

13 November 2013

The Companies Officer
Australian Securities Exchange Ltd
2 The Esplanade
Perth WA 6000



Dear Sir/Madam

Fortescue initiates repayment of Senior Unsecured Notes due 2015

Fortescue Metals Group (ASX: FMG, Fortescue) has issued a US\$1.0 billion voluntary redemption notice to the trustee of the US\$2.04 billion Senior Unsecured Notes due 2015 (“Notes”).

The US\$1.0 billion of Notes will be redeemed on Friday December 20, 2013. The remaining balance of US\$1.04 billion is anticipated to be retired in advance of maturity in the coming months, subject to market conditions.

Fortescue CEO Nev Power said: “The repayment of the 2015 Notes is an historical turning point for the company and consistent with our well communicated strategy to repay the debt that funded our expansion. We have consistently delivered against our commitments and will continue to rapidly de-gear our balance sheet. The ability to take these concrete steps validates our strategy that allowed us to expand rapidly to meet customer demand and deliver significant shareholder value,” Mr Power said.

Fortescue is meeting its commitment to accelerate debt reduction through a number of capital management initiatives to reduce debt and interest costs. Fortescue has built significant flexibility into its balance sheet, providing the options to manage its debt capital structure in advance of maturity through repayment, extension, and refinancing.

The following capital management initiatives have been undertaken:

1. Repayment of A\$140m (US\$130m) of Preference Shares in November, 2013, which had a coupon of 9%, saving US\$12m per annum in interest;
2. Repricing of the US\$4.95 billion Term Loan margin to 3.25%, saving US\$50m; and
3. Repayment of US\$1.0 billion Unsecured Notes, which have a coupon of 7%, saving US\$70m per annum in interest.

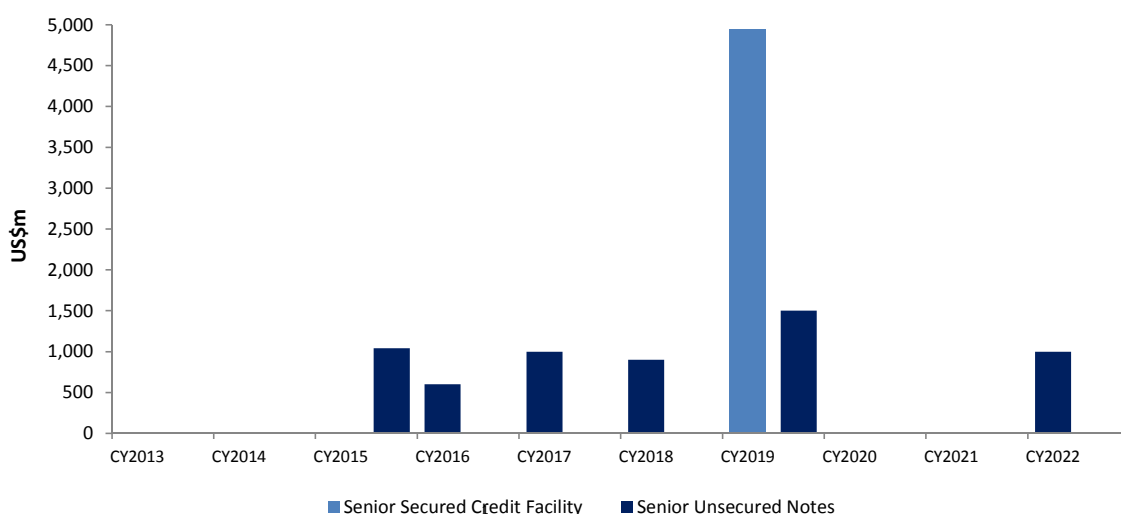
Fortescue Chief Financial Officer Stephen Pearce said: “Fortescue’s strong financial position, together with the reduction in capital expenditure as we near the completion of our expansion to 155mtpa, has enabled the Company to begin our debt repayments in 2013. This continues to lower Fortescue’s cost base and, together with the recently completed Term Loan re-pricing, means Fortescue’s interest costs will immediately reduce by US\$132 million per annum. Further repayments and the potential step down in the Term Loan margin will provide further interest costs savings. Free cash flow generated from expanded production capacity and a focus on lowering costs will be applied to further debt reduction, reducing gearing towards 40%, improving earnings and overall strengthening Fortescue’s balance sheet.”

The key terms of the redemption are listed below:

Principal value	US\$2.04 billion
Redemption value	US\$1.0 billion
Redemption date	Friday December 20, 2013
Redemption conditions	Notes are redeemable at 103.5% of principal value at the option of Fortescue from November 1, 2013, upon providing a notice to the trustee.

The following chart shows Fortescue's pro-forma debt maturity profile as at 31 December 2013, after the US\$1.0 billion redemption is completed.

Chart 1: Pro-forma Debt Maturity Profile as at 31 December 2013



Yours sincerely
Fortescue Metals Group Ltd

Mark Thomas
Company Secretary

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