

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) **February 8, 2013**

**Charles & Colvard, Ltd.**

(Exact name of registrant as specified in its charter)

**North Carolina**  
(State or other jurisdiction of  
incorporation)

**000-23329**  
(Commission File  
Number)

**56-1928817**  
(I.R.S. Employer  
Identification No.)

**300 Perimeter Park Drive, Suite A**  
**Morrisville, North Carolina**  
(Address of principal executive offices)

**27560**  
(Zip Code)

**(919) 468-0399**  
(Registrant's telephone number, including area code)

**N/A**  
(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 Entry into a Material Definitive Agreement.**

**1.01**

Effective February 8, 2013, Charles & Colvard, Ltd. (the “Company”) and Cree, Inc. (“Cree”) entered into an amendment (the “Amendment”) to the letter agreement, effective March 22, 2010, between the parties, which provides a framework for the Company’s purchases of SiC crystals from Cree under the Amended and Restated Exclusive Supply Agreement, dated June 6, 1997, between the parties.

Under the Amendment, the Company agreed to purchase at least \$4 million of SiC crystals in an initial new order. After the initial new order, the Company has agreed to issue non-cancellable, quarterly orders that must equal or exceed a set minimum order quantity. The Company’s total purchase commitment under the Amendment until July 2015, including the initial new order, is dependent upon the grade of the material and ranges between approximately \$7.6 million and approximately \$18.6 million.

The foregoing description of the Amendment does not purport to be complete and is qualified in its entirety by reference to the Amendment, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

A copy of the press release announcing the Amendment is attached hereto as Exhibit 99.1 to this Current Report on Form 8-K.

**Item Financial Statements and Exhibits.**

**9.01**

(d) Exhibits.

**Exhibit No. Description of Document**

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10.1 Amendment to Letter Agreement, effective February 8, 2013, between Charles & Colvard, Ltd. and Cree, Inc.\*

99.1 Press Release dated February 14, 2013

\* Portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission as part of an application for confidential treatment pursuant to the Securities Exchange Act of 1934, as amended.

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**SIGNATURE**

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.**

February 14, 2013

By: /s/ Timothy L. Krist

Timothy L. Krist  
Chief Financial Officer

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**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description of Document</b>
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99.1	Press Release dated February 14, 2013

\* Portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission as part of an application for confidential treatment pursuant to the Securities Exchange Act of 1934, as amended.

February 1, 2013

Via Email

Randy N. McCullough  
Chief Executive Officer  
Charles & Colvard, Ltd.  
300 Perimeter Park, Suite A  
Morrisville, North Carolina 27560

Dear Randy:

This document serves as an amendment to the Letter Agreement between the parties dated March 22, 2010 ("Letter Agreement"). Except as expressly set forth in the Letter Agreement, as modified herein, the supply and purchase of SiC Materials will be governed in all respects by the terms and conditions of the parties' Amended and Restated Exclusive Supply Agreement dated June 6, 1997 (the "Supply Agreement," as amended). Capitalized terms used herein that are not defined shall have the meanings specified in the Letter Agreement or the Supply Agreement, as the case may be.

Pursuant to C&C's recent verbal request for the supply of newly-manufactured SiC Materials on an expedited basis (*that is*, earlier than the lead time prescribed under the Letter Agreement), Cree agrees to use its best efforts to satisfy such need for SiC Materials on the terms provided herein:

**1) Timeline for the Reestablishment of Manufacturing Capability, Production of Sample Material and Fulfillment of Initial New Order.**

(a) By way of background, under the terms of the Letter Agreement, the parties agreed that a lead time of [\*\*\*\*] months for the fulfillment of each New Order for SiC Materials was reasonable, based upon the time required for Cree to reestablish its manufacturing capability. The parties further agreed that once [\*\*\*\*], the lead time required for subsequent orders could be reduced by Cree in its discretion.

(b) Notwithstanding the foregoing agreements and understandings, upon its receipt of an initial New Order consisting of SiC Materials requirements amounting to no less than \$4 million to be delivered by [\*\*\*\*], Cree will use best efforts to reestablish the necessary manufacturing capability and begin producing a limited quantity of sample material as soon as reasonably possible, with the goal of submitting such sample material to C&C for review within [\*\*\*\*] from the date of Cree's receipt of such order.

(c) C&C acknowledges and agrees that in no event will Cree commence the mass manufacture of SiC Materials in fulfillment of the volume of SiC Materials required under the initial New Order until such sample material demonstrates to the reasonable satisfaction of the parties that such materials satisfy the specifications agreed to herein in all material respects. Upon receipt of the sample material, C&C will promptly verify whether the sample material meets the applicable specifications. Following confirmation from C&C, Cree will ramp up production and will commence weekly deliveries as SiC Materials meeting the specifications are produced until the total initial New Order quantity is produced and delivered. C&C agrees to accept such deliveries when made notwithstanding the due date set forth in the initial New Order. It is anticipated that with both parties acting reasonably, the requested volume of SiC Materials set forth under the initial New Order will be delivered no later than [\*\*\*\*].

[\*\*\*\*] Confidential treatment requested pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. Omitted portions have been separately filed with the Commission.

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- 2) **New Order Requirements.** In recognition of the redeployment of personnel and capital expenditure necessary to reestablish the manufacturing capability to fulfill the requirements under the initial New Order, C&C agrees to (a) issue a non-cancellable New Order for the supply of SiC Materials to be delivered in the [\*\*\*\*] quarter of [\*\*\*\*] upon delivery of \$[\*\*\*\*] of SiC Materials pursuant to the initial New Order; and (b) issue non-cancellable New Orders for SiC Materials for delivery in each consecutive calendar quarter thereafter during the remainder of the term of the Supply Agreement. The minimum order quantity for each New Order after the initial New Order shall be [\*\*\*\*] kilograms for delivery in the [\*\*\*\*] quarter of [\*\*\*\*], [\*\*\*\*] kilograms for delivery in the [\*\*\*\*] quarter of [\*\*\*\*], [\*\*\*\*] kilograms for delivery in [\*\*\*\*] quarter of [\*\*\*\*], and [\*\*\*\*] kilograms for delivery in the [\*\*\*\*] quarters of [\*\*\*\*] and for each quarter shall request weekly delivery in nearly equal quantities per week.
- 3) **Specifications.** Notwithstanding anything to the contrary in the Supply Agreement, Cree agrees to provide C&C with crystals of a quality and grade that is similar in all materials respects with the requirements set forth under Attachment A of the Letter Agreement. The parties acknowledge and agree that any changes to the foregoing specifications must be mutually agreed upon by the parties in writing and could impact Cree's manufacturing process, leading to changes in the price or delivery of SiC Materials hereunder.
- 4) **Price.** \$[\*\*\*\*]/gram for grade 10; \$[\*\*\*\*]/gram for grade 20. The parties agree that the foregoing pricing shall be subject to change from time to time based upon improvements made by Cree to the specifications of the SiC Materials.
- 5) **Exclusivity.** Exclusivity shall remain in effect as provided in the Supply Agreement.

The contents of this amendment to the Letter Agreement shall be considered "Confidential Information" of each party subject to the provisions of Section 5 of the Supply Agreement. No amendment or modification of this amendment shall be effective unless reduced to writing and executed by an officer of each party hereto.

If the foregoing terms and conditions meet with your approval, please execute this document where indicated below and return a signed copy to my attention via fax at (919) [\*\*\*\*] or via email at [\*\*\*\*].

[\*\*\*\*] Confidential treatment requested pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. Omitted portions have been separately filed with the Commission.

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Regards,

AGREED AND ACCEPTED BY:  
CHARLES & COLVARD, LTD.

/s/ David T. Emerson  
David T. Emerson  
Vice President – Chips and Materials

By /s/ Randy N. McCullough  
Name Randy N. McCullough  
Title Chief Executive Officer  
Date 2/8/13



CHARLES & COLVARD®

NEWS RELEASE

300 Perimeter Park Drive, Suite A  
Morrisville, North Carolina 27560  
919.468.0399

**Company Contact:**  
Timothy Krist  
Chief Financial Officer  
919.468.0399, ext. 295  
tkrist@charlesandcolvard.com

**Investor Relations:**  
Christopher Schreiber  
Taglich Brothers, Inc.  
Investor Relations Counsel  
800.383.8464  
cs@taglichbrothers.com

FOR IMMEDIATE RELEASE

## CHARLES & COLVARD ANNOUNCES RENEWED PURCHASE COMMITMENT WITH CREE

**MORRISVILLE, N.C.** – February 14, 2013 – Charles & Colvard, Ltd. (NASDAQ Global Select Market: CTHR), the sole manufacturer of created moissanite gemstones, *The Most Brilliant Jewel in the World*®, today announced that it has entered into an amended Letter Agreement with Cree, Inc. that provides for the production of new silicon carbide (SiC) raw material to be delivered quarterly until July 2015. The supply and purchase of SiC material under this amended Letter Agreement will be governed in all respects by the terms and conditions of the parties' Amended and Restated Exclusive Supply Agreement (the "Supply Agreement") dated June 6, 1997. Under the amended Letter Agreement, exclusivity shall remain in effect as provided in the Supply Agreement.

"Charles & Colvard's growth in sales, expansion into consumer-direct initiatives and accelerated demand for a number of our most popular moissanite gemstones has resulted in the need to acquire new moissanite raw material," commented Randy N. McCullough, Chief Executive Officer of Charles & Colvard, Ltd. "The production of new material also provides the opportunity for continued enhancements in our manufacturing processes and for our team to work closely with a designated team at Cree in a collaborative effort.

"In addition, thanks to our sales team's success, we now have the opportunity to further explore the gemstone enhancement process for our products, *Charles & Colvard Created Moissanite*® and *Forever Brilliant*®."

### About Charles & Colvard, Ltd.

Charles & Colvard, Ltd., based in the Research Triangle Park area of North Carolina, is the global sole source of moissanite, a unique, near-colorless created gemstone that is distinct from other gemstones and jewels based on its exceptional fire, brilliance, luster, durability, and rarity. *Charles & Colvard Created Moissanite*® and *Forever Brilliant*® are currently incorporated into fine jewelry sold through domestic and international retailers and other sales channels. Charles & Colvard, Ltd. is headquartered in Morrisville, North Carolina, and its common stock is listed on the NASDAQ Global Select Market under the symbol "CTHR." For more information, please visit [www.charlesandcolvard.com](http://www.charlesandcolvard.com).

*This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements expressing expectations regarding our future and projections relating to products, sales, revenues, and earnings are typical of such statements and are made under the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about our plans, objectives, representations, and contentions and are not historical facts and typically are identified by use of terms such as*

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“may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “continue,” and similar words, although some forward-looking statements are expressed differently.

All forward-looking statements are subject to the risks and uncertainties inherent in predicting the future. You should be aware that although the forward-looking statements included herein represent management’s current judgment and expectations, our actual results may differ materially from those projected, stated, or implied in these forward-looking statements as a result of many factors including, but not limited to, our dependence on consumer acceptance and growth of sales of our products resulting from our strategic initiatives; dependence on a limited number of customers; our current wholesale customers’ potential perception of us as a competitor in the finished jewelry business; general economic and market conditions, including the current economic environment; dependence on Cree, Inc. as the current supplier of the raw material; intense competition in the worldwide jewelry industry; the financial condition of our major customers; risks of conducting business in foreign countries; the pricing of precious metals, which is beyond our control; the potential impact of seasonality on our business; our ability to protect our intellectual property; the risk of a failure of our information technology infrastructure to protect confidential information and prevent security breaches; and possible adverse effects of governmental regulation and oversight, in addition to the other risks and uncertainties described in our filings with the Securities and Exchange Commission, or the SEC, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and subsequent reports filed with the SEC. Forward-looking statements speak only as of the date they are made. We undertake no obligation to update or revise such statements to reflect new circumstances or unanticipated events as they occur except as required by the federal securities laws, and you are urged to review and consider disclosures that we make in the reports that we file with the SEC that discuss other factors relevant to our business.

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