

**Charter of the Compensation Committee
of the Board of Directors of
CorVel Corporation**

Adopted as of May 6, 2004

1. Purposes.

The primary purposes of the Compensation Committee (the "**Committee**") of the Board of Directors (the "**Board**") of CorVel Corporation (the "**Company**") are to (a) evaluate officer and director compensation policies, goals, plans and programs; (b) determine the cash and non-cash compensation of the Company's directors and "**executive officers**" as defined in the rules promulgated under Section 16 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"); (c) review, and make recommendations to the Board with respect to the administration of, the Company's equity-based and other incentive compensation plans; (d) evaluate the performance of the Company's executive officers; (e) assist the Board in evaluating potential candidates for executive officer positions with the Company and oversee management succession planning; and (f) produce the Committee report required by the applicable rules and regulations of the Securities and Exchange Commission (the "**SEC**") and other regulatory bodies for inclusion in the Company's annual proxy statements.

2. Composition.

(a) At Least Three Members; Chairperson. The Committee shall consist of a minimum of three independent directors as defined in Section 2(b) below. The Board shall designate a Committee member as the Chairperson of the Committee, or if the Board does not do so, the Committee members shall appoint a Committee member as Chairperson by a majority vote of the authorized number of Committee members.

(b) Independence. All members of the Committee shall be "**independent**" as determined by the Board and as defined in the listing standards of the Nasdaq Stock Market or such other national securities exchange on which the Company's securities are then listed, as the same may be amended from time to time (the "**listing standards**"), the rules and regulations of the SEC and any other laws applicable to the Company. In addition, all Committee members shall qualify as "**non-employee directors**" within the meaning of SEC Rule 16b-3 as promulgated under the Securities Exchange Act of 1934, amended, and as "**outside directors**" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, or such successive provisions.

(c) Appointment. Subject to the requirements of the listing standards and the Bylaws of the Company, the Board initially shall appoint the Committee members to serve until the first meeting of the Board following the next Annual Meeting of Stockholders. Thereafter, the Committee members shall be appointed by the Board, for one year terms and until their successors are appointed and qualified, or until their earlier retirement, resignation or removal. Any member of the Committee may be removed, with or without cause, by the approval of a majority of the directors then serving on the full Board. The Board may fill any vacancies on the Committee by a majority vote of the authorized number of directors.

3. Meetings; Reports and Resources of the Committee.

(a) Meetings. The Committee shall meet as often as it determines necessary or advisable, but not less than once a year. The Committee also may hold special meetings or act by unanimous written consent as the Committee may decide. The meetings may be in person or by telephone. The Committee shall keep written minutes of its meetings and shall deliver a copy of such minutes to the Board and to the Corporate Secretary of the Company for inclusion in the Company's minute books. When necessary, the Committee shall meet in separate executive sessions outside of the presence of any executive officer. The Committee also may meet separately with other directors, the Chief Executive Officer and other Company employees, agents or representatives invited by the Committee. The forgoing notwithstanding, neither the Chief Executive Officer nor any non-independent director is permitted to be present at any meetings during

which the Committee is discussing, deliberating, evaluating, establishing corporate policies, goals and objectives with respect to, reporting on, or voting on the Chief Executive Officer's performance or compensation.

(b) Procedures. The Committee may establish its own procedures in a manner not inconsistent with this Charter, the Company's Bylaws, applicable laws or regulations, or the listing standards. The Chairperson of the Committee or a majority of the Committee members may call meetings of the Committee. A majority of the authorized number of Committee members shall constitute a quorum for the transaction of Committee business, and the vote of a majority of the Committee members present at the meeting at which a quorum is present shall be the act of the Committee, unless in either case a greater number is required by this Charter, the Company's Bylaws, applicable laws or regulations, or the listing standards. The Committee may form and delegate any of its responsibilities to a subcommittee so long as such subcommittee consists solely of at least two independent members of the Committee.

(c) Reports. The Committee shall report its actions and recommendations to the Board after each Committee meeting. The Committee also shall provide to the Board at an appropriate time prior to preparation of the Company's proxy statement for its Annual Meeting of Stockholders, a report of the Committee, which report shall be included in such proxy statement. The report shall include a discussion of the Committee's compensation policies applicable to the Company's executive officers and such other information as may be required under the SEC's rules and regulations.

(d) Committee Access and Resources. The Committee is at all times authorized to have direct, independent and confidential access to the Company's other directors, management and personnel, as well as to the Company's books, records and facilities, to carry out the Committee's purposes. The Committee shall have the sole authority, to the extent it deems necessary or appropriate, to retain and terminate at the Company's expense any compensation-consulting firm to assist in evaluating director, Chief Executive Officer or other executive officer compensation, and any independent counsel or other advisers selected by the Committee for matters related to the Committee's purposes. The Committee shall have sole authority to approve related fees and retention terms.

4. Authority and Responsibility.

In furtherance of its purposes, the Committee shall have the following authority and responsibilities:

(a) Compensation Goals. To establish, review and approve the overall corporate policies, goals and objectives for the compensation of the Company's Chief Executive Officer and other executive officers, including a review of the relationship of executive compensation to corporate performance and relative stockholder return, and, additionally in the case of the Company's Chief Executive Officer, the value of similar incentive awards to chief executive officers at comparable companies and the awards given to the Company's Chief Executive Officer in past years, and such other factors as the Committee shall deem relevant, except to the extent already addressed in any existing officer contracts.

(b) Determination of Compensation. At least annually, evaluate the performance of the Chief Executive Officer and other executive officers in light of the corporate goals and objectives. Determine and approve the compensation of the Chief Executive Officer and make a recommendation to the Board regarding the compensation of other executive officers, including individual elements of salary, bonus, incentive and equity compensation. The Committee may consult with the Chief Executive Officer in determining the executive compensation for any executive officer other than the Chief Executive Officer. Review and make recommendations with respect to stockholder proposals related to compensation matters.

(c) Officer Contracts. Review, approve and evaluate annual compliance with all employment agreements, separation and severance agreements, change in control agreements and other compensatory contracts, arrangement, prerequisites and payments for the executive officers and ensure such agreements are consistent with the Company's general compensation goals.