

SADIA S.A.
Form 6-K
March 24, 2006

FORM 6-K
U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16
OF THE SECURITIES EXCHANGE ACT OF 1934

For the month of March 2006

Commission File Number 1-15184

SADIA S.A.

(Exact Name as Specified in its Charter)

N/A

(Translation of Registrant's Name)

Rua Fortunato Ferraz, 365
Vila Anastacio, Sao Paulo, SP
05093-901 Brazil
(Address of principal executive offices) (Zip code)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not applicable.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused the Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: Mar 23, 2006

SADIA S.A.

By:/s/ Luiz Gonzaga Murat Junior

Name: Luiz Gonzaga Murat Junior

Title: Chief Financial Officer

Sadia S.A.
Rua Fortunato Ferraz, 365 – 2º andar
São Paulo, SP – Brazil
05093-901
tel. +55 11 2113-3552
www.sadia.com

SADIA S.A.
CNPJ/MF nº 20.730.099/0001-94

A Publicly-Held Company

ANNOUNCEMENT TO SHAREHOLDERS

SADIA S. A., announces to its shareholders that, on March 23rd, 2006, the Board of Directors authorized the payment of interest on equity related to the 2006 earnings, being the net amount R\$ 0,062454 per common and preferred share. The interest on equity will be calculated according to the minimum dividend required by Brazilian securities law, to be approved at the next general shareholders' meeting in 2007. The corresponding credit will be posted in the Company's accounting records on March 31, 2006 in the shareholders' names. Payment will be made on August 17th, 2006, based on the record date at March 30, 2006, and retaining 15% (fifteen per cent) income withholding tax, pursuant to Paragraph 2 of Article 9 of Law No. 9.249/95, except for those shareholders that are legally recognized as tax-exempt investors. Shares shall be traded on the São Paulo, New York and Madrid Stock Exchanges, without the right to such interest on equity, as of March 31, 2006, inclusive.

Shareholders possessing bank accounts will have the amount automatically credited on the above mentioned payment date. All other investors will receive a "Dividend Credit Notice" by mail, at those addresses on file with Banco Bradesco.

Tax-exempt investors which are not subject to income withholding tax must comply with applicable law by submitting the required documents by July 17th, 2006 to the following address: Banco Bradesco, Departamento de Ações e Custódia, Prédio Amarelo Velho - 2º andar - Cidade de Deus, Osasco – SP – Brazil CEP 060029-900.

São Paulo-SP, March 23, 2006

Luiz Gonzaga Murat Júnior
Investor Relations Director