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): **March 17, 2015**

Charles & Colvard, Ltd.
(Exact name of registrant as specified in its charter)

North Carolina	**000-23329**	**56-1928817**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

170 Southport Drive **Morrisville, North Carolina**	**27560**
(Address of principal executive offices)	(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))

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Departure of President and Chief Executive Officer

On March 17, 2015, Randall N. McCullough resigned as the President and Chief Executive Officer of Charles & Colvard, Ltd. (the "Company") and as a member of the Company's Board of Directors (the "Board") effective immediately (the "Effective Time"). In connection with his resignation, Mr. McCullough entered into a Separation of Employment Agreement (the "Separation Agreement"), dated March 23, 2015 and a Consulting Agreement (the "Consulting Agreement"), dated March 23, 2015. The terms of the Separation Agreement provide that Mr. McCullough has the right to revoke the Separation Agreement until March 30, 2015.

Under the Separation Agreement, Mr. McCullough is entitled to receive severance in an amount equal to one year of his current base annual salary (less applicable taxes and withholdings), payable in bi-weekly installment payments in accordance with the Company's regular payroll schedule in exchange for a standard release of employment claims. The Company will also pay COBRA premiums for coverage of Mr. McCullough and his eligible dependents for one year if Mr. McCullough timely and properly elects continuation coverage. The Company has also agreed to accelerate the vesting of 3,297 options previously granted to Mr. McCullough. Those options, and all other options held by Mr. McCullough, will be exercisable as set forth in the applicable option agreement, except that any options whose exercise price is greater than the fair market value of the Company's common stock as of March 23, 2015 will be exercisable through March 17, 2017. Furthermore, the Company has agreed that the restrictions on 34,000 shares of restricted stock previously granted to Mr. McCullough lapse effective March 17, 2015. The Separation Agreement also contains such confidentiality provisions and other terms and conditions as are usual and customary for agreements of this type. All of Mr. McCullough's obligations under his employment agreement with the Company, dated November 5, 2009, regarding confidentiality and proprietary information will continue.

Pursuant to the Consulting Agreement, for the two year period following the date of the Consulting Agreement, Mr. McCullough will provide consulting services as may be reasonably requested by the Company upon reasonable notice to him. The parties intend that (i) during the first three months of the consulting period the number of consulting hours will not exceed 32 hours in any one-month period and (ii) during the final 21 months of the consulting period the number of consulting hours will not exceed 20 hours in any one-month period. Mr. McCullough will be paid a total consulting fee of $100,000 for all services provided during the consulting period, payable in two equal installments of $50,000, the first payable within 10 days of the effective date of the Consulting Agreement, and the second payable between March 1 and March 15, 2016, subject to his compliance with the terms of the Consulting Agreement and all other written agreements, or surviving provisions thereof, between him and the Company. For a period of two years following the date of the Consulting Agreement, Mr. McCullough is generally prohibited from competing with the Company or attempting to solicit the Company's customers or employees.

Appointment of President and Chief Executive Officer

On March 17, 2015, the Board appointed H. Marvin Beasley, a current member of the Board, as the Company's President and Chief Executive Officer. While Mr. Beasley will retain his position as a member of the Board, he relinquished his membership on the Company's Audit Committee and Compensation Committee as of March 17, 2015 and for the duration of his service as President and Chief Executive Officer as he is no longer an independent director under the NASDAQ Listing Rules.

Mr. Beasley, age 71, has served as a director of the Company since November 2009. In 2009, Mr. Beasley retired from retailing after 44 years. Mr. Beasley began his retailing career in 1965 as a store manager for Gunst Corporation, a startup catalog showroom operation in Richmond, Virginia. In 1973, Mr. Beasley joined Best Products Co., Inc. ("Best Products") in Richmond, Virginia. During his 16 years at Best Products, Mr. Beasley served in many capacities, including 10 years as Vice President of Jewelry Merchandising and Supply Chain Management. In 1989, Mr. Beasley joined Helzberg Diamond Shops ("Helzberg") as Senior Vice President of Merchandising and was promoted in 2000 to President/Chief Operating Officer. In 2004, Mr. Beasley was promoted to Chief Executive Officer and served until his retirement in 2009. Mr. Beasley is a National Jeweler Retailer Hall of Fame inductee and has served on many boards including Jewelers of America and Jewelers for Children.

While serving as President and Chief Executive Officer, Mr. Beasley will not receive compensation for his service as a member of the Board. Mr. Beasley entered into an employment agreement with the Company, effective as of March 17, 2015 (the "Employment Agreement"), with a term of one year that renews automatically on an annual basis. Under the terms of the Employment Agreement, Mr. Beasley will receive an annual base salary of $335,000. Mr. Beasley also will be entitled to receive such benefits as are made available to the Company's other similarly-situated executive employees, including, but not limited to, life, medical, and disability insurance, as well as retirement benefits.

In addition, Mr. Beasley was granted, on the effective date of the Employment Agreement, a stock option to purchase 150,000 shares of the Company's common stock. The award will vest over a two-year period, with 33% of the option award vesting on the grant date and an additional 33% of the option award vesting on each of the following two anniversaries of the grant date provided Mr. Beasley remains continuously employed with the Company and/or serves on the Board through each anniversary. Mr. Beasley was also granted, on the effective date of the Employment Agreement, an award of 100,000 shares of restricted stock pursuant to the Company's new form of performance-based restricted stock award agreement (the "Form Award Agreement") described below. The restricted stock grant will vest on March 17, 2016, contingent upon the overall degree of achievement of specified performance goals.

Pursuant to the Employment Agreement, if Mr. Beasley's employment is terminated by the Company without cause (as defined in the Employment Agreement) in the first year of his employment, Mr. Beasley will receive payment of an amount equal to his base salary for the number of months remaining until the first anniversary of the date of the Employment Agreement at the time of termination, so long as he complies with certain covenants in the Employment Agreement. During his employment with the Company and for a period of one year following termination of his employment, Mr. Beasley is prohibited from competing with the Company or attempting to solicit the Company's customers or employees.

The Form Award Agreement outlines terms relating to grants of performance-based restricted stock awards, including but not limited to (i) the terms of vesting and earning of the restricted stock award, generally subject to the participant's continued service to the Company and the achievement of specified performance goals; (ii) acceleration provisions upon a change of control (as defined in the Charles & Colvard, Ltd. 2008 Stock Incentive Plan), subject to certain exceptions, and (iii) forfeiture provisions upon the termination of service of the participant for any reason or upon the participant engaging in a prohibited activity (as defined in the Form Award Agreement).

The foregoing descriptions of the Separation Agreement, the Consulting Agreement, the Employment Agreement, and the Form Award Agreement do not purport to be complete and are qualified in their entirety by reference to the Separation Agreement, the Consulting Agreement, the Employment Agreement, and the Form Award Agreement, copies of which are filed as Exhibits 10.1, 10.2, 10.3, and 10.4, respectively, to this Form 8-K and are incorporated herein by reference. A copy of the press release announcing the resignation of Mr. McCullough as the Company's President and Chief Executive Officer and as a member of the Board and Mr. Beasley's appointment as President and Chief Executive Officer is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description of Document
10.1	Separation of Employment Agreement, dated March 23, 2015, by and between Charles & Colvard, Ltd. and Randall N. McCullough
10.2	Consulting Agreement, dated March 23, 2015, by and between Charles & Colvard, Ltd. and Randall N. McCullough
10.3	Employment Agreement, effective as of March 17, 2015, by and between Charles & Colvard, Ltd. and H. Marvin Beasley
10.4	Form of Restricted Stock Award Agreement (Performance-Based) under the Charles & Colvard, Ltd. 2008 Stock Incentive Plan
99.1	Press Release dated March 18, 2015

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.

March 23, 2015

By: /s/ Kyle Macemore
Kyle Macemore
Senior Vice President and
Chief Financial Officer

EXHIBIT INDEX

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Exhibit 10.1

SEPARATION OF EMPLOYMENT AGREEMENT

This **SEPARATION OF EMPLOYMENT AGREEMENT (**"Agreement") is made and entered into by Randall N. McCullough ("McCullough") and Charles & Colvard, Ltd. (the "Company").

McCullough is currently employed by the Company as its President and Chief Executive Officer pursuant to an employment agreement between McCullough and the Company dated November 5, 2009 (the "Employment Agreement"). The employment relationship between the Company and McCullough is being terminated as of the Effective Termination Date defined herein.

The Company is willing to provide McCullough the severance benefits described herein in exchange for his entering into this Agreement, and the parties desire to terminate their employment relationship on mutually agreeable terms and avoid all litigation relating to the employment relationship and its termination.

McCullough represents that he has carefully read this entire Agreement, understands its consequences, and voluntarily enters into it.

In consideration of the above and the mutual promises set forth below, McCullough and the Company agree as follows:

1. TERMINATION/CONTINUING OBLIGATIONS UNDER EMPLOYMENT AGREEMENT. McCullough's employment with the Company shall terminate on March 17, 2015 ("Effective Termination Date"). As of the Effective Termination Date, McCullough shall resign as a member of the Board of Directors of the Company and cease serving as an officer of the Company.

By signing this Agreement, McCullough represents that he has been fully paid for all time worked and received all salary and all other amounts of any kind due to him from the Company with the sole exception of (a) his final paycheck for work during his final payroll period and for any accrued but unused vacation/paid time off which will be paid on the next regularly scheduled payroll date following the Effective Termination Date, (b) any previously submitted, but not yet paid, expense reimbursements or any expense reimbursements submitted within 10 days of the date of this Agreement and consistent with the terms of Company policy for such reimbursements, (c) the payments payable under this Agreement, (d) the consulting fees payable under any consulting agreement between McCullough and the Company and (e) any accrued and vested benefits payable pursuant to the Company's employee benefit plans.

As of the Effective Termination Date, the Employment Agreement dated November 5, 2009 and renewed annually thereafter shall terminate and neither party shall have any further obligations thereunder except that McCullough specifically acknowledges and agrees that his obligations under Sections 10 (Confidentiality) and 11 (Proprietary Information) of the Employment Agreement shall continue after the termination of that Employment Agreement in accordance with their terms.

2. SEVERANCE BENEFITS.

A. Severance Pay. The Company will pay McCullough severance pay in an amount equal to one year of his current annual salary (less applicable taxes and withholdings), payable in substantially equal installments. The installments will be paid on the same payroll schedule that was applicable to McCullough immediately prior to his separation from service, provided that no further severance shall be paid if McCullough fails to execute or executes but later revokes this Agreement in accordance with paragraph 5 below.

B. COBRA Premium Assistance. If McCullough timely and properly elects continuation coverage under the Company's group health plan pursuant to the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), then the Company will pay the COBRA premiums for coverage for him and his eligible dependents during the 12-month period immediately following the Effective Termination Date.

Payments under this subparagraph 2B shall be made on a monthly basis, but in no event later than the last day of the calendar year following the year in which the expenses were incurred. Under no circumstances will McCullough be entitled to a cash payment or other benefit in lieu of the payment of the actual COBRA premium cost. The amount of expenses eligible for payment during any calendar year shall not be affected by the amount of expenses eligible for payment in any other calendar year.

Nothing in this Agreement shall constitute a guarantee of COBRA continuation coverage or benefits. McCullough shall be solely responsible for all obligations in electing COBRA continuation coverage and taking all steps necessary to qualify for such coverage.

C. Equity Award Acceleration. The Company has agreed to accelerate vesting as to 3,297 options granted under the Company's 2008 Stock Incentive Plan. Those options and all options granted during McCullough's employment and currently held by McCullough shall be exercisable as set forth in the applicable option agreement, except that any options whose exercise price is greater than the fair market value of the Company's stock as of March 23, 2015 shall be exercisable through March 17, 2017. McCullough understands that, as a result of such extension, any options not exercised by McCullough on or before June 15, 2015 may no longer qualify as incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended. The Company has also agreed that the restrictions on 34,000 shares of restricted stock granted under the Company's 2008 Stock Incentive Plan shall lapse effective March 17, 2015.

The severance and other benefits afforded under this Agreement are in lieu of any other compensation or benefits, excluding accrued but unused vacation/paid time off (PTO) and vested retirement benefits, to which McCullough otherwise might be entitled, and payment of the severance and other benefits is conditioned upon McCullough's compliance with the terms of this Agreement.

3. RELEASE.

A. In consideration of the benefits conferred by this Agreement, **MCCULLOUGH (ON BEHALF OF HIMSELF AND HIS ASSIGNS, HEIRS AND OTHER REPRESENTATIVES) RELEASES THE COMPANY AND ITS RELATED PARTIES (DEFINED BELOW) ("RELEASEES") FROM ALL CLAIMS AND WAIVES ALL RIGHTS KNOWN OR UNKNOWN, HE MAY HAVE OR CLAIM TO HAVE AGAINST THE COMPANY, ITS PREDECESSORS, SUBSIDIARIES OR AFFILIATES** arising from or relating to his employment with the Company and separation therefrom, to the fullest extent permitted by law, including but not limited to claims:

(i) for discrimination, harassment or retaliation arising under federal, state or local laws prohibiting age (including but not limited to claims under the Age Discrimination in Employment Act of 1967 ("ADEA"), as amended), sex, national origin, race, religion, disability, veteran status or other protected class discrimination, harassment or retaliation for protected activity;

(ii) for compensation and benefits (including but not limited to claims under the Employee Retirement Income Security Act of 1974 ("ERISA"), Fair Labor Standards Act of 1938 ("FLSA"), Family and Medical Leave Act of 1993 ("FMLA"), all as amended, and similar federal, state, and local laws and claims under any other Company policy, plan or program, including the Charles & Colvard, Ltd. 2008 Stock Incentive Plan and the incentive plans and programs thereunder;

(iii) under federal, state or local law of any nature whatsoever (including but not limited to constitutional, statutory, tort, express or implied contract or other common law); and

(iv) for attorneys' fees.

Provided, however, the release of claims set forth in this Agreement does NOT:

(v) apply to claims for workers' compensation benefits, vested retirement benefits or unemployment benefits filed with the applicable state agencies or where otherwise prohibited by law;

(vi) bar a challenge under the Older Workers Benefit Protection Act of 1990 (OWBPA) to the enforceability of the waiver and release of ADEA claims set forth in this Agreement; or

(vii) prohibit McCullough from filing a charge with or participating in an investigation by the U.S. Equal Employment Opportunity Commission or other governmental agency with jurisdiction concerning the terms, conditions and privileges of employment or jurisdiction over the Company's business or assisting with an investigation conducted internally by the Company; provided, however, that by signing this Agreement, McCullough waives the right to, and shall not seek or accept, any monetary or other relief of any nature whatsoever in connection with any such charges, investigations or proceedings.

B. McCullough will not sue the Releasees on any matters relating to his employment or separation therefrom arising before the execution of this Agreement (with the sole exception of claims and challenges set forth in subparagraph A (v) through (vi) above), or join as a party with others who may sue on any such claims, or opt-in to an action brought by others asserting such claims, and in the event that McCullough is made a member of any class asserting such claims without his knowledge or consent, McCullough shall opt out of such action at the first opportunity.

C. The Releasees which McCullough is releasing by signing this Agreement include: the Company and its predecessors, successors, and assigns and its and/or their past, present and future owners, parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, employees, employee benefit plans (together with all plan administrators, trustees, fiduciaries and insurers) and agents.

4. COMPANY INFORMATION AND PROPERTY. McCullough shall not at any time after his employment terminates disclose, use or aid third parties in obtaining or using any confidential or proprietary Company information nor access or attempt to access any Company computer systems, networks or any resources or data that resides thereon, except as may be required to perform consulting services under any then existing consulting agreement between himself and the Company and, only then, as authorized by the Company. Confidential or proprietary information is information relating to the Company or any aspect of its business which is not generally available to the public, the Company's competitors, or other third parties, or ascertainable through common sense or general business or technical knowledge. Nothing in this Agreement shall relieve him from any obligations under any previously executed confidentiality, proprietary information or secrecy agreements.

All records, files or other materials maintained by or under the control, custody or possession of the Company or its agents in their capacity as such shall be and remain the Company's property. By signing this Agreement, McCullough represents that, with the sole exception of the property identified on Exhibit A (if any), he: (i) has returned all Company property (including, but not limited to, credit cards; keys; cellular telephone; air card; access cards; thumb drive(s), laptop(s), personal digital devices and all other computer hardware and software; records, files, documents, manuals, and other documents in whatever form they exist, whether electronic, hard copy or otherwise and all copies, notes or summaries thereof) and turned over all Company passwords or access codes which he created, received or otherwise obtained in connection with his employment; (ii) has not deleted any emails, files or other information from any Company computer or device prior to his return of the property and has permanently deleted any Company information that may reside on his personal computer(s), other devices or accounts; (iii) has submitted all personal computers, phones and other devices which he used for Company business, and identified all personal accounts on which Company information has been placed and related passwords, to a third party vendor, as may be designated by the Company, for inspection and removal of any Company-related information; and (iv) will fully cooperate with the Company in winding up his work and transferring that work to those individuals designated.

5. RIGHT TO REVIEW AND REVOKE. The Company delivered this Agreement to McCullough on March 17, 2015 by hand-delivery and desires that he have adequate time and opportunity to review and understand the consequences of entering into it. Accordingly, the Company advises him to consult with his attorney prior to executing it and that he has twenty-one (21) days within which to consider it. Additionally, he may not execute this Agreement prior to the Effective Termination Date. In the event that McCullough does not return an executed copy of this Agreement to H. Marvin Beasley at Charles & Colvard, Ltd., 170 Southport Drive, Morrisville, North Carolina 27560 by no later than the twenty-second (22nd) calendar day after receiving it, this Agreement and the obligations of the Company herein shall become null and void and McCullough's employment shall terminate on the Effective Termination Date and he will receive base salary, less applicable taxes and withholdings, through the Effective Termination Date and nothing more. McCullough may revoke this Agreement during the seven (7) day period immediately following his execution of it. The Agreement will not become effective or enforceable until the revocation period has expired. To revoke the Agreement, a written notice of revocation must be delivered to H. Marvin Beasley at the above address.

6. NONDISPARAGEMENT. McCullough represents and warrants that since receiving this Agreement, he (i) has not made, and going forward will not make, disparaging, defaming, or derogatory remarks about the Company or its products, services, business practices, directors, officers, managers, or employees to anyone; nor (ii) taken, and going forward will not take, any action that may impair the relations between the Company and its vendors, customers, employees, or agents or that may be detrimental to or interfere with, the Company or its business.

7. COOPERATION. The parties agree that certain matters in which McCullough has been involved during his employment may necessitate his cooperation with the Company in the future. Accordingly, to the extent reasonably requested by the Company, McCullough shall cooperate with the Company in connection with such matters. The Company shall reimburse McCullough for reasonable expenses incurred in connection with such cooperation. Such reimbursement shall be made as soon as administratively feasible after substantiation of the expenses, which normally occurs within sixty (60) days of receipt, but in no event later than the last day of the calendar year following the year in which the expenses were incurred. Under no circumstances will McCullough be entitled to any payment or other benefit in lieu of such reimbursement. The amount of expenses eligible for reimbursement during any calendar year shall not be affected by the amount of expenses eligible for reimbursement in any other calendar year.

8. OTHER. Except as expressly provided in this Agreement, (a) this Agreement supersedes all other understandings and agreements, oral or written, between the parties and constitutes the sole agreement between the parties with respect to its subject matter, (b) no representations, inducements, promises or agreements, oral or written, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement, and (c) no agreement, statement or promise not contained in the Agreement shall be valid or binding on the parties. No change or modification of this Agreement shall be valid or binding on the parties unless such change or modification is in writing and is signed by the parties. McCullough's or the Company's waiver of any breach of a provision of this Agreement shall not waive any subsequent breach by the other party. If a court of competent jurisdiction holds that any provision or sub-part thereof contained in this Agreement is invalid, illegal or unenforceable, that invalidity, illegality or unenforceability shall not affect any other provision in this Agreement.

This Agreement is intended to avoid all litigation relating to McCullough's employment with the Company and his separation therefrom; therefore, it is not to be construed as the Company's admission of any liability to him, liability which the Company denies.

This Agreement shall apply to, be binding upon and inure to the benefit of the parties' successors, assigns, heirs and other representatives and be governed by North Carolina law (without regard to its conflicts of laws provisions) and the applicable provisions of federal law, including but not limited to ADEA.

9. SECTION 409A OF THE INTERNAL REVENUE CODE.

A. Parties' Intent. The parties intend that the provisions of this Agreement comply with, or meet an exemption from, Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder (collectively, "Section 409A") and all provisions of this Agreement shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding the foregoing, if McCullough becomes subject to any additional taxes, interest or penalties pursuant to Section 409A with respect to any payments or benefits under this Agreement ("Additional 409A Taxes"), then McCullough will be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that, after payment by McCullough of all taxes, including any Additional 409A Taxes imposed upon the Gross-Up Payment itself, McCullough retains an amount of the Gross-Up Payment equal to fifty percent (50%) of the Additional 409A Taxes imposed on him. The Gross-Up Payment must be made by the end of McCullough's taxable year next following the taxable year in which he remits the related taxes. Any right to reimbursement incurred due to a tax audit or litigation addressing the existence or amount of a tax liability must be made by the end of McCullough's taxable year following the taxable year in which the taxes that are the subject of the audit or litigation are remitted to the taxing authorities or, where no such taxes are remitted, the end of McCullough's taxable year following the year in which the audit is completed or there is a final and non-appealable settlement or resolution of the litigation.

B. Separation from Service. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination also constitutes a "Separation from Service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment," "separation from service" or like terms shall mean Separation from Service.

[Signature Page Follows]

[Signature Page to Separation of Employment Agreement]

IN WITNESS WHEREOF, the parties have entered into this Agreement on the day and year written below.

MCCULLOUGH REPRESENTS THAT HE HAS CAREFULLY READ THE ENTIRE AGREEMENT, UNDERSTANDS ITS CONSEQUENCES, AND VOLUNTARILY ENTERS INTO IT.

/s/ Randall N. McCullough	3/23/15
Randall N. McCullough	Date

CHARLES & COLVARD, LTD.

By:	/s/ Neal I. Goldman	3/23/15
Name:	Neal I. Goldman	Date
Title:	Executive Chairman of the Board of Directors	

Exhibit 10.2

CONSULTING AGREEMENT

This **CONSULTING AGREEMENT (**"Agreement") is made and entered into by Randall N. McCullough ("McCullough") and Charles & Colvard, Ltd. (the "Company").

The Company seeks to retain McCullough, and McCullough desires to accept retention, to provide certain consulting services to the Company as set forth in this Agreement.

In consideration of the above and the mutual promises set forth below, McCullough and the Company agree as follows:

1. CONSULTING SERVICES. Commencing on the date that this Agreement becomes effective and continuing for a two (2) year period ("Consulting Period"), McCullough shall provide such consulting services, including participation in meetings at the Company's offices and elsewhere, as may be reasonably requested by the Company Chief Executive Officer (or such other person(s) expressly authorized by the Board of Directors of the Company) upon reasonable notice to him; provided, however, that (i) the parties intend that during the first three (3) months of the Consulting Period the number of consulting hours shall not exceed thirty-two (32) hours in any one month period and (ii) the parties intend that during the final twenty-one (21) months of the Consulting Period the number of consulting hours shall not exceed twenty (20) hours in any one month period. The parties reasonably anticipate that as of March 17, 2015, the level of services to be provided by McCullough to the Company and any related entity shall not exceed 20 percent of the average level of bona fide services he performed for the Company and any related entity over the immediately preceding 36-month period, such that McCullough experienced a "separation from service" (as defined in Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") as of March 17, 2015.

2. CONSULTING FEE. The Company shall pay McCullough a total consulting fee in the amount of One Hundred Thousand Dollars ($100,000), payable in two equal installments of $50,000, the first payable within ten (10) days of the effective date of this Agreement, and the second payable between March 1 and March 15, 2016, subject to his compliance with the terms of this Agreement and all other written agreements, or surviving provisions thereof, between him and the Company. Each installment is intended to be a separate payment for purposes of Section 409A. Each installment is intended to comply with, or meet an exception from, Section 409A and this Agreement shall be interpreted consistent with such intent.

3. INDEPENDENT CONTRACTOR STATUS. The parties hereby acknowledge and agree that McCullough's consulting services for the Company shall be provided strictly as an independent contractor. Nothing in this Agreement shall be construed to render him an employee, co-venturer, agent, or other representative of the Company. McCullough understands that he must comply with all tax laws applicable to a self-employed individual, including the filing of any necessary tax returns and the payment of all income and self-employment taxes. The Company shall not be required to withhold from payment of the consulting fee any state or federal income taxes or to make payments for Social Security (FICA) tax, unemployment insurance, or any other payroll taxes. The Company shall not be responsible for, and shall not obtain, worker's compensation insurance, disability benefits insurance, or unemployment security insurance coverage for McCullough. McCullough shall not be eligible for, nor entitled to, and shall not participate in, any of the Company's compensation, pension, health, or other benefit plans, if any such plans exist; provided, however, that nothing in this Agreement will preclude him from eligibility for post-termination continuation coverage or conversion rights arising from his prior participation in such plans.

4. DEFINITIONS. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "Competing Business" shall mean any corporation, partnership, person, or other entity that is researching, developing, manufacturing, marketing, distributing, or selling any product, service, or technology that is competitive with the Company's Business as that term is defined below.

(b) "Company's Business" shall mean the development, manufacture, marketing, distribution, or sale of, including research directed to, any product, service, or technology in the Moissanite jewelry industry or the direct sales fashion jewelry industry. As of the date of this Agreement, Company's Business includes: (i) marketing and distributing Moissanite jewelry, and Moissanite gemstones, (ii) fabricating (including wafering, pre-forming, and faceting), marketing, and distributing Moissanite gemstones to the gem and jewelry industry, and (iii) direct selling of fashion jewelry.

(c) "Territory" shall mean the following severable geographic areas: (i) throughout the world, (ii) within any country in which the Company, or a Competing Business is engaged in business, (iii) within any country in which the Company is engaged in business, (iv) within the United States, (v) within any state, including the District of Columbia, in which the Company or a Competing Business is engaged in business, (vi) within any state, including the District of Columbia, in which the Company is engaged in business, (vii) within a 100 mile radius of McCullough's principal place of service for the Company, (viii) the state of North Carolina, and (ix) within a 100 mile radius of the Company's corporate headquarters.

(d) "Confidential Information" shall mean: (i) any and all non-public or otherwise confidential proprietary knowledge, material, or information of the Company, including any and all knowledge, material, or information that is designated as Confidential Information by the Company and any and all confidential knowledge, material, or information that becomes generally known to the public as a result of a disclosure by McCullough, or any other person or entity who is obligated to treat such knowledge, material, or information confidentially, and (ii) any and all non-public or otherwise confidential proprietary knowledge, material, or information of others who disclose that knowledge, material, or information to the Company, including any and all knowledge, material, or information designated as Confidential Information by the Company, or those others and any and all confidential knowledge, material, or information that becomes generally known to the public as a result of a disclosure by McCullough, or any other person or entity who is obligated to treat such knowledge, material, or information confidentially. Confidential Information includes, but is not limited to, the following types of knowledge, material, or information (whether or not reduced to writing): trade secrets; concepts; designs; discoveries; ideas; know-how; processes; techniques; inventions; drawings; specifications; models; data; software in various stages of development; source and object code; documentation; diagrams; flow charts; research; procedures; marketing and development techniques, materials, plans, and information; business methods, procedures, and policies; current and prospective customers names and lists and other information related to current and prospective customers; prices, including price lists, policies, and formulas; profit margins, data, and formulas; financial information; training manuals and methodologies; and employee files and information.

(e) "Intellectual Property Rights" shall mean all patent, trademark, and copyright rights, moral rights, rights of attribution or integrity, trade secret rights, or other proprietary or intellectual property rights.

5. RESTRICTIVE COVENANTS. McCullough was employed by the Company as President and Chief Executive Officer, pursuant to an Employment Agreement dated November 5, 2009 (the "Prior Employment Agreement"), through the date of his resignation on March 17, 2015. As a result of McCullough's services to the Company: (i) McCullough had access to trade secrets and Confidential Information of the Company, including, but not limited to, valuable information about its intellectual property, business operations and methods, and the persons with which it does business in various locations throughout the world, that is not generally known to or readily ascertainable by a Competing Business, (ii) McCullough developed relationships with the Company's customers and others with which the Company does business, and these relationships are among the Company's most important assets, and (iii) McCullough received specialized knowledge of and specialized training in the Company's Business. Accordingly, the Prior Employment Agreement contains non-compete and other restrictive covenants applicable to McCullough's post-employment activities, including restrictions set forth in Paragraph 9 of the Prior Employment Agreement.

McCullough will provide consulting services to the Company under this Consulting Agreement. As a result of McCullough's consulting services to the Company: (i) McCullough could continue to have access to trade secrets and Confidential Information of the Company, including, but not limited to, valuable information about its intellectual property, business operations and methods, and the persons with which it does business in various locations throughout the world, that is not generally known to or readily ascertainable by a Competing Business, (ii) McCullough could continue to develop relationships with the Company's customers and others with which the Company does business, and these relationships continue to be among the Company's most important assets, and (iii) McCullough could continue to receive specialized knowledge of and/or specialized training in the Company's Business.

In sum, McCullough has had, and could continue to have, access to the Company's most competitively sensitive proprietary information and relationships. In fact, based on the services McCullough provided to the Company during the term of the Prior Employment Agreement and the services that McCullough may be asked to provide to the Company under this Consulting Agreement, McCullough has and/or could gain such knowledge of the Company's Business that, during the two year period following the termination of the Prior Employment Agreement, McCullough could not perform services for a Competing Business without inevitably disclosing the Company's trade secrets and Confidential Information to that Competing Business. However, prior to the provision of any material, non-public information as defined under the Company's trading policy that would cause a trading window to be closed for McCullough, the Company shall deliver a written request to McCullough for him to accept receipt of such material, non-public information and shall receive McCullough's prior written consent to receipt of such material, non-public information before providing such information to McCullough (such written request and written consent is the "Over-the-Wall Documentation"). Further, the Company will keep meticulous records of the Over-the-Wall Documentation provided to McCullough during the Consulting Period and will share this record with McCullough upon his request at any time.

Accordingly, McCullough and the Company have agreed to terminate the restrictive covenants established by Paragraph 9 of the Prior Employment Agreement and to replace them with the restrictive covenants set forth in this Consulting Agreement. Specifically, McCullough agrees to the following:

(a) For a period of two years following the date of this Agreement, McCullough will not, without the express written consent of an authorized representative of the Company: (i) perform services (as an employee, independent contractor, officer, director, or otherwise), within the Territory for any Competing Business, that are the same or similar to any services that McCullough performed, or is performing, for the Company regarding the Company Business or that otherwise utilize skills, knowledge, and/or business contacts and relationships that McCullough utilized while providing services (whether as an employee or consultant) to the Company regarding the Company Business, (ii) engage in any activities (or assist others to engage in any activities) within the Territory that compete with the Company's Business, (iii) own or beneficially own an equity interest in a Competing Business, (iv) request, induce, or solicit (or assist others to request, induce, or solicit) any customers, prospective customers, or suppliers of the Company, which were customers, prospective customers, or suppliers of the Company during the Consulting Period or the last year of McCullough's employment by the Company, to curtail or cancel their business with the Company, or to do business within the scope of the Company's Business with a Competing Business, (v) request, induce, or solicit (or assist others to request, induce, or solicit) any customers, prospective customers, or suppliers of the Company with which McCullough worked or had business contact during the Consulting Period or the last year of his employment by the Company to curtail or cancel their business with the Company, or to do business within the scope of the Company's Business with a Competing Business, (vi) request, induce, or solicit (or assist others to request, induce, or solicit) any employee or independent contractor of the Company to terminate his or her employment or independent relationship with the Company, (vii) request, induce, or solicit (or assist others to request, induce, or solicit) any person who is employed by the Company, or who was employed by the Company at any time during the preceding year, to be employed with a Competing Business, or (viii) employ or engage as a contractor (or assist others to employ or engage as a contractor) for the benefit of any Competing Business any person who is employed by the Company, or who was employed by the Company at any time during the preceding year. These obligations will continue for the specified period and the specified period shall be tolled and shall not run during any time in which McCullough fails to abide by these obligations.

(b) As an exception to the above restrictions, McCullough may own passive investments in Competing Businesses, (including, but not limited to, indirect investments through mutual funds), provided that the securities of the Competing Business are publicly traded and McCullough does not own or control more than two percent of the outstanding voting rights or equity of the Competing Business. Furthermore, McCullough may serve as an employee or consultant with Jewelry Television or Moissanite Outlet, provided that : (i) he does not promote, or provide advice or consulting services related to, Moissanite supplied by entities other than the Company, (ii) he does not provide advice or consulting services related to, or otherwise assist with or support, the direct selling of fashion jewelry, and (iii) he does not violate any of the restrictions set forth in Paragraph 5(a)(iv)-5(a)(viii) and Paragraph 6 of this Consulting Agreement.

6. CONFIDENTIALITY.

(a) All documents or other records, paper or electronic, that, in any way, constitute, contain, incorporate, or reflect any Confidential Information and all proprietary rights therein, including Intellectual Property Rights, shall belong exclusively to the Company, and McCullough agrees to promptly deliver to the Company, upon request or upon termination of McCullough's consulting services with the Company, all copies of such materials and Confidential Information in McCullough's possession, custody, or control, as well as all other property of the Company in McCullough's possession, custody, or control. Likewise, McCullough agrees to promptly deliver to the Company, upon request or upon termination of McCullough's consulting services with the Company, all copies of all documents or other records that, in any way, constitute, contain, incorporate, or reflect any Confidential Information of others that was disclosed or provided to McCullough that is in McCullough's possession, custody, or control.

(b) McCullough agrees, during the period during which he is providing consulting services, and thereafter: (i) to hold in confidence and treat with strict confidentiality all Confidential Information, (ii) not to directly or indirectly reveal, report, publish, disclose, or transfer any Confidential Information to any person or entity, and (iii) not to utilize any Confidential Information for any purpose, other than in the course and scope of McCullough's service for the Company. If McCullough is required to disclose Confidential Information pursuant to a court order or subpoena or such disclosure is necessary to comply with applicable law, he shall: (i) promptly notify the Company before any such disclosure is made and provide the Company with reasonable and ample time within which to object to or oppose any such disclosure, (ii) at the Company's request and expense take all reasonably necessary steps to defend against such disclosure, including defending against the enforcement of the court order, subpoena, or other applicable law, and (iii) permit the Company to participate with counsel of its choice in any related proceedings.

7. RESTRICTIVE COVENANTS ARE REASONABLE. The market for the Company's services and the Company's Business is highly specialized and highly competitive such that other companies and business entities compete with the Company in various locations throughout the world. The provisions set forth in this Agreement: (i) are reasonably necessary to protect the Company's legitimate business interests, (ii) are reasonable as to the time, territory, and scope of activities that are restricted, (iii) do not interfere with McCullough's ability to earn a comparable living or secure employment in the field of McCullough's choice, (iv) do not interfere and are not inconsistent with public policy or the public interest, and (v) are described with sufficient accuracy and definiteness to enable McCullough to understand the scope of the restrictions on McCullough. The restrictive covenants established by Paragraphs 4-6 of this Consulting Agreement shall be enforceable and remain in effect: (i) notwithstanding the alleged existence of any alleged breach of this Consulting Agreement by the Company.

8. INJUNCTIVE RELIEF. Because of the unique nature of the Confidential Information, McCullough understands and agrees that the Company will suffer irreparable harm in the event that McCullough fails to comply with any of McCullough's obligations under Paragraphs 5 or 6 of this Agreement and that monetary damages will be inadequate to compensate the Company for such breach. Accordingly, McCullough agrees that the Company will, in addition to any other remedies available to it at law or in equity, be entitled to injunctive relief to enforce the terms of Paragraphs 5 or 6 of this Agreement.

9. OTHER. Except as expressly provided in this Agreement and as set forth in the Separation of Employment Agreement contemporaneously entered into herewith by the parties, this Agreement supersedes all other understandings and agreements, oral or written, between the parties and constitutes the sole agreement between the parties with respect to its subject matter. No change or modification of this Agreement shall be valid or binding on the parties unless such change or modification is in writing and is signed by the parties. McCullough's or the Company's waiver of any breach of a provision of this Agreement shall not waive any subsequent breach by the other party. In the event that a court determines that the length of time, the geographic area, or the activities prohibited under this Agreement are too restrictive to be enforceable, the court may reduce the scope of the restriction to the extent necessary to make the restriction enforceable. If a court of competent jurisdiction holds that any provision or sub-part thereof contained in this Agreement is invalid, illegal or unenforceable, that invalidity, illegality or unenforceability shall not affect any other provision in this Agreement.

This Agreement shall apply to, be binding upon and inure to the benefit of the parties' successors, assigns, heirs and other representatives and be governed by North Carolina law (without regard to its conflicts of laws provisions).

IN WITNESS WHEREOF, the parties have entered into this Agreement on the day and year written below.

MCCULLOUGH REPRESENTS THAT HE HAS CAREFULLY READ THE ENTIRE AGREEMENT, UNDERSTANDS ITS CONSEQUENCES, AND VOLUNTARILY ENTERS INTO IT.

/s/ Randall N. McCullough	3/23/15
Randall N. McCullough	Date

CHARLES & COLVARD, LTD.

By:	/s/ Neal I. Goldman	3/23/15
Name:	Neal I. Goldman	Date
Title:	Executive Chairman of the Board of Directors	

Exhibit 10.3

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into this 17th day of March, 2015 (the "Effective Date") by and between Charles & Colvard, Ltd. (the "Company") and H. Marvin Beasley (the "Employee").

WITNESSETH

WHEREAS, Employee and the Company wish to enter into an employment relationship on the terms and conditions set forth in this Agreement; and

WHEREAS, the Board of Directors of the Company (the "Board") has authorized the Company to enter into this Agreement.

NOW THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree that:

1. Employment. The Company hereby employs Employee, and Employee hereby accepts such employment, on the terms and conditions set forth in this Agreement.

2. Term of Employment. Unless earlier terminated as provided herein, the term of this Agreement shall commence on the Effective Date and shall continue until the one-year anniversary of the Effective Date (the "Initial Term"). After the Initial Term, this Agreement shall automatically renew for successive additional one-year terms on the same terms and conditions set forth herein, unless: (i) earlier terminated or amended as provided herein or (ii) either party gives written notice of non-renewal at least thirty (30) days prior to the end of the Initial Term or any renewal term of this Agreement. The Initial Term of this Agreement and all applicable renewals thereof are collectively referred to herein as the "Term."

3. Position and Duties. Employee shall serve as President and Chief Executive Officer of the Company. Employee shall faithfully and to the best of his ability perform all duties of the Company related to his position with the Company, including, but not limited to, all duties set forth in this Agreement and/or in the Bylaws of the Company related to the position that he holds, as well as all duties that are reasonably assigned to him by the Board or its designees. Employee agrees to devote his entire working time, attention, energy, and skills to the Company in furtherance of the Company's best interests, while so employed. Employee shall comply with all reasonable Company policies, standards, rules, and regulations (the "Company Policies") and all applicable government laws, rules, and regulations that are now or hereafter in effect. Employee acknowledges receipt of copies of all written Company Policies that are in effect as of the date of this Agreement.

4. Compensation and Benefits. During the Term, Employee shall receive compensation and benefits for the services performed for the Company under this Agreement as follows:

(a) Base Salary. Employee shall receive a base annual salary of Three Hundred Thirty-Five Thousand and 00/100 Dollars ($335,000), payable in regular and equal installments in accordance with the Company's regular payroll schedule and practices ("Base Salary").

(b) Employee Benefits. Employee shall be entitled to receive those benefits that are made available to the other similarly-situated executive employees of the Company, including, but not limited to, life, medical, and disability insurance, as well as retirement benefits (collectively, the "Employee Benefits"), in accordance with the terms and conditions of the applicable plan documents, provided that Employee meets the eligibility requirements thereof. The Company reserves the right to reduce, eliminate, or change such Employee Benefits, in its sole discretion, subject to any applicable legal and regulatory requirements.

(c) Equity Compensation Awards. The Compensation Committee of the Board has approved an incentive stock option ("ISO") granting Employee the right to purchase up to 150,000 shares of the Company's common stock under the Charles & Colvard, Ltd. 2008 Stock Incentive Plan (the "2008 Plan") at an option exercise price equal to the closing price of the common stock on the Effective Date contingent upon Employee's execution of this Agreement and commencement of employment with the Company; provided that such option shall be granted as a non-ISO to the extent it does not qualify for ISO treatment on the Effective Date. This ISO award shall vest annually over a two-year period in accordance with the following vesting schedule: 33% of the ISO award (50,000 option shares) shall vest on the Effective Date and an additional 33% of the ISO award (50,000 option shares) shall vest on each of the following two anniversaries of the Effective Date provided Employee remains continuously employed with the Company (or other affiliated company) and/or serves on the Board of Directors of the Company through each anniversary. The ISO award shall be contingent upon Employee's execution of a standard Employee Incentive Option Agreement in substantially the form attached as *Exhibit A* to this Agreement and the ISO award shall in all respects be subject to and governed by the provisions of the 2008 Plan and the Employee Incentive Option Agreement. In addition to the ISO award, the Compensation Committee of the Board has approved the grant of a performance-based restricted stock award for 100,000 shares of the Company's common stock pursuant to the 2008 Plan on the Effective Date contingent upon Employee's execution of this Agreement and commencement of employment with the Company. The restricted stock award shall vest on the first anniversary of the Effective Date provided Employee has achieved performance-based goals as established by the Board of Directors and remains continuously employed with the Company (or other affiliated company) and/or serves on the Board of Directors of the Company through that date. The restricted stock award shall be contingent upon Employee's execution of a Performance-Based Restricted Stock Award Agreement in substantially the form attached as *Exhibit B* to this Agreement and shall in all respects be subject to, and governed by, the provisions of the 2008 Plan and corresponding Performance-Based Restricted Stock Award Agreement.

(d) Reimbursement of Expenses. Commuting costs for lodging and travel will be reimbursed in accordance with the Company's Travel Policy, except that Employee shall be reimbursed for First Class air travel between the Company's headquarters and Employee's residence. The Company shall reimburse Employee for all reasonable out-of-pocket expenses incurred by Employee that specifically and directly relate to the performance by Employee of the services under this Agreement, provided that Employee complies with the Company Policies for reimbursement that are now or hereafter in effect. Each such expense shall be submitted for reimbursement after they are incurred.

5. Withholding. The Company may withhold from any payments or benefits under this Agreement, including, but not limited to, any payments under Paragraphs 4(a), (c), and (d), of this Agreement, all federal, state, or local taxes or other amounts, as may be required pursuant to applicable law, government regulation, or ruling.

6. Termination. This Agreement and Employee's employment by the Company shall or may be terminated as follows:

(a) Expiration of the Term. This Agreement and Employee's employment by the Company shall terminate upon the expiration of the Term ("Expiration").

(b) Death of Employee. This Agreement and Employee's employment by the Company shall terminate upon the death of Employee ("Death").

(c) Discontinuance. The Company, immediately and without notice, may terminate this Agreement and Employee's employment by the Company upon the liquidation, dissolution, or discontinuance of business by the Company in any manner or the filing of any petition by or against the Company under any federal or state bankruptcy or insolvency laws, provided that such petition is not dismissed within sixty (60) days after filing ("Discontinuance").

(d) Termination by the Company for Just Cause. The Company, immediately and without notice, may terminate this Agreement and Employee's employment by the Company at any time for Just Cause. Termination for "Just Cause" shall include termination for Employee's: dishonesty; gross incompetence; willful misconduct; breach of fiduciary duty owed to the Company, including any failure to disclose a material conflict of interest; failure to perform his duties as required by this Agreement or to achieve the reasonable objectives specified by the Board or their designees; material violation of any law (other than traffic violations or similar offenses); material failure to comply with Company Policies, including policies prohibiting harassment, discrimination, and retaliation, or any other reasonable directives of the Board or their designees; conviction of a felony of any nature or of a misdemeanor involving moral turpitude; use of illegal drugs or other illegal substance, or use of alcohol in a manner that materially interferes with the performance of Employee's duties under this Agreement; adverse action or omission that would be required to be disclosed pursuant to public securities laws, even though such laws may not then apply to the Company, that would limit the ability of the Company or any affiliated entity to sell securities under any federal or state law, or that would disqualify the Company or any affiliated entity from any exemption otherwise available to it; disability; or material breach of any provision of this Agreement, including provisions concerning confidentiality, proprietary information, and restrictive covenants. For purposes of this subsection, the term "disability" means the inability of Employee, because of the condition of his physical, mental, or emotional health, to satisfactorily perform the duties of his employment hereunder, with or without a reasonable accommodation, for a continuous three-month period.

(e) Termination by the Company Without Cause. The Company may terminate this Agreement and Employee's employment by the Company other than for "Just Cause," as described in Paragraph 6(d) above, and other than upon "Discontinuance," as described in Paragraph 6(c) above, at any time for any reason by providing written notice to Employee, which termination shall be effective immediately ("Without Cause").

(f) Termination by Employee. Employee may terminate this Agreement and his employment by the Company for any reason thirty (30) days after written notice of Employee's resignation is received by the Company ("Resignation").

(g) Obligations of the Company Upon Termination.

(i) Upon the termination of this Agreement: (A) pursuant to the expiration of the Term, under Paragraph 6(a) of this Agreement ("Expiration"), following notice of non-renewal pursuant to Paragraph 2 of this Agreement; (B) pursuant to Paragraph 6(b) of this Agreement ("Death"); (C) by the Company pursuant to Paragraph 6(c) of this Agreement ("Discontinuance") or Paragraph 6(d) of this Agreement ("Just Cause"); (D) by Employee pursuant to Paragraph 6(f) of this Agreement ("Resignation"); or (E) for any reason other than those set forth in Paragraph 6(g)(ii) of this Agreement; the Company shall have no further obligation hereunder other than the payment of all compensation and other benefits payable to Employee through the date of such termination.

(ii) Upon the termination of this Agreement (and subject to Employee's execution of a release under Paragraph 7 of this Agreement and compliance with his obligations under Paragraphs 8, 9, 10, and 11 of this Agreement) by the Company pursuant to Paragraph 6(e) of this Agreement ("Without Cause"), the Company shall owe severance to Employee in accord with the following scale:

- If the Company terminates Employee's employment Without Cause between the Effective Date and the one-month anniversary of the Effective Date, then the Company shall pay to Employee an amount equal to eleven (11) months of his Base Salary (less all applicable deductions).

- If the Company terminates Employee's employment Without Cause between the one-month anniversary of the Effective Date and the two-month anniversary of the Effective Date, then the Company shall pay to Employee an amount equal to ten (10) months of his Base Salary (less all applicable deductions).

- If the Company terminates Employee's employment Without Cause between the two-month anniversary of the Effective Date and the three-month anniversary of the Effective Date, then the Company shall pay to Employee an amount equal to nine (9) months of his Base Salary (less all applicable deductions).

- If the Company terminates Employees' employment Without Cause between the three-month anniversary of the Effective Date and the four-month anniversary of the Effective Date, then the Company shall pay to Employee an amount equal to eight (8) months of his Base Salary (less all applicable deductions).

- If the Company terminates Employee's employment Without Cause between the four-month anniversary of the Effective Date and the five-month anniversary of the Effective Date, then the Company shall pay to Employee an amount equal to seven (7) months of his Base Salary (less all applicable deductions).

- If the Company terminates Employee's employment Without Cause between the five-month anniversary of the Effective Date and the six-month anniversary of the Effective Date, then the Company shall pay to Employee an amount equal to six (6) months of his Base Salary (less all applicable deductions).

- If the Company terminates Employee's employment Without Cause between the six-month anniversary of the Effective Date and the seven-month anniversary of the Effective Date, then the Company shall pay to Employee an amount equal to five (5) months of his Base Salary (less all applicable deductions).

- If the Company terminates Employee's employment Without Cause between the seven-month anniversary of the Effective Date and the eight-month anniversary of the Effective Date, then the Company shall pay to Employee an amount equal to four (4) months of his Base Salary (less all applicable deductions).

- If the Company terminates Employee's employment Without Cause between the eight-month anniversary of the Effective Date and the nine-month anniversary of the Effective Date, then the Company shall pay to Employee an amount equal to three (3) months of his Base Salary (less all applicable deductions).

- If the Company terminates Employee's employment Without Cause between the nine-month anniversary of the Effective Date and the ten-month anniversary of the Effective Date, then the Company shall pay to Employee an amount equal to two (2) months of his Base Salary (less all applicable deductions).

- If the Company terminates Employee's employment Without Cause between the ten-month anniversary of the Effective Date and the eleven-month anniversary of the Effective Date, then the Company shall pay to Employee an amount equal to one (1) months of his Base Salary (less all applicable deductions).

- If the Company terminates Employee's employment Without Cause after the eleven-month anniversary of the Effective Date, then no payment shall be owed or made to Employee.

Any severance obligations arising under this Paragraph shall be payable in equal installment payments paid in accordance with the Company's regular payroll schedule, beginning on the first regular payroll date occurring on or after the date on which the release of claims required by Paragraph 7 of this Agreement becomes effective and non-revocable.

7. Release of Claims. Notwithstanding any provision of this Agreement to the contrary, the Company's obligation to provide any severance payment under Paragraph 6(g)(ii) of this Agreement is conditioned upon Employee's execution of an enforceable release of any and all claims arising before the date that he signs the release, in a form which is reasonable and which is satisfactory to the Company (satisfaction of the Company is not to be unreasonably withheld), and his compliance with the provisions of Paragraphs 8, 9, 10, and 11 of this Agreement. If Employee fails to execute such a release or fails to comply with such terms of this Agreement, then the Company's obligation to make any payments to him ceases on the effective date of the termination of his employment by the Company, and Employee must immediately return to the Company any severance payments that he has received from the Company since the effective date of the termination of his employment by the Company. The release of claims shall be provided to Employee within seven (7) days after the termination of his employment by the Company, and Employee must execute it within the time period specified in the release (which shall not be longer than forty-five (45) days from the date upon which he receives it). Such release shall not be effective until any applicable revocation period has expired. Notwithstanding any provision in this Agreement to the contrary, any payment conditioned upon this release shall be made, or commence, as applicable, within ninety (90) days after the termination of Employee's employment by the Company.

8. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "Confidential Information" shall mean: (i) any and all non-public or otherwise confidential proprietary knowledge, material, or information of the Company, including any and all knowledge, material, or information that is designated as Confidential Information by the Company and any and all confidential knowledge, material, or information that becomes generally known to the public as a result of a disclosure by Employee, or any other person or entity who is obligated to treat such knowledge, material, or information confidentially, and (ii) any and all non-public or otherwise confidential proprietary knowledge, material, or information of others who disclose that knowledge, material, or information to the Company, including any and all knowledge, material, or information designated as Confidential Information by the Company, or those others and any and all confidential knowledge, material, or information that becomes generally known to the public as a result of a disclosure by Employee, or any other person or entity who is obligation to treat such knowledge, material, or information confidentially. Confidential Information includes, but is not limited to, the following types of knowledge, material, or information (whether or not reduced to writing): trade secrets; concepts; designs; discoveries; ideas; know-how; processes; techniques; Inventions (as defined herein); drawings; specifications; models; data; software in various stages of development; source and object code; documentation; diagrams; flow charts; research; procedures; marketing and development techniques, materials, plans, and information; business methods, procedures, and policies; current and prospective customers names and lists and other information related to current and prospective customers; prices, including price lists, policies, and formulas; profit margins, data, and formulas; financial information; training manuals and methodologies; and employee files and information.

(b) "Inventions" shall means ideas, concepts, techniques, inventions, discoveries, and works of authorship, whether or not patentable or protectable by copyright or as a mask work and whether or not reduced to practice, including, but not limited, devices, processes, computer programs and related source code and object code, mask works, and methods, together with any improvements thereon or thereto, derivative works made therefrom, and know-how, descriptions, sketches, drawings, or other knowledge, information, or material related thereto.

(c) "Intellectual Property Rights" shall mean all patent, trademark, and copyright rights, moral rights, rights of attribution or integrity, trade secret rights, or other proprietary or intellectual property rights.

(d) "Competing Business" shall mean any corporation, partnership, person, or other entity that is researching, developing, manufacturing, marketing, distributing, or selling any product, service, or technology that is competitive with any part of the Company's Business.

(e) "Company's Business" shall mean the development, manufacture, marketing, distribution, or sale of, including research directed to, any product, service, or technology in the Moissanite jewelry industry or the direct sales fashion jewelry industry. As of the date of this Agreement, Company's Business includes, but is not limited to: (i) marketing and distributing Moissanite jewelry and Moissanite gemstones, (ii) fabricating (including wafering, pre-forming, and faceting), marketing, and distributing Moissanite gemstones or other diamond simulants to the gem and jewelry industry, and (iii) direct selling of fashion jewelry. Employee understands that during Employee's employment with the Company, the Company's Business may expand or change, and Employee agrees that any such expansions or changes shall expand or contract the definition of the Company's Business and Employee's obligations under this Agreement accordingly.

(f) "Territory" shall mean the following severable geographic areas: (i) throughout the world, (ii) within any country in which the Company, or a Competing Business is engaged in business, (iii) within any country in which the Company is engaged in business, (iv) within the United States, (v) within any state, including the District of Columbia, in which the Company or a Competing Business is engaged in business, (vi) within any state, including the District of Columbia, in which the Company is engaged in business, (vii) within a 100 mile radius of Employee's principal place of employment or work for the Company, (viii) the state of North Carolina, and (ix) within a 100 mile radius of the Company's corporate headquarters.

9. Covenant Not to Compete. As a result of Employee's employment by the Company: (i) Employee will have access to trade secrets and Confidential Information of the Company, including, but not limited to, valuable information about its intellectual property, business operations and methods, and the persons with which it does business in various locations throughout the world, that is not generally known to or readily ascertainable by a Competing Business, (ii) Employee will develop relationships with the Company's customers and others with which the Company does business, and these relationships are among the Company's most important assets, (iii) Employee will receive specialized knowledge of and specialized training in the Company's Business, and (iv) Employee will gain such knowledge of the Company's Business that, during the course of Employee's employment with the Company and for a period of one year following the termination thereof, Employee could not perform services for a Competing Business without inevitably disclosing the Company's trade secrets and Confidential Information to that Competing Business. Accordingly, Employee agrees to the following:

(a) While employed by the Company, Employee will not, without the express written consent of an authorized representative of the Company: (i) perform services (as an employee, independent contractor, officer, director, or otherwise) within the Territory for any Competing Business, (ii) engage in any activities (or assist others to engage in any activities) within the Territory that compete with the Company's Business, (iii) own or beneficially own an equity interest in a Competing Business, (iv) request, induce, or solicit (or assist others to request, induce, or solicit) any customers, prospective customers, or suppliers of the Company to curtail or cancel their business with the Company, or to do business within the scope of the Company's Business with a Competing Business, (v) request, induce, or solicit (or assist others to request, induce, or solicit) for the benefit of any Competing Business any employee or independent contractor of the Company to terminate his or her employment or independent contractor relationship with the Company, or (vi) employ (or assist others to employ) for the benefit of any Competing Business any person who has been employed by the Company within the last year of Employee's employment with the Company.

(b) For a period of one year following the termination of Employee's employment with the Company, Employee will not, without the express written consent of an authorized representative of the Company: (i) perform services (as an employee, independent contractor, officer, director, or otherwise), within the Territory for any Competing Business, that are the same or similar to any services that Employee performed for the Company or that otherwise utilize skills, knowledge, and/or business contacts and relationships that Employee utilized while providing services to the Company, (ii) engage in any activities (or assist others to engage in any activities) within the Territory that compete with the Company's Business, (iii) own or beneficially own an equity interest in a Competing Business, (iv) request, induce, or solicit (or assist others to request, induce, or solicit) any customers, prospective customers, or suppliers of the Company, which were customers, prospective customers, or suppliers of the Company during the last year of Employee's employment with the Company, to curtail or cancel their business with the Company, or to do business within the scope of the Company's Business with a Competing Business, (v) request, induce, or solicit (or assist others to request, induce, or solicit) any customers, prospective customers, or suppliers of the Company with which Employee worked or had business contact during the last year of Employee's employment with the Company to curtail or cancel their business with the Company, or to do business within the scope of the Company's Business with a Competing Business, (vi) request, induce, or solicit (or assist others to request, induce, or solicit) any employee or independent contractor of the Company to terminate his or her employment or independent relationship with the Company, (vii) request, induce, or solicit (or assist others to request, induce, or solicit) any person who has been employed by the Company within the last year of Employee's employment by the Company or thereafter to be employed with a Competing Business, or (viii) employ or engage as a contractor (or assist others to employ or engage as a contractor) any person who has been employed by the Company within the last year of Employee's employment by the Company or thereafter. These obligations will continue for the specified period regardless of whether the termination of Employee's employment was voluntary or involuntary or with or without cause, and the specified period shall be tolled and shall not run during any time in which Employee fails to abide by these obligations.

(c) As an exception to the above restrictions, Employee may own passive investments in Competing Businesses, (including, but not limited to, indirect investments through mutual funds), provided that the securities of the Competing Business are publicly traded and Employee does not own or control more than two percent of the outstanding voting rights or equity of the Competing Business.

10. Confidentiality.

(a) All documents or other records, paper or electronic, that, in any way, constitute, contain, incorporate, or reflect any Confidential Information and all proprietary rights therein, including Intellectual Property Rights, shall belong exclusively to the Company, and Employee agrees to promptly deliver to the Company, upon request or upon termination of Employee's employment with the Company, all copies of such materials and Confidential Information in Employee's possession, custody, or control, as well as all other property of the Company in Employee's possession, custody, or control. Likewise, Employee agrees to promptly deliver to the Company, upon request or upon termination of Employee's employment with the Company, all copies of all documents or other records that, in any way, constitute, contain, incorporate, or reflect any Confidential Information of others that was disclosed or provided to Employee during the Term that is in Employee's possession, custody, or control.

(b) Employee agrees, during the Term and thereafter: (i) to hold in confidence and treat with strict confidentiality all Confidential Information, (ii) not to directly or indirectly reveal, report, publish, disclose, or transfer any Confidential Information to any person or entity, and (iii) not to utilize any Confidential Information for any purpose, other than in the course and scope of Employees work for the Company. If Employee is required to disclose Confidential Information pursuant to a court order or subpoena or such disclosure is necessary to comply with applicable law, the undersigned shall: (i) promptly notify the Company before any such disclosure is made and provide the Company with reasonable and ample time within which to object to or oppose any such disclosure, (ii) at the Company's request and expense take all reasonably necessary steps to defend against such disclosure, including defending against the enforcement of the court order, subpoena, or other applicable law, and (iii) permit the Company to participate with counsel of its choice in any related proceedings.

11. Proprietary Information.

(a) Employee agrees that any Inventions created, conceived, developed, or reduced to practice, in whole or in part, by Employee, either solely or in conjunction with others, during or after the Term that arise in any way from the use of or reliance on any Confidential Information or any of the Company's equipment, facilities, supplies, trade secret information, or time, that relate to the Company's Business or the Company's demonstrably anticipated business, research, or development, or that result from any work performed by Employee for, on behalf of, or at the direction of the Company, shall belong exclusively to the Company and shall be deemed part of the Confidential Information for purposes of this Agreement, whether or not fixed in a tangible medium of expression. Employee agrees that all rights, title, and interest in and to all such Inventions, including, but not limited to, Intellectual Property Rights shall vest and reside in, and shall be the exclusive property of, the Company. Without limiting the foregoing, Employee agrees that any and all such Inventions shall be deemed to be "works made for hire" and that the Company shall be deemed the sole and exclusive owner thereof. In the event and to the extent that any such Inventions are determined not to constitute "works made for hire" or that, by operation of law or otherwise, any right, title, or interest in or to the Inventions, including, but not limited to, any Intellectual Property Rights, vests not in the Company, but, rather, in Employee, Employee hereby: (i) irrevocably and unconditionally assigns and transfers to the Company all rights, title, and interest in and to any such Inventions, including, but not limited to, all Intellectual Property Rights and (ii) forever waives and agrees never to assert all such rights, title, and interest.

(b) Employee agrees to promptly and fully disclose in writing to the Board of Directors of the Company: (i) any Invention created, conceived, developed or reduced to practice by Employee, either solely or in conjunction with others, during the Term and (ii) any such Invention created, conceived, developed, or reduced to practice after the Term that belongs exclusively to the Company pursuant to the provisions of Paragraph 11(a) of this Agreement. For the avoidance of doubt, in no event shall any provision of this Agreement, including without limitation Paragraph 11(b), provide or be construed to provide Employee or any other party with any license or other right or authority to create, conceive, develop, or reduce to practice, after the Term, any Invention in which the Company has an ownership interest, without the prior written consent of the Company.

(c) Employee agrees to assist the Company, at the Company's expense, either during or subsequent to the Term, to obtain and enforce for the Company's own benefit, in any country, Intellectual Property Rights in connection with any and all Inventions created, conceived, developed, or reduced to practice by Employee (in whole or in part) that belong or have been assigned to the Company pursuant to the provisions of Paragraph 11(a) of this Agreement. Upon request, either during or subsequent to the Term, Employee will execute all applications, assignments, instruments, and papers and perform all acts that the Company or its counsel may reasonably deem necessary or desirable to obtain, maintain, or enforce any Intellectual Property Rights in connection with any such Inventions or to otherwise protect the interests of the Company in those Inventions.

12. Acknowledgements, Representations, and Warranties.

(a) Employee acknowledges that the Company has a strict policy against using proprietary information belonging to any other person or entity without the express permission of the owner of that information.

(b) Employee represents and warrants to the Company that Employee's performance under this Agreement and as an employee of the Company does not and will not breach any non-competition, non-solicitation, or confidentiality agreement to which Employee is a party. Employee represents and warrants to the Company that Employee has not entered into, and agrees not to enter into, any agreement that conflicts with or violates this Agreement.

(c) Employee represents and warrants to the Company that Employee has not brought and shall not bring to the Company, or use in the performance of Employee's responsibilities for the Company, any materials or documents of a former employer that are not generally available to the public or that did not belong to Employee prior to Employee's employment with the Company, unless Employee has obtained written authorization from the former employer or other owner for their possession and use and provided the Company with a copy thereof.

13. Indemnification. The Employee will be eligible for indemnification to the fullest extent authorized under the Company's Articles or Incorporation and By-Laws (as applicable) and will be eligible for coverage under the Company's Director's & Officer's liability insurance policy as approved by the Board, subject to the terms and conditions contained therein.

14. Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the matters set forth herein and supersedes any prior agreements or understandings between them, whether written or oral.

15. Waiver. The failure of either party to insist, in any one or more instance, upon performance of the terms and conditions of this Agreement shall not be construed as a waiver or a relinquishment of any right granted hereunder or of the future performance of any such term or condition.

16. Notices. Any notice to be given under this Agreement shall be deemed sufficient if addressed in writing and delivered personally, by telefax with receipt acknowledged, or by registered or certified U.S. mail to the following:

For the Company:
Chairman of the Board of Directors
Charles & Colvard, Ltd.
170 Southport Drive
Morrisville, North Carolina 27560
Fax: (919) 468-0486

For Employee:
H. Marvin Beasley
11320 West 121st Terrace
Overland Park, Kansas 66213

17. Severability. In the event that any provision of any paragraph of this Agreement shall be deemed to be invalid or unenforceable for any reason whatsoever, it is agreed such invalidity or unenforceability shall not affect any other provision of such paragraph or of this Agreement, and the remaining terms, covenants, restrictions or provisions in such paragraph and in this Agreement shall remain in full force and effect and any court of competent jurisdiction may so modify the objectionable provision as to make it valid, reasonable, and enforceable. In the event that a court determines that the length of time, the geographic area, or the activities prohibited under this Agreement are too restrictive to be enforceable, the court may reduce the scope of the restriction to the extent necessary to make the restriction enforceable.

18. Amendment. This Agreement may be amended only by an agreement in writing signed by each of the parties hereto.

19. Restrictive Covenants Are Reasonable. The market for the Company's services and the Company's Business is highly specialized and highly competitive such that other companies and business entities compete with the Company in various locations throughout the world. The provisions set forth in this Agreement: (i) are reasonably necessary to protect the Company's legitimate business interests, (ii) are reasonable as to the time, territory, and scope of activities that are restricted, (iii) do not interfere with Employee's ability to earn a comparable living or secure employment in the field of Employee's choice, (iv) do not interfere and are not inconsistent with public policy or the public interest, and (v) are described with sufficient accuracy and definiteness to enable Employee to understand the scope of the restrictions on Employee.

20. Injunctive Relief. Because of the unique nature of the Confidential Information, Employee understands and agrees that the Company will suffer irreparable harm in the event that Employee fails to comply with any of Employee's obligations under Paragraphs 8, 9, 10, or 11 of this Agreement and that monetary damages will be inadequate to compensate the Company for such breach. Accordingly, Employee agrees that the Company will, in addition to any other remedies available to it at law or in equity, be entitled to injunctive relief to enforce the terms of Paragraphs 8, 9, 10, or 11 of this Agreement.

21. Publication. Employee hereby authorizes the Company to provide a copy of this Agreement to any and all of Employee's future employers and to notify any and all such future employers that the Company intends to exercise its legal rights arising out of or in connection with this Agreement and/or any breach or any inducement of a breach hereof.

22. Survival. Employee agrees that: (i) Employee's employment with the Company is contingent upon Employee's execution of this Agreement, which is a material inducement to the Company to offer employment and the compensation and benefits hereunder to Employee and to provide Confidential Information to Employee, and (ii) Paragraphs 8, 9, 10, or 11 of this Agreement shall survive any termination for any reason whatsoever of Employee's employment with the Company.

23. Governing Law. This Agreement shall be construed, interpreted, and governed in accordance with the laws of the state of North Carolina, without regard to the conflicts of laws principles thereof. The state and federal courts in North Carolina shall be the exclusive venues for the adjudication of all disputes arising out of this Agreement, and the parties consent to the exercise of personal jurisdiction over them in any such adjudication and hereby waive any and all objections and defenses to the exercise of such personal jurisdiction.

24. Benefit. This Agreement shall be binding upon and inure to the benefit of and shall be enforceable by and against the Company, its successors and assigns, and Employee, her heirs, beneficiaries, and legal representatives. The Company may assign this Agreement or any rights hereunder, or delegate any obligations hereunder, without the consent of Employee. Employee shall not assign this Agreement or delegate Employee's obligations hereunder without the prior written consent of the Company.

25. Compliance with Section 409A.

(a) Parties' Intent. The parties intend that the provisions of this Agreement comply with Section 409A of the Code and the regulations thereunder (collectively, "Section 409A") and all provisions of this Agreement shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. If any provision of this Agreement (or of any award of compensation, including equity compensation or benefits) would cause Employee to incur any additional tax or interest under Section 409A, the Company shall, upon the specific request of Employee, use its reasonable business efforts to in good faith reform such provision to comply with Code Section 409A; provided, that to the maximum extent practicable, the original intent and economic benefit to Employee and the Company of the applicable provision shall be maintained, and the Company shall have no obligation to make any changes that could create any additional economic cost or loss of benefit to the Company. The Company shall timely use its reasonable business efforts to amend any plan or program in which Employee participates to bring it in compliance with Section 409A.

(b) Separation from Service. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement relating to the payment of any amounts or benefits upon or following a termination of employment unless such termination also constitutes a "Separation from Service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment," "separation from service" or like terms shall mean Separation from Service.

(c) Separate Payments. Each installment payment required under this Agreement shall be considered a separate payment for purposes of Section 409A.

(d) Delayed Distribution to Key Employees. If the Company determines in accordance with Sections 409A and 416(i) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, in the Company's sole discretion, that Employee is a Key Employee of the Company on the date Employee's employment with the Company terminates and that a delay in benefits provided under this Agreement is necessary to comply with Code Section 409A(A)(2)(B)(i), then any severance payments and any continuation of benefits or reimbursement of benefit costs provided by this Agreement, and not otherwise exempt from Section 409A, shall be delayed for a period of six (6) months following the date of termination of Employee's employment (the "409A Delay Period"). In such event, any severance payments and the cost of any continuation of benefits provided under this Agreement that would otherwise be due and payable to Employee during the 409A Delay Period shall be paid to Employee in a lump sum cash amount in the month following the end of the 409A Delay Period. For purposes of this Agreement, "Key Employee" shall mean an employee who, on an Identification Date ("Identification Date" shall mean each December 31) is a key employee as defined in Section 416(i) of the Code without regard to paragraph (5) thereof. If Employee is identified as a Key Employee on an Identification Date, then Employee shall be considered a Key Employee for purposes of this Agreement during the period beginning on the first April 1 following the Identification Date and ending on the following March 31.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CHARLES & COLVARD, LTD.

By: /s/ Neal I. Goldman
Neal I. Goldman
Executive Chairman of the Board of Directors

EMPLOYEE

/s/ H. Marvin Beasley
H. Marvin Beasley

Exhibit 10.4

CHARLES & COLVARD, LTD.
2008 STOCK INCENTIVE PLAN

Restricted Stock Award Agreement

THIS RESTRICTED STOCK AWARD AGREEMENT (which, together with Schedule A and Schedule B attached hereto, is referred to herein as the "Agreement"), made effective as of _____ (as defined below, the "Grant Date"), between CHARLES & COLVARD, LTD., a North Carolina corporation (the "Corporation"), and _____, (the "Participant");

RECITALS:

In furtherance of the purposes of the Charles & Colvard, Ltd. 2008 Stock Incentive Plan, as it may be hereafter amended and/or restated (the "Plan") and in consideration of the services of the Participant and such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation and the Participant hereby agree as follows:

1. Incorporation of Plan. The rights and duties of the Corporation and the Participant under this Agreement shall, in all respects, be subject to and governed by the provisions of the Plan, the terms of which are incorporated herein by reference. In the event of any conflict between the provisions in this Agreement and those of the Plan, the provisions of the Plan shall govern. Unless otherwise defined herein, capitalized terms in this Agreement shall have the same definitions as set forth within the Plan.

2. Terms of Award. The following terms used in this Agreement shall have the meanings set forth in this Section 2:

The "Participant" is _____.

The "Grant Date" is _____.

The "Restriction Period" is the period beginning on the Grant Date and ending on the date or dates and satisfaction of such conditions (including both Service Measures and Performance Measures) as described in Schedule A and Schedule B, which is attached hereto and expressly made a part of this Agreement.

The number of shares of common stock of the Corporation (the "Common Stock") subject to the Restricted Stock Award granted under this Agreement shall be _____ (_____) shares (the "Shares").

3. Grant of Restricted Stock Award. Subject to the terms of this Agreement and the Plan, the Corporation hereby grants the Participant a Restricted Stock Award (the "Award") for that number of Shares of Common Stock as is set forth in Section 2. The Participant expressly acknowledges that the terms of Schedule A and Schedule B shall be incorporated herein by reference and shall constitute part of this Agreement.

4. Vesting and Earning of Award. Subject to the terms of the Plan, the Award shall be deemed vested and earned, and the applicable restrictions imposed on such Shares shall lapse, upon such date or dates, and subject to such conditions (including both Service Measures and Performance Measures), as are described in this Agreement, including but not limited to the terms of Schedule A and Schedule B, attached hereto. The Administrator has sole and absolute authority to determine whether and to what degree the Award has vested and is payable and to interpret the terms and conditions of this Agreement and the Plan.

5. Effect of Change of Control.

(a) In the event of a Change of Control (as defined in the Plan), the Award, if outstanding and unvested as of the date of such Change of Control, shall become fully vested, whether or not then otherwise vested, and the restrictions attached to such Shares shall lapse except as may otherwise be provided in Section 5(b) immediately below.

(b) Notwithstanding the foregoing, in the event that a Change of Control event occurs, the Administrator may, in its sole and absolute discretion, determine that the Award shall not vest on an accelerated basis, if the Corporation or the surviving or acquiring corporation, as the case may be, shall have taken such action, including, but not limited to, the assumption of Awards granted under the Plan or the grant of substitute awards (in either case, with substantially similar terms or equivalent economic benefits as Awards granted under the Plan), as the Administrator determines to be equitable or appropriate to protect the rights and interests of Participants under the Plan. For the purposes herein, if the Committee is acting as the Administrator authorized to make the determinations provided for in this Section 5(b), the Committee shall be appointed by the Board of Directors, at least two-thirds of the members of which shall have been Directors of the Corporation prior to the Change of Control event.

(c) The Administrator shall have full and final authority, in its sole and absolute discretion, to determine whether a Change of Control of the Corporation has occurred, the date of the occurrence of such Change of Control and any incidental matters relating thereto.

6. Termination of Employment or Service; Forfeiture of Award. Except as may be otherwise provided in the Plan or this Agreement, in the event that the employment of the Participant is terminated and/or Participant's service to the Corporation ceases for any reason (whether by the Corporation or the Participant and whether voluntarily or involuntarily) and all or part of the Award has not yet vested pursuant to Sections 4 or 5 above and/or Schedule A and Schedule B attached hereto, then the Award, to the extent not vested as of the Participant's Termination Date, shall be forfeited immediately upon such termination, and the Participant shall have no further rights or interests with respect to the Award or the Shares underlying that portion of the Award that has not yet vested. The Participant expressly acknowledges and agrees that the termination of his or her employment shall result in forfeiture of the Award and the Shares to the extent the Award has not vested as of his or her Termination Date. [Notwithstanding the above provisions of this Section 6, if the Participant terminates employment with the Corporation for any reason other than death but enters into a written agreement with the Corporation to provide, without interruption, continuing services to the Corporation or an Affiliate as an Independent Contractor and/or continues or commences service as a member of the Corporation's Board of Directors without interruption, the Participant shall continue to be treated as an Employee of (or in service to) the Corporation for purposes of this Award and shall not be treated as having a termination of employment or service until the later of the date he is no longer an Employee of the Corporation (or an Affiliate) or the date he is no longer in service as an Independent Contractor or Board member (as determined by the Administrator, in the Administrator's sole discretion).]

7. Settlement of Award. The Award (or vested portion thereof) shall be payable to the Participant in whole shares of Common Stock as soon as practical following the end of the Restriction Period and the Administrator's determination of Participant's satisfactory achievement of stated Performance Measures, if any. In no event, however, shall the Award (or applicable portion thereof) be settled and delivered to Participant more than 2 ½ months following the end of the Restriction Period.

8. No Right of Employment; Forfeiture of Award. None of the Plan, this Agreement, the grant of the Award, or any other action or documentation related to the Plan or the Award shall confer upon the Participant any right to continue in the employment of, or as a service provider to, the Corporation or an Affiliate or interfere with the right of the Corporation or an Affiliate to terminate the Participant's employment or service at any time. Except as otherwise provided in the Plan or this Agreement, all rights of the Participant with respect to the Award shall terminate upon termination of the Participant's employment or service.

9. Nontransferability of Award and Shares. The Award shall not be transferable (including by sale, assignment, pledge or hypothecation) other than by will or the laws of intestate succession. The designation of a beneficiary in accordance with the Plan does not constitute a transfer. The Participant shall not sell, transfer, assign, pledge or otherwise encumber the Shares subject to the Award (except as provided in Section 13 herein) until the Restriction Period has expired and all conditions to vesting and transfer have been met.

10. Superseding Agreement. This Agreement supersedes any statements, representations or agreements of the Corporation with respect to the grant of the Award, any other equity-based awards or any related rights, and the Participant hereby waives any rights or claims related to any such statements, representations or agreements. This Agreement does not supersede or amend any confidentiality agreement, nonsolicitation agreement, noncompetition agreement, employment agreement or any other similar agreement between the Participant and the Corporation, including, but not limited to, any restrictive covenants contained in such agreements.

11. Governing Law. Except as otherwise provided in the Plan or herein, this Agreement shall be construed and enforced according to the laws of the State of North Carolina, without regard to the conflict of laws provisions of any state, and in accordance with applicable federal laws of the United States.

12. Amendment and Termination; Waiver. Subject to the terms of the Plan and this Section 12, this Agreement may be amended, altered, suspended or terminated only by the written agreement of the parties hereto. Notwithstanding the foregoing, the Administrator shall have unilateral authority to amend the Plan and this Agreement (without the Participant's consent) to the extent necessary to comply with Applicable Laws or changes to Applicable Laws (including, but in no way limited, to Code Section 409A and federal securities laws) as well as to accelerate vesting of the Award or eliminate or reduce any service or performance measures set forth in Attachment A in the Participant's favor. The waiver by the Corporation of a breach of any provision of this Agreement by the Participant shall not operate or be construed as a waiver of any subsequent breach by the Participant.

13. Certificates for Shares; Rights as Shareholder. Unless the Administrator determines otherwise: (i) the Participant shall have voting rights and (except as provided in clause (ii) below) other rights as a shareholder with respect to shares subject to the portion of the Award that has not yet vested and (ii) notwithstanding clause (i) herein, the Administrator may determine that any dividends (whether cash or stock) subject to the Award shall be subject to the same vesting or other restrictions that apply to the shares subject to the Award. Unless the Administrator determines otherwise, a certificate or certificates for Shares subject to the Award (or, in the case of uncertificated shares, other written evidence of ownership in accordance with Applicable Laws) shall be issued in the name of the Participant as soon as practicable after the Award has been granted. Notwithstanding the foregoing, the Administrator may require that: (a) the Participant deliver the certificate(s) (or other written instruments) for the Shares to the Administrator or its designee to be held in escrow until the Award vests (in which case the Shares will be released to the Participant) or is forfeited (in which case the Shares shall be returned to the Corporation) and/or (b) the Participant deliver to the Corporation a stock power (or similar instrument), endorsed in blank, relating to the Shares subject to the Award that are subject to forfeiture.

14. Withholding; Tax Matters.

(a) The Participant acknowledges that the Corporation shall require the Participant to pay the Corporation in cash the amount of any local, state, federal, foreign or other tax or other amount required by any governmental authority to be withheld and paid over by the Corporation to such authority for the account of the Participant, and the Participant agrees, as a condition to the grant of the Award and delivery of the Shares or any other benefit, to satisfy such obligations. Notwithstanding the foregoing, the Administrator may establish procedures to permit the Participant to satisfy such obligations in whole or in part, and any other local, state, federal, foreign or other income tax obligations relating to the Award, by electing (the "election") to have the Corporation withhold shares of Common Stock from the Shares to which the Participant is entitled. The number of Shares to be withheld shall have a Fair Market Value as of the date that the amount of tax to be withheld is determined as nearly equal as possible to (but not exceeding) the amount of such obligations being satisfied. Each election must be made in writing to the Administrator in accordance with election procedures established by the Administrator.

(b) The Participant acknowledges that the Corporation has made no warranties or representations to the Participant with respect to the tax consequences (including, but not limited to, income tax consequences) related to the transactions contemplated by this Agreement, and the Participant is in no manner relying on the Corporation or its representatives for an assessment of such tax consequences. The Participant acknowledges that there may be adverse tax consequences upon the grant of the Award and/or the acquisition or disposition of the Shares subject to the Award and that the Participant has been advised that he or she should consult with his own attorney, accountant, and/or tax advisor regarding the decision to enter into this Agreement and the consequences thereof. The Participant also acknowledges that the Corporation has no responsibility to take or refrain from taking any actions in order to achieve a certain tax result for the Participant, including no responsibility to advise or assist the Participant with respect to potential Code Section 83(b) election with respect to the Award.

15. Administration. The authority to construe and interpret this Agreement and the Plan, and to administer all aspects of the Plan, shall be vested in the Administrator, and the Administrator shall have all powers with respect to this Agreement as are provided in the Plan. Any interpretation of this Agreement by the Administrator and any decision made by the Administrator with respect to this Agreement shall be conclusive, final, and binding in all respects.

16. Notices. Except as may be otherwise provided by the Plan, any written notices provided for in this Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailed but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Corporation's records (or at such other address as may be designated by the Participant in a manner acceptable to the Administrator), or if to the Corporation, at the Corporation's principal office, attention Chief Financial Officer, Charles & Colvard, Ltd.

17. Severability. If any provision of the Agreement shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

18. Restrictions on Award and Shares. The Corporation may impose such restrictions on the Award, the Shares and/or any other benefits underlying the Award as it may deem advisable, including, without limitation, restrictions under the federal securities laws, the requirements of any stock exchange or similar organization and any blue sky, state or foreign securities laws applicable to such securities. Notwithstanding any other provision in the Plan or the Agreement to the contrary, the Corporation shall not be obligated to issue, deliver or transfer shares of Common Stock, make any other distribution of benefits, or take any other action, unless such delivery, distribution or action is in compliance with all Applicable Laws (including, but not limited to, the requirements of the Securities Act). The Corporation will be under no obligation to register shares of Common Stock or other securities with the Securities and Exchange Commission or to effect compliance with the exemption, registration, qualification or listing requirements of any state or foreign securities laws, stock exchange or similar organization, and the Corporation will have no liability for any inability or failure to do so. The Corporation may cause a restrictive legend or legends (including but, in no way limited to, any legends that may be necessary or appropriate pursuant to Section 13 herein) to be placed on any certificate for Shares issued pursuant to the Award in such form as may be prescribed from time to time by Applicable Laws or as may be advised by legal counsel. Further, the Administrator may delay the right to receive or dispose of shares of Common Stock (or other benefits) upon settlement of the Award at any time when the Administrator determines that allowing issuance of Common Stock (or distribution of other benefits) would violate any federal or state securities laws, and the Administrator may provide in its discretion that any time periods to receive shares of Common Stock (or other benefits) subject to the Award are tolled during a period of suspension.

19. Counterparts; Further Instruments. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The parties hereto agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

20. Effect of Changes in Duties or Status. Notwithstanding the other provisions of the Plan and the Agreement, the Administrator has discretion to determine, at the time of grant of the Award or at any time thereafter, the effect, if any, on the Award (including but not limited to the vesting of the Award) if the Participant's duties and/or responsibilities change or the Participant's status as an Employee changes, including but not limited to, a change from full-time to part-time, or vice versa, or if other similar changes in the nature or scope of the Participant's employment with or provisions of services to the Corporation occur. In addition, unless otherwise determined by the Administrator, in the Administrator's sole discretion, for purposes of the Plan, a Participant shall be considered to have terminated employment and to have ceased to be an Employee if his employer was an Affiliate at the time of grant and such employer or other party ceases to be an Affiliate, even if he continues to be employed by or provide services to such employer or party.

21. Rules of Construction. Headings are given to the Sections of this Agreement solely as a convenience to facilitate reference. The reference to any statute, regulation or other provision of law shall be construed to refer to any amendment to or successor of such provision of law unless the Administrator determines otherwise.

22. Successors and Assigns. The Agreement shall be binding upon the Corporation and its successors and assigns, and the Participant and his or her executors, administrators and permitted transferees and beneficiaries.

23. Right of Offset. Notwithstanding any other provision of the Plan or this Agreement (and taking into account any Code Section 409A considerations, if applicable), the Corporation may at any time reduce the amount of any distribution or benefit otherwise payable to or on behalf of the Participant by the amount of any obligation of the Participant to the Corporation or an Affiliate that is or becomes due and payable (including, but in no way limited to, any obligation that may arise under Section 304 of the Sarbanes-Oxley Act of 2002).

24. Forfeiture of Shares and/or Gain from Shares.

(a) Notwithstanding any other provision of this Agreement, if, at any time during the Participant's employment with or service to the Corporation or an Affiliate or during the 12-month period following termination of employment or service for any reason (regardless of whether such termination was by the Corporation or the Participant, and whether voluntary or involuntary), the Participant engages in a Prohibited Activity (as defined herein), then: (i) the Award shall immediately be terminated and forfeited in its entirety, (ii) any Shares, regardless of whether such Shares are vested or unvested, shall immediately be forfeited and returned to the Corporation (without the payment by the Corporation of any consideration for such Shares), and the Participant shall cease to have any rights related thereto and shall cease to be recognized as the legal owner of such Shares, and (iii) any Gain (as defined below) realized by the Participant with respect to any Shares shall immediately be paid by the Participant to the Corporation.

(b) For purposes of this Agreement, a "Prohibited Activity" shall mean: (i) the Participant's solicitation or assisting any other person in so soliciting, directly or indirectly, of any customers, suppliers, vendors or other service providers to or of the Corporation or any Affiliate within the United States that the Participant learned confidential information about or had contact with through his employment or other service with the Corporation or an Affiliate within the United States for the purpose of inducing that customer, supplier, vendor or other service provider to terminate or alter his or its relationship with the Corporation or an Affiliate; (ii) the Participant's inducement, directly or indirectly, of any employees or service providers to terminate their employment with or service to the Corporation or an Affiliate for the purpose of performing services for, assisting, advising or otherwise supporting any business which is competitive with the business of the Corporation or an Affiliate; (iii) the Participant's violation of any noncompetition, nonsolicitation or confidentiality restrictions or other restrictive covenants applicable to the Participant; (iv) the Participant's violation of any of the Corporation's policies, including, without limitation, the Corporation's insider trading policies; (v) the Participant's violation of any material (as determined by the Administrator) federal, state or other law, rule or regulation; (vi) the Participant's disclosure or other misuse of any confidential information or material concerning the Corporation or an Affiliate (except as otherwise required by law or as agreed to by the parties herein); (vii) the Participant's dishonesty in a manner that negatively impacts the Corporation in any way; (viii) the Participant's refusal to perform his duties for the Corporation or an Affiliate; (ix) the Participant's engaging in fraudulent conduct; or (x) the Participant's engaging in any conduct that is or could be materially damaging to the Corporation or its Affiliates without a reasonable good faith belief that such conduct was in the best interest of the Corporation or any of its Affiliates. The Administrator shall have sole and absolute discretion to determine if a Prohibited Activity has occurred.

(c) For purposes of this Agreement, "Gain" shall mean, unless the Administrator determines otherwise, an amount equal to (i) the greater of: (A) the Fair Market Value per share of the Shares (or portion thereof) at the time of grant; (B) the Fair Market Value Per Share of the Shares (or portion thereof) at the time of vesting; or (C) the disposition price per Share of any Shares sold or disposed at the time of disposition multiplied by (ii) the number of Shares sold or disposed of.

(d) Notwithstanding the provisions of Section 24(a) herein, the waiver by the Corporation in any one or more instances of any rights afforded to the Corporation pursuant to the terms of Section 24(a) herein shall not be deemed to constitute a further or continuing waiver of any rights the Corporation may have pursuant to the terms of this Agreement or the Plan (including, but not limited to, the rights afforded the Corporation in Section 23 herein).

(e) The Corporation and the Participant hereby expressly agree that, notwithstanding the other provisions of this Section 24, if the Participant has entered into an employment agreement, consulting agreement or other agreement containing noncompetition, nonsolicitation, confidentiality or similar covenants, then the provisions contained in such agreement(s) with respect to the scope (e.g., duration, territory, or prohibited activity) of such restrictive covenants shall control (and thus prevail over Section 24(b)(i), Section 24(b)(ii) and Section 24(b)(iii) herein), unless the Administrator should determine otherwise. In any event, the Corporation shall retain the forfeiture and recoupment rights provided in Section 24(a) in the event of a violation of such restrictive covenants unless, and then only to the extent prohibited by, or restricted under, Applicable Laws.

(f) By accepting this Agreement, and without limiting the effect of Section 23 herein, the Participant consents to a deduction (to the extent permitted by Applicable Law) from any amounts the Corporation or an Affiliate may owe the Participant from time to time (including amounts owed to the Participant as wages or other compensation, fringe benefits, or vacation pay, as well as any other amounts owed to the Participant by the Corporation or an Affiliate), to the extent of the amounts the Participant owes the Corporation pursuant to this Agreement, including but not limited to this Section 24. Whether or not the Corporation elects to make any set-off in whole or in part, if the Corporation does not recover by means of set-off the full amount owed by the Participant pursuant to this Agreement, the Participant agrees to immediately pay the unpaid balance to the Corporation. Further, by executing and returning this Agreement to the Corporation, the Participant acknowledges and agrees that: (i) Participant has read the Plan and this Agreement in its entirety; (ii) Participant has had the opportunity to consult with legal counsel prior to execution of this Agreement; (iii) this Agreement is valid and binding upon, and enforceable against, the Participant in accordance with its terms, including, but not limited to, the restrictions contained in this Section 24; and (iv) the consideration for this Agreement is valuable and sufficient consideration.

[*Signatures of the Corporation and the Participant follow on Separate Page.]*

IN WITNESS WHEREOF, this Agreement has been executed on behalf of the Corporation and by the Participant on the day and year first above written.

CHARLES & COLVARD, LTD.

By: _____

Title: _____

Attest:

By: _____

Title: _____

[Corporate Seal]

PARTICIPANT

_____ (SEAL)

CHARLES & COLVARD, LTD.
2008 STOCK INCENTIVE PLAN

Restricted Stock Award Agreement

SCHEDULE A

SERVICE MEASURES

Grant Date: _____, __.

Number of Shares Subject to Award: _____ shares.

Restriction Period: The Shares subject to the Award shall vest and be earned, as provided below, subject to the terms and conditions as may be imposed by the Plan and the Agreement[1]:

Date of Vesting	Shares to be Vested

[Insert Schedule]

[1] Vesting of the Award is subject to Participant's continuous employment with, or service to, the Corporation from the Grant Date through the Date of Vesting and the other terms and conditions imposed under the Plan and/or this Agreement, including achievement of the performance goals set forth in the Performance Measures described in Schedule B.

CHARLES & COLVARD, LTD.
2008 STOCK INCENTIVE PLAN

Restricted Stock Award Agreement

SCHEDULE B

PERFORMANCE MEASURES

1. Purpose. The purpose of this Schedule B is to set forth the Performance Measures that will be applied to determine the amount of the Award to be made under the terms of the attached Restricted Stock Award Agreement (the "Agreement"). This Schedule B is incorporated into and forms a part of the Agreement.

2. Revision of Performance Measures. The Performance Measures set forth in this Schedule B may be modified by the Administrator during, and after the end of, the Restriction Period to reflect significant events that occur during the Restriction Period.

3. Performance Goals. The Performance goals shall be as follows[2]:

[Insert Schedule]

4. Amount of Award. The amount distributable to the Participant under the Agreement shall be determined in the discretion of the Administrator based upon the Administrator's assessment of the degree to which the Participant successfully achieved the performance measures set forth above.

[2] Vesting of the Award is subject to Participant's continuous employment with, or service to, the Corporation through the Date of Vesting set forth in the Service Measures described in Schedule A and the other terms and conditions imposed under the Plan and/or this Agreement.

Exhibit 99.1

FOR IMMEDIATE RELEASE:

CHARLES & COLVARD APPOINTS MARVIN BEASLEY AS PRESIDENT AND CEO
FOLLOWING RETIREMENT OF RANDY MCCULLOUGH

MORRISVILLE, N.C. — March 18, 2015 — Charles & Colvard, Ltd. (NASDAQ:CTHR), the original and leading worldwide source of Classic Moissanite™ and Forever Brilliant®, The World's Most Brilliant Gem®, announced that its Board of Directors has appointed Marvin Beasley to the position of President and Chief Executive Officer. Effective immediately, Mr. Beasley, a current member of the Board of Directors of Charles & Colvard, will succeed Randy McCullough, who informed the Board of his retirement as President, CEO, and Director on March 17, 2015. Mr. McCullough will support the transition in an advisory consulting role.

"Randy was instrumental in building our direct-to-consumer e-commerce business through Moissanite.com and launching our home party business, Lulu Avenue®," said Neal Goldman, Executive Chairman of the Board of Directors of Charles & Colvard. "These are high-growth opportunities that are important for the Company. In addition, Randy assembled a strong team of employees who are working hard to grow the business. On behalf of the entire Board of Directors, we would like to thank Randy for his many contributions positioning Charles & Colvard for future success."

Randy McCullough commented, "I am grateful for having had the opportunity to lead such a talented team and proud of what we accomplished during an important chapter in the Company's history. Together, we put in place structure and made investments to enable Charles & Colvard to continue to grow and transform. I am looking forward to seeing the Company's continued growth."

Neal Goldman concluded, "To achieve our growth prospects and continue the momentum in our direct-to-consumer businesses, a smooth transition is important, so we are pleased to have Marvin Beasley move into the leadership role. With proven management experience and substantial industry knowledge, Marvin is able to hit the ground running. He will help drive our direct-to-consumer growth initiatives and use his extensive industry experience to work toward expanding our wholesale distribution channel."

Marvin Beasley has served as a director of the Company since November 2009. In 2009, Mr. Beasley retired from retailing after 44 years. Mr. Beasley spent the last 20 years of his retail career at Helzberg Diamonds holding various executive positions. In 2004, Mr. Beasley was promoted to Chief Executive Officer and served until his retirement in 2009. Mr. Beasley is a National Jeweler Retailer Hall of Fame inductee and has served on many boards including Jewelers of America and Jewelers for Children.

Marvin Beasley said, “I am honored to be appointed President and CEO and am enthusiastic about leading Charles & Colvard through the opportunities and challenges that lie ahead. While our immediate priority is to execute on key initiatives, we will also take a fresh look at the business to prioritize our strategies, operations, and investments to focus on growth. I look forward to working with our capable team on these efforts.”

About Charles & Colvard, Ltd.

Charles & Colvard, Ltd., based in the Research Triangle Park area of North Carolina, is the original and leading worldwide source of moissanite, a unique, near-colorless created gem that is distinct from other gems and jewels based on its exceptional fire, brilliance, durability, and rarity. Charles & Colvard’s Classic Moissanite™ and Forever Brilliant® are currently incorporated into fine jewelry sold through domestic and international retailers and other sales channels. Charles & Colvard, Ltd.’s common stock is listed on the NASDAQ Global Select Market under the symbol “CTHR.” For more information, please visit www.charlesandcolvard.com.

Forward-Looking Statement

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 “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; the impact of the execution of our business plans on our liquidity; our ability to fulfill orders on a timely basis; the financial condition of our major customers and their willingness and ability to market our products; dependence on Cree, Inc. as the sole supplier of the raw material; our current wholesale customers’ potential perception of us as a competitor in the finished jewelry business; intense competition in the worldwide jewelry industry; general economic and market conditions, including the current economic environment; 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; possible adverse effects of governmental regulation and oversight; our ability to retain key personnel; and the failure to evaluate and integrate strategic opportunities, 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, 2014 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.

Source: Charles & Colvard, Ltd.

Charles & Colvard, Ltd.

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