



Ten years ago
we set out with a vision

NETGEAR[®]
Connect with Innovation™



To set the industry standard
for the latest technologies
and networking products

< RangeMax™ Wireless Router
WPN824

Storage Central
SC101



To meet the individual
networking needs of consumers
and businesses worldwide

ProSafe™ 48 Port 10/100 Stackable Smart Switch
FS752TS



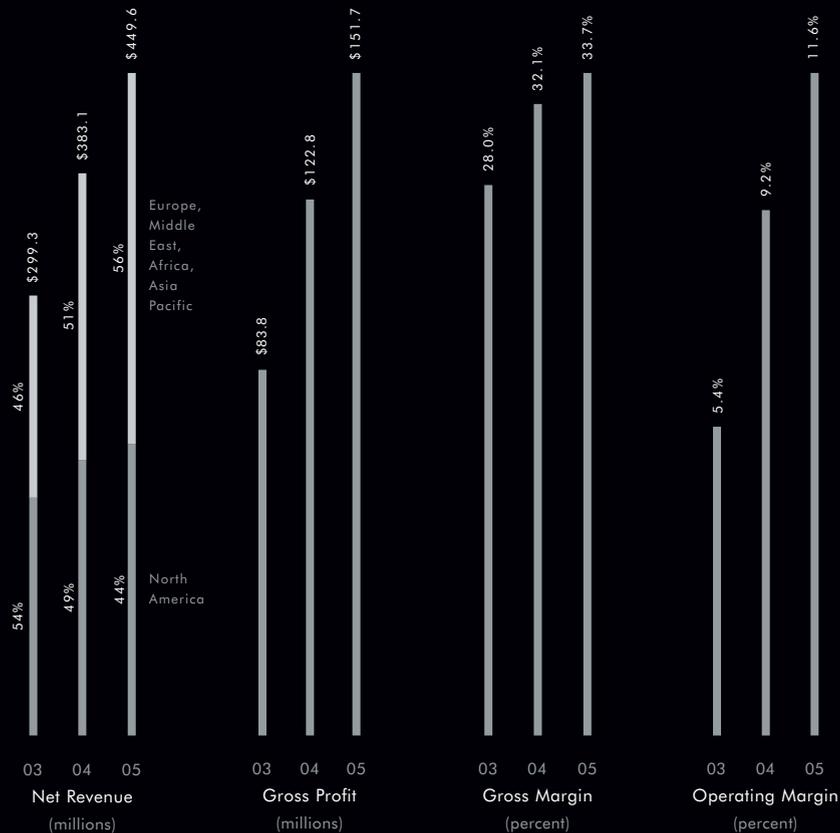
To deliver style, ease-of-use,
value, performance,
security and reliability

Mobile Broadband Router
MBR814X

For ten years,
we've been executing
our vision and delivering
a continuous stream of
innovative products.

As we move forward,
building our brand
momentum and reputation,
we'll continue to do
what we do best:

Connect with Innovation™



\$100M



4,104,224

1996

Patrick Lo and Mark Merrill establish NETGEAR

First international office opens in Munich, Germany

1999

NETGEAR surpasses the \$100 million mark, as revenues total \$111.8M

Industry First Introduction: Gigabit Unmanaged Switches for small to medium businesses

2000

Industry First Introduction: An Affordable Cable/DSL Router

To date, NETGEAR has shipped over 4 million ports, averaging over 1 million ports shipped each year

10 YEARS OF INNOVATION In the decade since NETGEAR was founded, the Internet and networking have transformed the way we work, communicate, and are entertained. Consumers and small to medium business have benefited from increased productivity, greater access to information and communications, and more enjoyment through broadband and wireless connectivity. NETGEAR has been there every step of the way delivering a continuous stream of innovation.

In 2005, NETGEAR continued to introduce innovations to its consumer, small to medium business, and broadband service provider customers.

New product sales were led by NETGEAR's RangeMax MIMO wireless family of home networking products. These products vaulted NETGEAR into the #1 market share position worldwide for the enhanced wireless products consumers demand for increased speeds and greater range. NETGEAR quickly built on this lead with the introduction of RangeMax 240, the first products to deliver wireless connectivity at faster than wired speeds. Innovations such as these prompted the media to name NETGEAR "the new king of wireless networking."

NETGEAR also expanded into new categories of consumer networking with the launch of Storage Central, the first and only networked storage device with mirrored drives delivering easy and safe shared storage. As the amount of digital content in the home grows exponentially, this category of product is expected to continue to increase NETGEAR's addressable market.

In small to medium business networking, NETGEAR introduced the industry first ProSafe Stackable Smart Switches, expanding into networks of up to 192 ports. These new Smart Switches extend the company's already



\$200M



2001
NETGEAR recognized by Deloitte's "Technology Fast 50"

NETGEAR opens its new, cutting edge wireless R&D lab

2002
NETGEAR surpasses the \$200 million mark, as revenues total \$237.3M

NETGEAR is recognized as one of the top privately-owned technology companies by the Silicon Valley/San Jose Business Journal

ProSafe line of networking solutions is launched with a focus on the needs of small to medium businesses

"Platinum" family of home networking products is launched with a focus on the unique needs of consumers

\$300M



51:49

2003
NETGEAR approaches the \$300 million mark, as revenues total \$299.3M

NETGEAR successfully completes its Initial Public Offering and is listed on the NASDAQ National Market under the ticker symbol NTGR

First broadband service provider product is customized, certified and shipped to Time Warner Cable

NETGEAR expands into emerging markets including China, India, Russia and Eastern Europe

2004
Fast Company names NETGEAR among Top 10 public telecom and networking companies in its first quarterly Innovation Scorecard report

For the first time, NETGEAR international sales surpass U.S. sales

dominant leadership position in the smart switch category, a category created by NETGEAR in 2003. Since then, more customers have chosen NETGEAR ProSafe Smart Switches than all other competitors combined in what has become the fastest growing category of switches in the market.

For broadband service providers, NETGEAR expanded on its strength in international markets with the introduction of the RangeMax version of its award winning ADSL2+ modem router/gateway. NETGEAR also introduced the industry first Mobile Broadband Router integrating broadband connectivity via wireless FLASH-OFDM, UMTS TD-CDMA, or in the future WiMax, with WiFi and Ethernet. This groundbreaking new product category enables mobile operators around the world to enhance their service offering for mobile, portable, or stationary broadband access.

Geographically, 2005 saw the continued expansion of NETGEAR's international presence, from about half of sales the year prior to 56% of revenue. Unlike competitors who have staked their success predominantly on the US market, NETGEAR is also strongly positioned in the fast growing international markets, providing the best foundation to capitalize on this tremendous growth opportunity. With expansion into China, India, Russia, and Eastern Europe, NETGEAR is prepared for the future in these huge, under-penetrated markets as broadband adoption continues worldwide.

NETGEAR is now recognized around the world for stylish and innovative products that consumers want to buy and reliable solutions that business can trust. With a combination of award winning design and quality engineering, NETGEAR is able to deliver innovations that are easy to use. Built on a legacy of technology and reliability, NETGEAR is known as a premium brand at prices affordable enough for consumers and small to medium business.

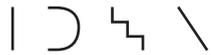
NETGEAR delivered financial results during the year reflecting our brand momentum, geographic strength,

and innovation pipeline, with revenue growing to \$449.6 million, up 17% from 2004. We continued to deliver margin expansion with gross margins increasing to 33.7% from 32.1% and operating margin growing to 11.6% from 9.2% year on year. By the end of 2005, the company's cash on hand, including cash, cash equivalents, and short-term investments, increased to \$173.2 million, up from \$141.7 million in 2004.

Looking forward, as broadband adoption increases and wireless penetration rises NETGEAR's addressable market continues to grow in our areas of technology expertise including wired and wireless networking. Additional opportunities are also emerging with new categories of products based on entirely new networking applications for consumers and small to medium business, such as Voice-over-Internet-Protocol (VoIP) and multimedia (TV, stereos) integration to the Internet.

NETGEAR's core Ethernet capabilities have expanded from 10 to 100 to Gigabit speeds, with 10 Gig speeds to be offered in 2006 to small and medium businesses. NETGEAR was one of the first to offer Powerline products turning any power outlet into a network connection. Now with the development of speeds capable of supporting multiple HD (High Definition) streams simultaneously, NETGEAR will be the first to meet future customer demands. In wireless, the emergence of wide area wireless technologies such as FLASH-OFDM, UMTS TD-CDMA, and WiMax provides an additional technology platform to build upon. WiFi performance continues from .11b to .11g moving to the future of .11n, offering the faster speeds and further ranges to support the next generation of wireless applications, including voice and video. NETGEAR will be at the forefront of this transition and plans to accrue the first to market benefits that come from a leadership position.

'05 INDUSTRIAL DESIGN EXCELLENCE AWARDS



2005

"Platinum II" enclosure design wins GOLD in Industrial Design Excellence Award (IDEA)

Rolling Stone Magazine names NETGEAR's RangeMax Wireless Router an essential part of a "dream system" for a home media package



Industry First Introduction: Storage Central is the only network storage device with mirrored drives for easy and safe shared storage

NETGEAR expands its Smart Switch leadership with the introduction of the first Stackable Smart Switches in the world

\$450M



NETGEAR approaches the \$450 million mark, as revenues total \$449.6M

Mobile Broadband Router, introduced with FLASH-OFDM or UMTS TD-CDMA, enabling Mobile Operators to enhance their broadband access service offerings

Emerging networking applications will further fuel NETGEAR's growth. Future innovations focusing on new ways to leverage the power of the network are already in development in storage, digital entertainment, mobility, voice, and security. As an example of the innovations to come, 60 million plus Skype VoIP customers will benefit from the freedom of WiFi liberating their Skype calls from the PC using the NETGEAR Skype WiFi Phone. And with NETGEAR ProSafe security solutions, small to medium business customers will enjoy the security benefits of SSL VPN, to date only available to businesses large enough to afford an enterprise price.

In the decades to come even richer opportunities are ahead with new platforms for innovation emerging and billions of devices to connect worldwide, covering typical computing and networking gear along with everything from TV's to stereos and surveillance cameras to thermostats. NETGEAR remains focused on expanding our geographic reach and building our brand momentum and reputation as we deliver superior value to customers and shareholders alike. We thank everyone for your continued support and belief in our vision as we continue to do what we do best: Connect with Innovation.



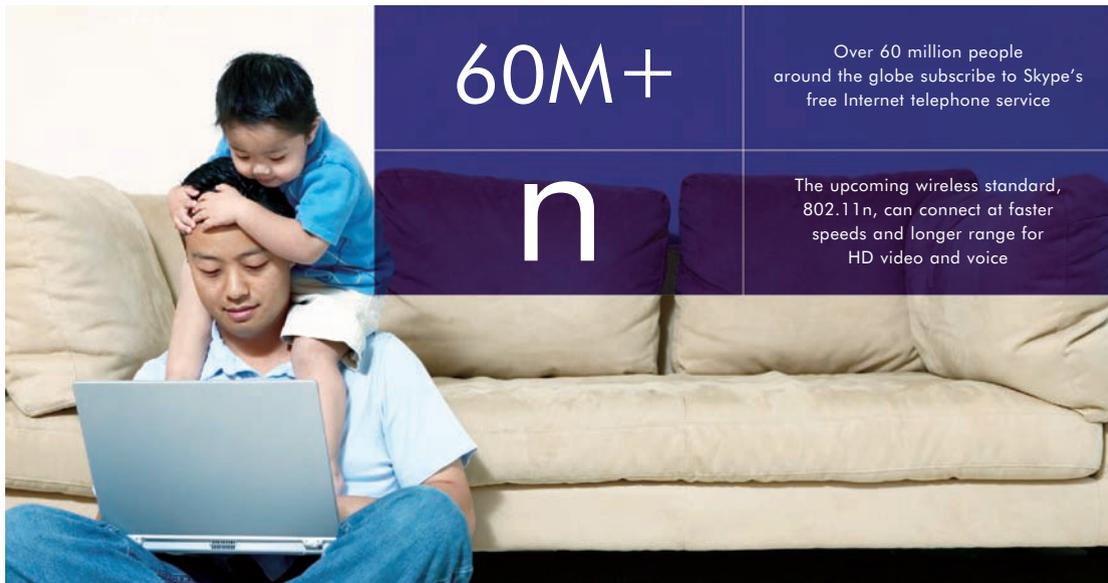
Patrick C.S. Lo
Chairman and
Chief Executive Officer

In the coming years,
billions of devices will need
to be networked.

Digital lifestyles
will increasingly transform
our daily routines.

Businesses will demand
a greater level of security
and scalability.

And, wireless products
will push the boundaries
of broadband connectivity.



Enabling the Digital Lifestyle

HOME NETWORKING The broadband Internet is becoming the primary conduit for people to communicate and be entertained. With billions of devices to connect worldwide, everything from computers to phones to TV's and stereos to surveillance cameras and thermostats are becoming part of the network. The growth in voice over the Internet and the explosion in digital content is driving adoption of the next generation of networks in the home.

Whether stored locally or streamed from the Internet, digital content now needs to be available anywhere in the home on any device at any time, with or without a PC. Voice over the Internet through services such as Skype places similar demands on home network infrastructure. Homes are now deploying a combination of wireless, wired Ethernet, and powerline connections all at the faster speeds and higher performance necessary to support simultaneous voice and high-definition video streams along with bandwidth intensive downloads and data networking.

The broadband Internet and wireless connectivity have provided greater access to information and collaboration and are changing the way we communicate and entertained. Networking delivers the gear we need to enable our digital lifestyles.



Scaling and Securing your Business

BUSINESS NETWORKING Growing businesses of all sizes are leveraging the power of the network to increase productivity, reach new customers, and lower their costs. From switches at the core of the network to routers at the edge, with the added benefits of wireless mobility and remote access, networks for small to medium business need to be as scalable and as secure as any enterprise network.

New networking technologies and applications are leading the way, and small to medium businesses are demanding their unique needs be met for value, performance, reliability, and ease of use.

With the introduction of networking innovations like Smart Switching with an easy-to-use web interface for management and monitoring, small to medium business are finding new, better ways to network and to work. Whether they are sharing Internet access, peripherals, and files in the office, or they are accessing video conferencing and VoIP from the road, small to medium businesses worldwide are building networks that advance their businesses.



FLASH-OFDM
UMTS TD-CDMA
WiMax

Emerging wireless technologies
are bringing wide area
wireless connectivity

226M

By 2007, worldwide broadband
subscribers are expected
to surpass 200 million

Pushing the Boundaries of Connectivity

BROADBAND NETWORKING Wireless has transformed the networking experience. New technologies are enabling us to connect to the broadband Internet faster and further from a wired connection than ever before.

With the evolution of WiFi standards from .11b to .11g moving to the future of .11n, wireless networks can offer the faster speeds and further ranges that support the next generation of wireless applications, including simultaneous voice and high-definition video streams.

The emergence of wide area wireless technologies such as FLASH-OFDM, UMTS TD-CDMA, and WiMax in combination with WiFi offer a groundbreaking opportunity to enhance services for mobile, portable, and stationary broadband access. The movement toward municipal WiFi and community wireless makes wireless broadband Internet access readily available where and when you need it outside home and work.

The convenience of the wireless broadband Internet anywhere, anytime is pushing the boundaries of connectivity.

OFFICERS

Patrick C.S. Lo
Chairman and
Chief Executive Officer

Jonathan R. Mather
Executive Vice President
and Chief Financial Officer

Mark G. Merrill
Chief Technology Officer

Michael F. Falcon
Senior Vice President
Operations

Charles T. Olson
Senior Vice President
Engineering

David Soares
Senior Vice President
Worldwide Sales and Support

Christine Gorjanc
Vice President
Finance

Albert Y. Liu
Vice President
Legal and Corporate Development
and Company Secretary

Michael A. Werdann
Vice President
Americas Sales

DIRECTORS

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Chairman of the Board
and Chief Executive Officer

Ralph E. Faison⁽²⁾

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Linwood A. Lacy, Jr.^(1,3)

Gerald A. Poch^(1,2,3)

Gregory J. Rossmann⁽²⁾

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² Compensation Committee

³ Nominating and Corporate
Governance Committee

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Ireland
Italy
Netherlands
Russia
Spain
Sweden
United Arab Emirates
United Kingdom

Asia Pacific

Australia
China
Hong Kong
India
Japan
Korea
Singapore
Taiwan

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Annual Meeting

The annual meeting of shareholders is scheduled for 10:00 a.m. local time, Tuesday, May 23, 2006 at 4500 Great America Parkway, Santa Clara, California 95054

Stock Listing

The company's common stock trades on the NASDAQ National Market under the symbol NTGR

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Maximum wireless signal rates referred to herein are derived from IEEE Standard 802.11 specifications. Actual data throughput will vary. Network conditions and environmental factors, including volume of network traffic, building materials and construction, and network overhead, lower actual data throughput.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 for NETGEAR, Inc.:

Various matters set forth in these materials, such as statements relating to the expected performance characteristics, specifications, market acceptance, market growth, specific uses and market position of NETGEAR, Inc. and its products and technology are forward-looking statements. These statements are subject to risks and uncertainties, including without limitation, the price/performance requirements of customers, the ability of NETGEAR to sell products incorporating the technology, the impact and pricing of competing technologies, the introduction of alternative technological solutions, and other risks detailed from time-to-time in NETGEAR's SEC filings and reports.

Design and Photography: Weymouth Design, San Francisco



RangeMax 240 USB 2.0 Adapter

WPNT121