



**Fortescue Metals Group Ltd**

ACN: 002 594 872  
87 Adelaide Terrace East Perth  
Western Australia 6004  
PO Box 6915, East Perth, Western Australia 6892

Telephone: + 61 8 6218 8888  
Facsimile: +61 8 6218 8880  
Website: [www.fmgl.com.au](http://www.fmgl.com.au)

5 December 2008

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

Dear Sir

**Fortescue Shipping Contracts**

Fortescue Metals Group ("ASX:FMG" "Fortescue") advises that consistent with the continued prudent management of its business and in reflection of changed operating conditions, it has exercised suspension of all of its long term CFR shipping Contracts of Affreightment and Consecutive Voyage Contracts on the basis of unforeseen circumstances.

The changed arrangements as a result of these suspensions, should not affect Fortescue's marketing program in regards to volumes of product shipped, just the split between CFR and FOB sales terms. To date approximately 2/3<sup>rd</sup> of Fortescue's sales have been on CFR terms but this is likely to reduce to around 1/3<sup>rd</sup> of sales. CFR sales are where Fortescue supplies the product on a landed basis into China whereas FOB sales are where the customer arranges it own freight from Port Hedland to China.

The changed arrangements are in direct response to market conditions demanding greater FOB sales.

Yours sincerely  
**Fortescue Metals Group Ltd**

**Rod Campbell**  
Company Secretary