



20 December 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 Corporate Rating to BB+

S&P Global Ratings (S&P) has today upgraded Fortescue Metals Group (ASX: FMG, Fortescue) credit ratings as follows:

- Fortescue's issuer credit rating to BB+ from BB;
- Senior secured rating to BBB- from BB+;
- Senior unsecured rating to BB- from B+; and
- Confirmed the stable outlook on all ratings.

In its update, S&P noted that "We consider the additional debt repayment has strengthened the company's resilience to iron ore price pressure," and that, "Fortescue is at the lowest end of the seaborne cost curve delivered to China."

Chief Executive Officer Nev Power said "Our productivity and efficiency initiatives have achieved sustained cost reductions, and significant free cash flow has continued to be applied to debt repayment. We are again pleased that S&P have acknowledged the strength of Fortescue's balance sheet through the continued execution of our debt repayment strategy. This has led to improved credit metrics which is now reflected in S&P's upgrade of the issuer credit rating to BB+, and the senior secured rating to investment grade BBB-."

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

Yours sincerely

Fortescue Metals Group Ltd

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