14 March 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 downgrades Fortescue's Credit Rating

Fortescue Metals Group Ltd (ASX:FMG) notes today's announcement by Moody's Investors Service (Moody's) downgrading its credit ratings, concluding the review initiated on 22 January, 2016.

The corporate family rating has been downgraded from Ba2 to Ba3, and is on a negative outlook. Moody's downgraded FMG Resources (August 2006) Pty Ltd senior secured rating from Ba1 to Ba2 and the senior unsecured rating from B1 to B2.

Moody's noted the need to recalibrate ratings under a protracted challenging environment given what they consider to be a fundamental downward shift in the mining sector, including the slowing economic growth of China. At the same time, "reflecting the improvements in the company's cost profile, Moody's expects Fortescue's operations will remain comfortably above breakeven levels under the rating agencies base case price assumptions."

Moody's also noted the company's "lower breakeven levels combined with the company's sizable cash balances should allow Fortescue to continue to reduce debt levels and maintain a solid liquidity profile."

Chief Financial Officer Stephen Pearce noted that "it is pleasing that Moody's has recognised Fortescue's strong performance, stable production profile and long life, high quality reserves. Our focus on successfully reducing operating and capital costs continues to offset the impact of lower iron ore prices."

The 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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