

29 August 2016



The Companies Officer
Australian Securities Exchange Ltd
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Sir or Madam

S&P upgrades Fortescue's outlook to Stable

S&P Global Ratings (S&P) has today upgraded the outlook of Fortescue Metals Group (ASX: FMG, Fortescue) corporate credit rating to stable and reaffirmed the rating at BB.

In its update, S&P noted that "The stable outlook reflects our view that the company (Fortescue) has improved its resilience to lower iron ore prices through continued cost reduction, operating efficiencies and progressive debt reduction," and further that, "the company's production costs could be the lowest among its peers."

Chief Financial Officer Stephen Pearce said "We have been committed to the strengthening of our balance sheet through operational excellence and generating free cash flows which have supported the reduction of debt. It is pleasing that S&P have acknowledged Fortescue's cost performance and the continued execution of our debt reduction strategies which have improved Fortescue's credit metrics."

This rating update has no impact on Fortescue's debt capital structure.

Yours sincerely

Fortescue Metals Group Ltd

Ian Wells
Company Secretary

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