

Avanade Inc.
Form 3
March 21, 2006

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

(Print or Type Responses)

| | | | | |
|---|--|--|---|---|
| 1. Name and Address of Reporting Person * ^ MICROSOFT CORP (Last) (First) (Middle) | | 2. Date of Event Requiring Statement (Month/Day/Year) 03/21/2006 | 3. Issuer Name and Ticker or Trading Symbol Avanade Inc. [NO TICKER] | |
| ONE MICROSOFT WAY (Street) | | 4. Relationship of Reporting Person(s) to Issuer (Check all applicable) ____ Director <input checked="" type="checkbox"/> 10% Owner ____ Officer ____ Other (give title below) (specify below) | | 5. If Amendment, Date Original Filed(Month/Day/Year) |
| REDMOND, WA 98052-6399 (City) (State) (Zip) | | | | 6. Individual or Joint/Group Filing(Check Applicable Line) ____ Form filed by One Reporting Person <input checked="" type="checkbox"/> Form filed by More than One Reporting Person |

Table I - Non-Derivative Securities Beneficially Owned

| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|------------------------------------|--|---|--|
| Common Stock | 99 | I | see footnote ⁽¹⁾ |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. SEC 1473 (7-02)

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) | 4. Conversion or Exercise Price of Derivative Security | 5. Ownership Form of Derivative Security: Direct (D) or Indirect | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---|---|--|--|--|--|
| | Date Exercisable Expiration Date | Title Amount or Number of | | | |

| | | | | Shares | | (I) (Instr. 5) | |
|--------------------------------------|-------|-------|--------------|------------|--------|-------------------|------------------|
| Convertible Series A Preferred Stock | Â (2) | Â (2) | Common Stock | 15,479,135 | \$ (3) | I | see footnote (4) |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| MICROSOFT CORP ONE MICROSOFT WAY REDMOND, WA 98052-6399 | Â | Â X | Â | Â |
| Microsoft AVN Holdings, Inc. ONE MICROSOFT WAY REDMOND, WA 98052-6399 | Â | Â X | Â | Â |

Signatures

Keith R. Dolliver, Assistant Secretary, Microsoft Corporation 03/21/2006

__Signature of Reporting Person

Date

Keith R. Dolliver, Vice President, Microsoft AVN Holdings, Inc. 03/21/2006

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) These shares are owned directly by Microsoft AVN Holdings, Inc., which is a wholly-owned subsidiary of Microsoft Corporation. Microsoft Corporation is an indirect beneficial owner of the reported shares of common stock.

(2) The Convertible Series A preferred stock is convertible at any time at the holder's election. The conversion rights do not expire.

(3) The Convertible Series A preferred stock is convertible into Avanade Inc. common stock on a one-for-one basis, subject to certain adjustments in accordance with the terms of the Convertible Series A preferred stock.

(4) Includes 14,343,008 shares of Convertible Series A preferred stock owned by Microsoft AVN Holdings, Inc., a wholly-owned subsidiary of Microsoft Corporation and 1,136,127 shares of Convertible Series A preferred stock owned directly by Microsoft Corporation. Microsoft Corporation is an indirect beneficial owner of the Convertible Series A preferred stock held by Microsoft AVN Holdings, Inc.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.