

15 July 2011

The Companies Officer
ASX Limited
2 The Esplanade
Perth WA 6000



Dear Sir,

NEW CHIEF EXECUTIVE OFFICER EMPLOYMENT PACKAGE

Fortescue Metals Group Ltd's (Fortescue) new Chief Executive Officer (CEO), Mr Neville Power, formally commences as CEO on 18 July 2011. The key terms of the employment arrangements are summarised below;

Remuneration

- 1) *Total Fixed Remuneration (TFR)* - \$1.8 million (inclusive of superannuation)
- 2) *Executive & Senior Staff Incentive Plan (ESSIP)* – Annual “at risk” component of up to 150% of TFR. The amount earned is based on the Company and the CEO achieving certain performance objectives during the financial year. These objectives are aligned with Fortescue's overall business plan providing a link to the long-term growth of the Company and shareholder value. Payment under the ESSIP rules is 50% in cash and 50% in issued ordinary shares in the Company.

Termination

The agreement with Mr Power provides for a notice period of three months by either Fortescue or Mr Power and includes standard termination clauses related to events such as breach of contract and misconduct.

Yours sincerely

Fortescue Metals Group Ltd

Mark Thomas
Company Secretary

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