
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): 10/03/2008

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 October 3, 2008, Charles & Colvard, Ltd. (the "Company") entered into a letter agreement (the "New Agreement") with Norstel AB ("Norstel"), which amended and supplemented the Amendment to the Exclusive Supply Agreement (the "Amendment") between the Company and Norstel dated April 8, 2008 which was filed with the Securities and Exchange Commission (the "Commission") on April 11, 2008 as Exhibit 10.112 to the Current Report on Form 8-K).

The New Agreement suspends the Company's commitment to purchase silicon carbide inventory from Norstel during the fourth quarter of 2008. The Company was committed to purchase approximately \$750,000 from Norstel during the fourth quarter of 2008 and the company will resume purchasing from Norstel in January 2009. It is not yet determined what the Company's commitment to Norstel will be for 2009.

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 10.125.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibit 10.125 Letter Agreement, dated October 3, 2008, between Norstel AB and Charles & Colvard, Ltd.

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: October 07, 2008

By: /s/ Neil Boss

Neil Boss
Controller

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
EX-10.125	Letter Agreement, dated October 3, 2008, between Norstel AB and Charles & Colvard, Ltd.

October 3, 2008

Iain Jackson

Chief Executive Officer

Norstel AB

Box 734

SE-601 16 Norrköping, Sweden

Dear Iain,

This letter is to confirm the discussions between Charles & Colvard, LTD ("**Charles & Colvard**") and Norstel AB ("**Norstel**"), that Charles & Colvard will not be purchasing its 4th quarter, 2008 commitment of material as per the Amendment to the Exclusive Supply Agreement, dated April 8, 2008 ("**Amendment**"). Charles & Colvard and Norstel have agreed that Charles & Colvard's purchasing commitment of material during the 4th quarter shall be postponed until January 1, 2009 and that Charles & Colvard as of January 1, 2009 shall commence to purchase material again as agreed in the Amendment. Since the parties have agreed to postpone Charles & Colvard's purchasing commitment of material during the 4th quarter, 2008 until the 1st quarter 2009, Charles & Colvard shall start to purchase any remaining material during phase **5a** as of January 1, 2009. Thus, the planned phase start for all subsequent phases will be adjusted accordingly. Other than for these modifications, this letter also confirms the entire Supply Agreement as signed by both parties remains valid and enforceable. Please acknowledge your agreement by signing below and returning a copy 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:

/s/Iain Jackson 10/03/2008

Iain Jackson Date

Norstel AB