7, 30.0, and 25.0 million ordinary shares, respectively. The rights and obligations of the control group members are governed under a shareholders agreement. As a result of these transactions, the control group, which holds 322.7 million ordinary shares representing the majority of Usiminas' voting rights, is formed as follows: Nippon Steel & Sumitomo Metal Corporation Group (formerly Nippon Group) 46.1%, Ternium/Tenaris Group 43.3%, and CEU 10.6%.

On October 2, 2014, Ternium Investments entered into a purchase agreement with Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI for the acquisition of 51.4 million ordinary shares of Usiminas at a price of BRL 12 per share, for a total amount of BRL 616.7 million. On October 30, 2014, Ternium Investments completed the acquisition. These additional shares are not subject to the Usiminas shareholders agreement, but must be voted in accordance with the control group decisions.

Following the acquisition of these additional shares, Ternium (through Ternium Investments, Siderar and Prosid) owns 166.1 million ordinary shares, representing 32.9% of Usiminas' ordinary shares (114.7 of which are subject to the Usiminas shareholders agreement). Ternium continues to hold 35.6% of Usiminas' voting rights over the control group and has a participation in Usiminas' results of 16.82%.

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9. INVESTMENTS IN NON-CONSOLIDATED COMPANIES (continued)

The Company reviews periodically the recoverability of its investment in Usiminas. To determine the recoverable value, the Company estimates the value in use of the investment by calculating the present value of the expected cash flows. There is a significant interaction among the principal assumptions made in estimating Usiminas cash flow projections, which include iron ore and steel prices, foreign exchange and interest rates, Brazilian GDP and steel consumption in the Brazilian market. The key assumptions used by the Company are based on external and internal sources of information, management judgment based on past experience and expectations of future changes in the market.

Value-in-use was calculated by discounting the estimated cash flows over a six year period based on forecasts approved by management. For the subsequent years beyond the six-year period, a terminal value was calculated based on perpetuity considering a nominal growth rate of 2%. The discount rates used are based on the respective weighted average cost of capital (WACC), which is considered to be a good indicator of capital cost. The discount rate used to test the investment in Usiminas for impairment was 10.5%.

The latest publicly available information for Usiminas is as of March 31, 2015, which was approved on April 22, 2015. Usiminas' interim accounts as of and for the three-months ended March 31, 2015, stated that revenues, post-tax loss from continuing operations and shareholders' equity amounted to USD 934 million, USD 86 million and USD 5,126 million, respectively.

As of June 30, 2015, including only the results as of March 31, 2015 and the effects of currency translation adjustment as of June 30, 2015, the value of the investment in Usiminas is comprised as follows:

Value of investment	USIMINAS
As of January 1, 2015 (restated)	742,335
Share of results	(9,282)
Other comprehensive income	(107,607)
As of June 30, 2015	625,446

At June 30, 2015, the closing price of the Usiminas' ordinary shares as quoted on the BM&FBovespa Stock Exchange was BRL 13.26 (approximately USD 4.27) per share, giving Ternium's ownership stake a market value of approximately USD 710.0 million.

	USIMINAS
	As of March 31,
	2015
Summarized balance sheet (in million USD)	
Assets	
Non-current	6,995
Current	2,663
Total Assets	9,658
Liabilities	
Non-current	2,321
Current	1,573
Total Liabilities	3,894
Minority interest	638
Shareholders' equity	5,126

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9. INVESTMENTS IN NON-CONSOLIDATED COMPANIES (continued)

	USIMINAS
	Three-month period ended
	March 31, 2015
Summarized income statement (in million USD)	
Net sales	934
Cost of sales	(849)
Gross profit	85
Selling, general and administrative expenses	(60)
Other operating income, net	(12)
Operating income	13
Financial expenses, net	(126)
Equity in earnings of associated companies	4
Loss before income tax	(109)
Income tax expense	27
Net loss before minority interest	(82)
Minority interest in other subsidiaries	(4)
Net loss for the period	(86)

(b) *Techgen S.A. de C.V.*

Techgen is a Mexican project company currently undertaking the construction and operation of a natural gas-fired combined cycle electric power plant in the Pesquería area of the State of Nuevo León, Mexico. As of February 2014, Ternium, Tenaris, and Tecpetrol International S.A. (a wholly-owned subsidiary of San Faustin S.A., the controlling shareholder of both Ternium and Tenaris) completed their initial investments in Techgen. Techgen is currently owned 48% by Ternium, 30% by Tecpetrol and 22% by Tenaris. Ternium and Tenaris also agreed to enter into power supply and transportation agreements with Techgen, pursuant to which Ternium and Tenaris will contract 78% and 22%, respectively, of Techgen's power capacity of between 850 and 900 megawatts. For commitments from Ternium in connection with Techgen, see note 11.

10. DISTRIBUTION OF DIVIDENDS

During the annual shareholders' meeting held on May 6, 2015, the shareholders approved a distribution of dividends of USD 0.090 per share (USD 0.90 per ADS), or approximately USD 180.4 million in the aggregate. The dividend was paid on May 15, 2015.

11. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS

This note should be read in conjunction with Note 24 to the Company's audited Restated Consolidated Financial Statements for the year ended December 31, 2014. Significant changes or events since the date of issue of such financial statements are as follows:

(i) Tax claims and other contingencies

(a) *Siderar. AFIP – Income tax claim for fiscal years 1995 to 1999*

The Argentine tax authority (Administración Federal de Ingresos Públicos, or "AFIP") has challenged the deduction from income of certain disbursements treated by Siderar as expenses necessary to maintain industrial installations, alleging that these expenses should have been treated as investments or improvements subject to capitalization. Accordingly, AFIP made income tax assessments against Siderar with respect to fiscal years 1995 through 1999.

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11. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS (continued)

As of June 30, 2015, Siderar's aggregate exposure under these assessments (including principal, interest and fines) amounts to approximately USD 11.0 million. Siderar appealed each of these assessments before the National Tax Court, which, in successive rulings, reduced the amount of each of the assessments made by AFIP; the National Tax Court decisions were, however, further appealed by both Siderar and AFIP.

On May 15, 2014, Siderar was notified of a new National Tax Court ruling approving the AFIP assessment for fiscal year 1997 in an amount of approximately USD 0.7 million (including principal and interest); as the Tax Court did not grant a stay with respect to this decision, Siderar paid the full amount of the ruling, reserving its right to seek reimbursement of that payment.

Based on the recent National Tax Court decision, management believes that there could be an additional potential cash outflow in connection with this assessment and, as a result, Siderar recognized a provision which, as of June 30, 2015, amounts to USD 0.6 million.

(b) Companhia Siderúrgica Nacional (CSN) – Tender offer litigation

In 2013, the Company was notified of a lawsuit filed in Brazil by Companhia Siderúrgica Nacional (CSN) and various entities affiliated with CSN against Ternium Investments S.à r.l., its subsidiary Siderar, and Confab Industrial S.A., a Brazilian subsidiary of Tenaris S.A. The entities named in the CSN lawsuit had acquired a participation in Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS (Usiminas) in January 2012. The CSN lawsuit alleges that, under applicable Brazilian laws and rules, the acquirers were required to launch a tag-along tender offer to all non-controlling holders of Usiminas ordinary shares for a price per share equal to 80% of the price per share paid in such acquisition, or BRL 28.8, and seeks an order to compel the acquirers to launch an offer at that price plus interest. If so ordered, the offer would need to be made to 182,609,851 ordinary shares of Usiminas not belonging to Usiminas' control group; Ternium Investments and Siderar's respective shares in the offer would be 60.6% and 21.5%.

On September 23, 2013, the first instance court issued its decision finding in favor of the defendants and dismissing the CSN lawsuit. The claimants appealed the court decision and the defendants filed their response to the appeal. It is currently expected that the court of appeals will issue its judgment on the appeal within 2015.

Ternium is aware that on November 10, 2014, CSN filed a separate complaint with Brazil's securities regulator Comissão de Valores Mobiliários (CVM) on the same grounds and with the same purpose as the lawsuit referred to above. The CVM proceeding is underway and the Company has not yet been served with process or requested to provide its response.

Finally, on December 11, 2014, CSN filed a claim with Brazil's antitrust regulator Consejo Administrativo de Defesa Econômica (CADE). In its claim, CSN alleges that the antitrust clearance request related to the January 2012 acquisition, which was approved by CADE without restrictions in August 2012, contained a false and deceitful description of the acquisition aimed at frustrating the minority shareholders' right to a tag-along tender offer, and requests that CADE investigate and reopen the antitrust review of the acquisition and suspend the Company's voting rights in Usiminas until the review is completed. On May 6, 2015, CADE rejected CSN's claim. CSN did not appeal the decision and, on May 19, 2015 CADE formally closed the file.

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11. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS (continued)

Ternium believes that all of CSN's claims and allegations are groundless and without merit, as confirmed by several opinions of Brazilian legal counsels and previous decisions by CVM, including a February 2012 decision determining that the above mentioned acquisition did not trigger any tender offer requirement, and, more recently, the first instance court decision on this matter first referred to above. Accordingly, no provision was recorded in these Consolidated Condensed Interim Financial Statements.

(c) Shareholder claims relating to the October 2014 acquisition of Usiminas shares

On April 14, 2015, the staff of the Brazilian securities regulator, the Comissão de Valores Mobiliários (CVM), determined that Ternium's acquisition of 51.4 million ordinary shares of Usiminas, completed on October 30, 2014, triggered a requirement under applicable Brazilian laws and regulations for Usiminas' controlling shareholders to launch a tender offer to all non-controlling holders of Usiminas ordinary shares. The CVM staff's determination was made further to a request by Nippon Steel & Sumitomo Metal Corporation (NSSMC) and its affiliates, who alleged that Ternium's 2014 acquisition had exceeded a threshold that triggers the tender offer requirement. In the CVM staff's view, the 2014 acquisition exceeded the applicable threshold by 5.2 million shares. On April 29, 2015, Ternium filed an appeal to be submitted to the CVM's Board of Commissioners. On May 5, 2015, the CVM staff confirmed that the appeal would be submitted to the Board of Commissioners and that the effects of the staff's decision would be stayed until such Board rules on the matter. On June 15, 2015, upon an appeal filed by NSSMC, the CVM staff changed its earlier decision and stated that the obligation to launch a tender offer would fall exclusively on Ternium. Ternium's appeal has been submitted to the CVM's Board of Commissioners and it is currently expected that such Board will rule on the appeal in the third quarter of 2015. In the event the appeal is not successful, under applicable CVM rules Ternium may elect to sell to third parties the 5.2 million shares allegedly acquired in excess of the threshold, in which case no tender offer would be required.

(d) Potential Mexican income tax adjustment

In March 2015, the Mexican tax authorities, as part of a tax audit to Ternium Mexico with respect to fiscal year 2008, challenged the deduction by Ternium Mexico's predecessor IMSA Acero of a tax loss arising from an intercompany

sale of shares in December 2008. Although the tax authorities have not yet determined the amount of their claim, they have indicated in a preliminary report that they have observations that may result in an income tax adjustment currently estimated at approximately USD 34 million, plus interest and fines. Ternium Mexico requested an injunction from the Mexican courts against the audit observations, and also filed its defense and supporting documents with the Mexican tax authorities. The Company, based on the advice of counsel, believes that an unfavorable outcome in connection with this matter is not probable and, accordingly, no provision has been recorded in its financial statements.

(ii) Commitments

(a) Siderar entered into a contract with Tenaris, a related company of Ternium, for the supply of steam generated at the power generation facility that Tenaris owns in the compound of the Ramallo facility of Siderar. Under this contract, Tenaris has to provide 250 tn/hour of steam, and Siderar has the obligation to take or pay this volume. The amount of this outsourcing agreement totals USD 45.7 million and is due to terminate in 2018.

(b) Siderar, within the investment plan, has entered into several commitments to acquire new production equipment for a total consideration of USD 55.8 million.

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11. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS (continued)

(c) Siderar assumed fixed commitments for the purchase of raw materials for a total amount of USD 31.5 million to be expended until June 30, 2016.

(d) Siderar is a party to a long-term contract with Air Liquide Argentina S.A. for the supply of oxygen, nitrogen and argon. The agreement requires Siderar to take or pay minimum daily amounts of these gases for an aggregate amount of USD 37.7 million to satisfy Siderar's current production needs through 2021, and to make incremental purchases of these gases for an aggregate amount of USD 132.7 million to satisfy the requirements through 2030.

(e) On December 20, 2000, Hylsa (Ternium Mexico's predecessor) entered into a 25-year contract with Iberdrola Energía Monterrey, S.A. de C.V. ("Iberdrola"), a Mexican subsidiary of Iberdrola Energía, S.A., for the supply to four of Ternium Mexico's plants of a contracted electrical demand of 111.2 MW. Iberdrola currently supplies approximately 24% of Ternium Mexico's electricity needs under this contract. Although the contract was to be effective through 2027, on April 28, 2014, Ternium Mexico and Iberdrola entered into a new supply contract and terminated the previous one. In consideration of the termination of the previous contract, Iberdrola has granted Ternium Mexico a credit of USD 750 thousand per MW of the 111.2 MW contracted capacity, resulting over time in a total value of USD 83.4 million. In addition, Iberdrola agreed to recognize to Ternium México USD 15 million through discounted rates. As a result of the above mentioned credit and discount, the company expects to incur in electricity rates comparable to those obtained in the past under the previous contract's terms for a period that is estimated to be approximately 2 years. Following such period, Ternium Mexico's rates under the contract will increase to market rates with a 2.5% discount; however, Ternium Mexico will be entitled to terminate the contract without penalty.

(f) Several Ternium Mexico's subsidiaries which have facilities throughout the Mexican territory are parties to a long term energy purchase agreement for purchased capacity of electricity with Tractebel Energía de Monterrey, S. de R.L. de C.V., distributed among each plant defined as a capacity user. Each capacity user is committed to pay Tractebel for the purchased capacity and for the net energy delivered. Ternium Mexico is required to provide its best estimate of its expected nomination for capacity and energy under the specific limits and timelines. The monthly payments are calculated considering the capacity charges, energy charges, back-up power charges, and transmission charges, less any steam credits. The contracted amount is of USD 92.0 million and the contract will terminate in 2018.

(g) Following the maturity of a previously existing railroad freight services agreement during 2013, in April 2014, Ternium México and Ferrocarril Mexicano, S. A. de C. V. ("Ferromex") entered into a new railroad freight services agreement pursuant to which Ferromex will transport Ternium Mexico's products through railroads operated by Ferromex for a term of five years through 2019. Subject to Ternium's board approval, both Ternium Mexico and Ferromex would be required to make (within a period of 36 months) certain investments to improve the loading and unloading of gondolas. Ternium Mexico's total investment commitment would amount to approximately USD 15.5 million, while Ferromex's would amount to approximately USD 5.4 million. Under the agreement, Ternium Mexico has guaranteed to Ferromex a minimum average transport load of 200 metric tons per month in any six-month period. In the event that the actual per-month average transport loads in any six-month period were lower than such guaranteed minimum, Ternium Mexico would be required to compensate Ferromex for the shortfall so that Ferromex receives a rate equivalent to a total transport load of 1,200 metric tons for such six-month period. However, any such compensation will not be payable if the lower transport loads were due to adverse market conditions, or to adverse operating conditions at Ternium Mexico's facilities.

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11. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS (continued)

(h) Techgen is a party to transportation capacity agreements with Kinder Morgan Gas Natural de Mexico, S. de R.L. de C.V., Kinder Morgan Texas Pipeline LLC and Kinder Morgan Tejas Pipeline LLC for a purchasing capacity of 150,000 MMBtu/Gas per day starting on June 1, 2016 and ending on May 31, 2036. As of June 30, 2015, the outstanding value of this commitment was approximately USD 285 million. Ternium's exposure under the guarantee in connection with these agreements amounts to USD 136.7 million, corresponding to the 48% of the agreements' outstanding value as of June 30, 2015.

(i) Techgen is a party to a contract with GE Power Systems, Inc. and General Electric International Operations Company, Inc Mexico Branch for the purchase of power generation equipment and other services related to the equipment for an outstanding amount of approximately USD 238 million. These agreements required Techgen to issue stand-by letters of credit up to an amount of USD 47.5 million. Ternium's exposure under the guarantee in connection with these stand-by letters of credit issued by Techgen is of USD 10.4 million.

(j) Ternium issued a Corporate Guarantee covering 48% of the obligations of Techgen under a syndicated loan agreement between Techgen and several banks led by Citigroup Global Markets Inc., Credit Agricole Corporate and Investment Bank, and Natixis, New York Branch acting as joint bookrunners. The loan agreement amounted to USD 800 million and the proceeds will be used by Techgen in the construction of the facility. As of June 30, 2015, disbursements under the loan agreement amounted USD 640 million, as a result the amount guaranteed by Ternium was approximately USD 307 million. If the loan is disbursed in full, the amount guaranteed by Ternium will be approximately USD 384 million. The main covenants under the Corporate Guarantee are limitations on the sale of certain assets and compliance with financial ratios (e.g. leverage ratio). As of June 30, 2015, Techgen was in compliance with all of its covenants.

(iii) Restrictions on the distribution of profits

Under Luxembourg law, at least 5% of net income per year calculated in accordance with Luxembourg law and regulations must be allocated to a reserve until such reserve equals 10% of the share capital. At December 31, 2013, this reserve reached the above-mentioned threshold.

As of December 31, 2014, Ternium may pay dividends up to USD 5.4 billion in accordance with Luxembourg law and regulations.

Shareholders' equity under Luxembourg law and regulations comprises the following captions:

	As of December 31, 2014
Share capital	2,004,743
Legal reserve	200,474
Non distributable reserves	1,414,122
Accumulated profit at January 1, 2014	5,687,690
Loss for the year	(289,975)
Total shareholders' equity under Luxembourg GAAP	9,017,054

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12. RELATED PARTY TRANSACTIONS

As of June 30, 2015, Techint Holdings S.à r.l. (“Techint”) owned 62.02% of the Company’s share capital and Tenaris Investments S.à r.l. (“Tenaris”) held 11.46% of the Company’s share capital. Each of Techint and Tenaris were controlled by San Faustin S.A., a Luxembourg company (“San Faustin”). Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin (“RP STAK”), a Dutch private foundation (Stichting), held shares in San Faustin sufficient in number to control San Faustin. No person or group of persons controls RP STAK.

The following transactions were carried out with related parties:

	2015	Six-month period ended June 30, (Unaudited)	2014
(i) Transactions			
(a) Sales of goods and services			
Sales of goods to other related parties	44,442		116,135
Sales of services and others to non-consolidated parties	785		1,498
Sales of services and others to other related parties	614		1,064
	45,841		118,697
(b) Purchases of goods and services			
Purchases of goods from non-consolidated parties	72,387		125,513
Purchases of goods from other related parties	31,048		17,999
Purchases of services and others from non-consolidated parties	6,843		5,235
Purchases of services and others from other related parties	59,845		63,339
	170,123		212,086
(c) Financial results			
Income with non-consolidated parties	-		443
	-		443
(d) Other income and expenses			
Income (expenses), net with non-consolidated parties	3,385		1,355
Income (expenses), net with other related parties	350		476

3,735

1,831

June 30, 2015
(Unaudited)

December 31, 2014

(ii) Period-end balances

(a) Arising from sales/purchases of goods/services

Receivables from non-consolidated parties	3,266	6,357
Receivables from other related parties	3,953	20,497
Advances from non-consolidated parties	-	7
Advances to suppliers with other related parties	591	498
Payables to non-consolidated parties	(17,661)	(24,626)
Payables to other related parties	(29,609)	(39,895)
	(39,460)	(37,162)

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13. FAIR VALUE MEASUREMENT

IFRS 13 requires for financial instruments that are measured at fair value, a disclosure of fair value measurements by level. See note 28 of the Restated Consolidated Financial Statements as of December 31, 2014 for definitions of levels of fair values and figures at that date.

The following table presents the assets and liabilities that are measured at fair value:

Description	Fair value measurement as of June 30, 2015 (in USD thousands):		
	Total	Level 1	Level 2
Financial assets at fair value through profit or loss			
Cash and cash equivalents	262,822	262,822	-
Other investments	124,111	63,040	61,071
Derivative financial instruments	3,058	-	3,058
Total assets	389,991	325,862	64,129
Financial liabilities at fair value through profit or loss			
Derivative financial instruments	1,316	-	1,316
Total liabilities	1,316	-	1,316
Description	Fair value measurement as of December 31, 2014 (in USD thousands):		
	Total	Level 1	Level 2
Financial assets at fair value through profit or loss			
Cash and cash equivalents	197,058	197,058	-
Other investments	82,502	56,466	26,036
Derivative financial instruments	4,338	-	4,338

Total assets	283,898	253,524	30,374
Financial liabilities at fair value through profit or loss			
Derivative financial instruments	1,376	-	1,376
Total liabilities	1,376	-	1,376

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy and there were no financial assets and liabilities considered as Level 3.

Pablo Brizzio

Chief Financial Officer

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