

NAVARRE CORPORATION

Compensation Committee of the Board of Directors

Charter Dated July 21, 2004

I. PURPOSE

The primary function of the Compensation Committee (the "Committee") is to assist the Board of Directors (the "Board") of Navarre Corporation (the "Corporation") in fulfilling its responsibility to shareholders by ensuring that officers, directors and employees are compensated in accordance with the Company's compensation philosophy, objectives, and policies. The Committee shall be fully responsible for two central tasks: 1) setting executive compensation policy; and 2) producing an annual report on executive compensation for inclusion in the Corporation's proxy statement. It shall also oversee compensation and benefits policies, strategies, and pay levels necessary to support Company objectives. The Committee may be assisted on projects by members of the Company's staff and will consult with the Chief Executive Officer of the Company (the "CEO") and other members of executive management, as necessary.

II. COMPOSITION

The Committee shall be composed of at least three members of the Board, one of whom shall serve as chairperson. Except as otherwise permitted by the applicable NASDAQ Marketplace Rules, each member of the Committee shall be an "independent director" as that term is defined by the applicable Securities and Exchange Commission and NASDAQ Marketplace Rules (as such rules may be modified or supplemented from time to time). The Committee's chairperson shall be designated by the Board or, if it does not do so, the Committee members shall elect a chairperson by vote of a majority of the full Committee.

III. MEETINGS

The Committee shall meet as frequently as necessary but not less than three (3) times a year. Minutes of all Committee meetings shall be properly recorded. An agenda for each meeting shall be prepared and whenever reasonably practicable, the meeting agenda as well as the minutes of the previous Committee meeting shall be distributed to the Committee members prior to each meeting.

IV. RESPONSIBILITIES AND DUTIES

The Committee shall:

1. On an annual basis without the participation of the Chief Executive Officer, (i) review and approve the corporate goals and objectives with respect to compensation for the Chief Executive Officer, (ii) evaluate the

Chief Executive Officer's performance in light of the established goals and objectives, and (iii) set the Chief Executive Officer's annual compensation, including salary, bonus, incentive and equity compensation.

2. On an annual basis, oversee (i) the evaluation process and compensation structure for the Corporation's other senior executives that report directly to the Chief Executive Officer, and (ii) the Chief Executive Officer's evaluation of the performance and his recommendations concerning the annual compensation, including salary, bonus, incentive and equity compensation, of other company officers.
3. On an annual basis, and more frequently as matters are brought to the attention of the Committee, review and oversee the Corporation's policies relating to the compensation of its employees generally.
4. As appropriate, approve the grants of stock options and other equity incentives to employees (under the Corporation's option plans or otherwise), make recommendations to the Board with respect to incentive-compensation plans and equity-based plans.
5. Assist the Board in evaluating potential candidates for executive positions, including the Chief Executive Officer, and oversee the development of executive succession plans.
6. Produce an annual report on executive compensation for inclusion in the Corporation's proxy statement.
7. Evaluate the Committee's performance annually.
8. Maintain minutes of Committee meetings and periodically report to the Board on significant results of the foregoing activities.

V. POLICIES AND PROCEDURES

1. Action. A majority of the members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. The Committee may also meet by telephone or video conference. Without a meeting, the Committee may act by unanimous written consent of all members. The Chairperson will preside, when present, at all meetings of the Committee.
2. Investigations. The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to

request any officer, employee or advisor of the Corporation to meet with the Committee or any advisors engaged by the Committee.

3. Independent Advisors. The Committee shall have the authority to engage such independent legal and other advisors and consultants as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors and consultants may be the regular advisors and consultants to the Corporation. The Committee is empowered, without further action by the Board, to cause the Corporation to pay the compensation of such advisors and consultants as established by the Committee.
4. Charter. The Committee shall review and reassess the adequacy of this Charter at least annually, and more frequently as conditions dictate, and propose any amendments to the Charter as it deems necessary or appropriate.

Adopted by the Navarre Corporation Board of Directors on July 21, 2004.