



19 January 2016

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

Dear Sir or Madam

Moody's upgrades Fortescue's Corporate Rating to Ba1

Moody's Investor Service (Moody's) has today upgraded Fortescue Metals Group (ASX: FMG, Fortescue) credit ratings as follows:

- Fortescue's corporate family rating to Ba1 from Ba2;
- Senior secured rating to Baa3 from Ba1;
- Senior unsecured rating to Ba2 from B1; and
- Confirmed the stable outlook on all ratings.

In its update, Moody's noted that "Fortescue has been able to capitalise on higher iron ore prices and utilise the incremental cash flow generated to make sustainable improvements to its balance sheet and debt levels," and that "the upgrade also reflects Moody's expectation that Fortescue's ongoing cost and debt reduction will allow it to maintain conservative financial metrics for the rating, even in a weaker iron ore price environment."

Chief Executive Officer Nev Power said "Our productivity and efficiency initiatives continue to achieve sustained cost reductions, with significant free cash flow being applied to ongoing debt repayment. We are pleased that Moody's have acknowledged the strength of Fortescue's balance sheet through the continued execution of our debt repayment strategy and upgraded the company's credit ratings, including the senior secured rating which now has an investment grade rating of Baa3."

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

Yours sincerely

Fortescue Metals Group Ltd

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