



NOTICE TO SHAREHOLDERS - PAYMENT OF DIVIDENDS

MAGNESITA REFRATÁRIOS S.A.
Corporate Taxpayer (CNPJ) No. 08.684.547/0001-65
PUBLICLY-HELD COMPANY

NOTICE TO SHAREHOLDERS

PAYMENT OF DIVIDENDS

São Paulo, May 2, 2012 - Magnesita Refratários S.A. (BM&FBOVESPA - Novo Mercado: MAGG3) hereby informs its shareholders that the Annual and Extraordinary Shareholders' Meeting held on April 26, 2012, approved the distribution of part of the earnings attained in the fiscal year ended December 31, 2011. This remuneration will be distributed to shareholders in the form of dividends, and will be paid as per their proportional share in the Company's capital stock, for the total amount of R\$ 9,414,395.98 (nine million, four hundred and fourteen thousand, three hundred and ninety-five Reais and ninety-eight cents). The net amount per share payable is R\$ 0.032243077. Dividends will be paid on May 8, 2012, considering the shareholding position as at April 26, 2012. The Company's shares were traded as dividend-payable up to and including April 26, 2012, and became ex-dividend as of April 27, 2012.

Payment will be effected through the depository institution of the shares - Banco Itaú Unibanco S.A. ("Banco Itaú") - and will be directly credited to the shareholders' current accounts, in the case of those who are Banco Itaú's current account holders and those whose personal data records are up to date at Banco Itaú. Shareholders with outdated records must go to a Banco Itaú's branch to update their personal data. In addition, we inform that those shareholders whose shares are held in custody at BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros, will receive the dividend payment through their respective custodial agents.

Flávio Rezende Barbosa
CFO and Investor Relations Officer
Magnesita Refratários S.A.