

NETGEAR INC.
CHARTER FOR THE
COMPENSATION COMMITTEE

(Effective as of January 1, 2005)

PURPOSE:

The purpose of the Compensation Committee of the Board of Directors of NETGEAR, Inc. (the “**Company**”) shall be to make specific recommendations to the Company’s Board of Directors (the “**Board**”) to assist the Board in fulfilling its responsibilities relating to compensation of the Company’s executive officers. The Committee has the responsibility for evaluating the executive officer compensation plans, policies and programs of the Company and making such recommendations for changes as it deems appropriate.

The Compensation Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company’s proxy statement.

STATEMENT OF POLICY:

The philosophy of the Board is to provide compensation to the Company’s executive officers in such a manner as to attract and retain the best available personnel for positions of substantial responsibility with the Company, to provide incentives for such persons to perform to the best of their abilities for the Company, and to promote the success of the Company’s business.

COMMITTEE MEMBERSHIP AND ORGANIZATION:

The Compensation Committee will be appointed by and will serve at the discretion of the Board. The Compensation Committee shall consist of at least two members. The members of the Compensation Committee shall meet (i) the non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended, (ii) the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended and (iii) the definition of independence as set forth in the applicable Nasdaq rules. Each Board member meeting such criteria is described as an “Outside Director” for the purposes of this policy.

COMMITTEE RESPONSIBILITIES AND AUTHORITY:

The responsibilities of the Compensation Committee include the following:

- The Compensation Committee shall make recommendations to the Board with regard to the CEO and the other executive officers of the Company (a) the annual base salary, (b) the annual incentive bonus, including the specific goals and amount, (c) equity compensation, (d) employment agreements, severance arrangements, and change in control agreements/ provisions, and (e) any other benefits, compensation or arrangements. The Outside Directors on the Board (including those serving on the Compensation Committee) meeting in executive session shall review each recommendation, with the consent of a majority of all Outside Directors being required for approval of each recommendation. Equity compensation arrangements involving executive officers that are “reporting persons” for purposes of Section 16 of the Exchange Act shall be reviewed and approved by the Compensation Committee to ensure compliance with SEC Rule 16b-3.

The Compensation Committee will make recommendations to the Outside Directors with respect to:

- a. General compensation goals and guidelines for the Company's employees and the criteria by which bonuses and stock compensation awards to the Company's employees are determined;
 - b. Amendments to the equity compensation plans adopted by the Board of Directors (the “**Stock Plans**”), and changes in the number of shares reserved for issuance thereunder; and
 - c. Other plans that are proposed for adoption or adopted by the Company for the provision of compensation to employees of, directors of and consultants to the Company.
- The Compensation Committee may approve the grant of options to purchase the Company’s common stock pursuant to the Company’s equity compensation plans, or amend such options and take all other actions permitted under the plans.
 - The Compensation Committee may authorize the repurchase of shares from terminated employees pursuant to applicable law.
 - The Compensation Committee may form and delegate authority to subcommittees when appropriate, including a Non-Officer Stock Option Committee, which would consist of one or more Outside Directors, to grant stock options to purchase shares of Common Stock within fixed guidelines to each new non-officer employee of the Company.
 - The Compensation Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
 - The Compensation Committee shall annually review its own performance.

- The Compensation Committee shall have the authority to retain and terminate any compensation consultant to be used by the Company to assist in the evaluation of CEO or other executive officer compensation and shall approve the consultant's fees and other retention terms. The Compensation Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

MEETINGS:

The Compensation Committee will meet at least four times each year. The Compensation Committee may establish its own schedule, which it will provide to the Board of Directors in advance.

MINUTES:

The Compensation Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

REPORTS:

In addition to preparing the report in the Company's proxy statement in accordance with the rules and regulations of the SEC, the Compensation Committee will summarize its examinations and recommendations to the Board of Directors as may be appropriate, consistent with the Compensation Committee's charter.

COMPENSATION:

Members of the Compensation Committee shall receive such fees, if any, for their service as Compensation Committee members as may be determined by the Board of Directors in its sole discretion. Such fees may include retainers and per meeting fees. Fees may be paid in such form of consideration as is determined by the Board of Directors.

Members of the Compensation Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board of Directors or any committee thereof.