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

**Form 8-K**

**Current Report**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): 09/18/2008**

**CHARLES & COLVARD LTD**

(Exact name of registrant as specified in its charter)

**Commission File Number: 000-23329**

**NC**  
(State or other jurisdiction of  
incorporation)

**561928817**  
(IRS Employer  
Identification No.)

**300 Perimeter Park Drive, Suite A, Morrisville, NC 27560**  
(Address of principal executive offices, including zip code)

**9194680399**  
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01. Entry into a Material Definitive Agreement**

On September 18, 2008, Charles & Colvard, Ltd. (the "Company") entered into a letter agreement (the "New Agreement") with Cree, Inc. ("Cree"), which amended and supplemented the letter agreement between the Company and Cree entered into on November 12, 2007 (filed with the Securities and Exchange Commission on November 13, 2007 as Exhibit 10.108 to the Current Report on Form 8-K).

The New Agreement suspends the Company's commitment to purchase \$710,000 of silicon carbide inventory from Cree, its primary supplier, during the fourth quarter 2008. This purchase commitment will be added to the Company's yet to be established 2009 purchase commitment with Cree.

The description of the New Agreement set forth in this Item 1.01 is a summary of the material terms of the New Agreement and is qualified in its entirety by reference to the copy of the New Agreement attached hereto as Exhibit 10.123.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits

Exhibit 10.123 Letter Agreement, dated September 18, 2008, between Cree, Inc. and Charles & Colvard, Ltd.

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**Signature(s)**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHARLES & COLVARD LTD

Date: September 24, 2008

By: /s/ James R. Braun

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James R. Braun  
CFO and VP of Finance

## Exhibit Index

<b>Exhibit No.</b>	<b>Description</b>
EX-10.123	Exhibit 10.123 Letter Agreement, dated September 18, 2008, between Cree, Inc. and Charles & Colvard, Ltd.

September 18, 2008

Cengiz Balkas

Vice President

Cree, Inc.

4600 Silicon Drive

Durham, NC

27703

Dear Cengiz,

As previously communicated to you in August, we believe that we have sufficient inventory to meet expected demand in the 4<sup>th</sup> quarter of 2008, and we are not planning to purchase any SiC material during such quarter. Accordingly, we would like to confirm that you are in agreement that Charles & Colvard will not be required to purchase our 4th quarter 2008 commitment of material as per the letter agreement dated November 12, 2007 during such quarter. However, to the extent that such amount is not purchased in the 4<sup>th</sup> quarter, it will be added to our purchase commitment for the following calendar year unless otherwise agreed in writing by Cree.

Please acknowledge your agreement with the foregoing by signing below and returning to me.

Sincerely

/s/ Steven L. Abate

Steven L. Abate

Vice President of Manufacturing

Charles & Colvard, LTD.

919.468.0399 x239

sabate@moissanite.com

Acknowledgement:

Cree, Inc.

/s/ Cengiz Balkas 9-18-08

Cengiz Balkas Date

Vice President