
**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

June 26, 2007 (Date of earliest event reported)

Commission file number: 0-23329

Charles & Colvard, Ltd.

(Exact name of registrant as specified in its charter)

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

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

300 Perimeter Park Drive, Suite A
Morrisville, North Carolina 27560
(Address of principal executive offices)
(Zip code)

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

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 (see General Instruction A.2. below):

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

On June 26, 2007, Charles & Colvard, Ltd. (the "Company") executed a letter agreement dated June 19, 2007 (the "New Letter Agreement") with Stuller, Inc. ("Stuller"), which replaces in its entirety the letter agreement between the Company and Stuller dated April 25, 2006 (filed with the Securities and Exchange Commission (the "SEC") on May 12, 2006 as exhibit 10.91 to the Current Report on Form 8-K) and further amends the letter agreement between the Company and Stuller dated March 16, 2000 (filed with the SEC on March 27, 2000 as exhibit 10.40 to the Annual Report on Form 10-K). Pursuant to its terms, the New Letter Agreement became effective upon the Company's execution of the New Letter Agreement on June 26, 2007.

The New Letter Agreement provides that Stuller has the right to sell moissanite in North America from June 19, 2007 until December 31, 2008. The Company also agreed to, among other things: (i) fund certain pre-approved advertising and promotional activities submitted to the Company by Stuller; (ii) provide quarterly stock rebalancing, subject to certain limitations; and (iii) provide Stuller personnel with certain training regarding marketing and product strategy. Stuller in turn agreed to, among other things, comply with the Company's Minimum Advertised Price and brand identity guidelines. The Company and Stuller also agreed to work together on certain sales and marketing initiatives designed to foster interest in moissanite.

The description of the New Letter Agreement set forth in this Item 1.01 does not purport to be complete and is qualified in its entirety by reference to the copy of the New Letter Agreement filed as Exhibit 10.101 to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit 10.101 Letter Agreement, effective June 26, 2007 between Stuller, Inc. and Charles & Colvard, Ltd.*

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

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.

By: /s/ James R. Braun

James R. Braun

Vice President of Finance & Chief Financial Officer

Date: June 29, 2007

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit Description</u>
Exhibit 10.101	Letter Agreement, effective June 26, 2007 between Stuller, Inc. and Charles & Colvard, Ltd.*

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

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VIA FEDERAL EXPRESS – PRIORITY OVERNIGHT

Confidential

June 19, 2007

Mr. Linus Cortez
Chief Financial Officer
Stuller, Inc.
302 Rue Louis XIV
Lafayette, Louisiana 70508

Dear Mr. Cortez:

This letter, will amend our letter agreement dated March 16, 2000, and replace our existing letter agreement dated, April 25, 2006, when signed by the last party hereto.

A. For the Term, Charles & Colvard, Ltd., (C&C), hereby:

1. Appoints Stuller Inc., (Stuller) the rights to sell Charles & Colvard created moissanite (either as a loose jewel or in manufactured jewelry) in the territory comprised of the North American Continent from the present date until December 31, 2008 (The "Appointment Term").
2. Warrants that Stuller will be charged no more than the lowest price charged to any jewelry industry customer worldwide. The price schedule effective May 1, 2006 (previously given to Stuller) is the current pricing. Further, if at any time the pricing of moissanite is decreased, C&C shall provide Stuller with a credit toward additional purchases of moissanite equal to the amount of such price decrease on the lesser of (a) Stuller's net purchases of moissanite during the prior 90 days or (b) Stuller's actual inventory at such time. Stuller will be informed at least 90 days prior to any price increase.
3. C&C will fund all pre-approved, eligible advertising/promotional activity expenses submitted by Stuller. This funding is limited to *****% of net purchases made by Stuller. To receive the co-op credit Stuller must submit to C&C, on a quarterly basis, a marketing report listing all activities undertaken by Stuller for the quarter. This report must be supported by actual receipts for all expenditures and other appropriate backup evidencing that advertising has occurred. C&C will issue a credit memo to Stuller for actual marketing expenditures.
4. Agrees to provide stock re-balancing semi-annually on a dollar value per dollar value basis, *****. This stock balancing will occur within 15 days of May15 and November 15 of each year.
5. Agrees to provide the Stuller staff with any required training concerning the product, the marketing strategy, and the product positioning being implemented by C&C.
6. Agrees *****.

B. Stuller agrees to comply with the following:

- a. MAP pricing
- b. Brand Identity Guidelines
- c. Submission of support documentation relevant to all co-op and any other authorized marketing and sales expenses.

300 Perimeter Park Drive, Suite A Morrisville, NC 27560 Telephone 919.468.0399

Facsimile 919.468.0486 www.moissanite.com

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June 19, 2007

Linus Cortez, CFO – Stuller, Inc.

C. Stuller and C&C agree to the following four major initiatives for 2007:

1. Stuller will *****. Illustrative of Stuller's commitment, *****.
2. C&C and Stuller will ***** including *****.
3. C&C and Stuller will *****.
4. Stuller will *****.
5. On a quarterly basis Stuller agrees *****.

Stuller hereby recognizes and agrees to cooperate with C&C in the protection of all C&C trademarks, logos, copyrights and intellectual property. Further, Stuller agrees to include Charles & Colvard created moissanite in its catalog and trade show presentations for the term of the agreement; and to make commercially reasonable efforts to market moissanite to its customers consistent with the Brand Identity Guidelines (BIG) supplied by C&C, and, Stuller specifically agrees to make commercially reasonable efforts to sell Charles & Colvard created moissanite as loose stones to retailers and manufacturers only for use in jewelry mountings.

Further, Stuller agrees *****. The parties agree *****.

If the forgoing meets with your understanding of our agreement, please sign and return one copy of this letter for our files.

Agreed and accepted:

Charles & Colvard, Ltd.

/s/ Dennis M. Reed

Dennis M. Reed
President & CMO

Date: 6/26/07

Stuller, Inc.

/s/ Linus Cortez

Linus Cortez
Chief Financial Officer

Date: 6/21/07

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Exhibit I

MAP Price List

Effective May 1, 2006. All prices listed in US\$. All prices subject to change without notice.

SRB (mm)	Average Carat Weight	Minimum Advertised Price	Suggested Retail	Tray Capacity
2.5	0.05	*****	*****	78
3	0.09	*****	*****	78
3.25	0.11	*****	*****	78
3.5	0.14	*****	*****	78
4	0.22	*****	*****	40
4.5	0.29	*****	*****	40
5	0.41	*****	*****	40
5.5	0.54	*****	*****	21
6	0.68	*****	*****	21
6.5	0.88	*****	*****	21
7	1.10	*****	*****	21
7.5	1.35	*****	*****	10
8	1.60	*****	*****	10
8.5	1.90	*****	*****	10
9	2.26	*****	*****	10
9.5	2.75	*****	*****	10
10	3.08	*****	*****	10
10.5	3.57	*****	*****	10
11	4.11	*****	*****	5
11.5	4.72	*****	*****	5
12	5.32	*****	*****	5
12.5	6.01	*****	*****	5
13	6.80	*****	*****	5
13.5	7.60	*****	*****	5
14	8.46	*****	*****	5
14.5	9.51	*****	*****	5
15	10.46	*****	*****	5

All SRB (standard round brilliant) moissanite jewels are sold by piece by size (mm).
The average carat weights listed are for informational purposes only.

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SCR (mm)	Carat Weight	Minimum Advertised Price	Suggested Retail	Average Pieces/Bag
1	3	*****	*****	869
1.1	3	*****	*****	653
1.2	3	*****	*****	440
1.3	3	*****	*****	370
1.4	3	*****	*****	295
1.5	3	*****	*****	255
1.6	3	*****	*****	190
1.7	3	*****	*****	167
1.8	3	*****	*****	140
1.9	3	*****	*****	112
2	3	*****	*****	109
2.1	3	*****	*****	94
2.2	3	*****	*****	82
2.3	3	*****	*****	71
2.4	3	*****	*****	63

All SCR (single cut round) moissanite jewels are sold by weight in bulk bags weighing 3 carats each.
 The average pieces per bag listed are for informational purposes only.

Baguette (mm)	Carat Weight	Minimum Advertised Price	Suggested Retail	Average Pieces/Bag
4x2	3	*****	*****	29
5x2.5	3	*****	*****	16
Tapered Baguette	Carat Weight	Minimum Advertised Price	Suggested Retail	Average Pieces/Bag
5x2.5x2	3	*****	*****	19

All Baguette moissanite jewels are sold by weight in bulk bags weighing 3 carats each.
 The average pieces per bag listed are for informational purposes only.

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MAP Price List

Effective May 1, 2006. All prices listed in US\$. All prices subject to change without notice.

Castle (mm)	Average Carat Weight	Minimum Advertised Price	Suggested Retail	Tray Capacity
2.5	0.05	*****	*****	40
3	0.09	*****	*****	40
3.5	0.15	*****	*****	40
4	0.21	*****	*****	40
4.5	0.30	*****	*****	40
5	0.40	*****	*****	40
5.5	0.52	*****	*****	21
6	0.69	*****	*****	21
6.5	0.88	*****	*****	21
7	1.09	*****	*****	21
7.5	1.33	*****	*****	10
8	1.61	*****	*****	10
Cushion (mm)	Average Carat Weight	Minimum Advertised Price	Suggested Retail	Tray Capacity
2	0.04	*****	*****	40
2.5	0.07	*****	*****	40
3	0.12	*****	*****	40
3.5	0.19	*****	*****	40
4	0.30	*****	*****	40
4.5	0.42	*****	*****	40
5	0.57	*****	*****	21
5.5	0.75	*****	*****	21
6	0.96	*****	*****	21
6.5	1.21	*****	*****	21
7	1.49	*****	*****	21
7.5	1.80	*****	*****	10
8	2.15	*****	*****	10
8.5	2.54	*****	*****	10
9	2.98	*****	*****	10

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9.5	3.74	*****	*****	10
10	4.18	*****	*****	5
10.5	4.99	*****	*****	5
11	5.79	*****	*****	5
11.5	6.82	*****	*****	5
12	8.07	*****	*****	5
Heart (mm)	Average Carat Weight	Minimum Advertised Price	Suggested Retail	Tray Capacity
3	0.08	*****	*****	78
3.5	0.14	*****	*****	40
4	0.21	*****	*****	40
4.5	0.30	*****	*****	40
5	0.42	*****	*****	40
5.5	0.54	*****	*****	21
6	0.70	*****	*****	21
6.5	0.86	*****	*****	21
7	1.10	*****	*****	21
7.5	1.32	*****	*****	21
8	1.61	*****	*****	10
8.5	1.99	*****	*****	10
9	2.43	*****	*****	10
9.5	2.83	*****	*****	10
10	3.30	*****	*****	10

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Marquise (mm)	Average Carat Weight	Minimum Advertised Price	Suggested Retail	Tray Capacity
4x2	0.06	*****	*****	40
5x2.5	0.12	*****	*****	40
6x3	0.21	*****	*****	21
7x3.5	0.32	*****	*****	21
8x4	0.47	*****	*****	21
9x4.5	0.67	*****	*****	21
10x5	0.90	*****	*****	21
11x5.5	1.26	*****	*****	12
12x6	1.58	*****	*****	12
13x6.5	1.98	*****	*****	12
14x7	2.48	*****	*****	12
Octagon (mm)	Average Carat Weight	Minimum Advertised Price	Suggested Retail	Tray Capacity
2	0.03	*****	*****	78
2.5	0.07	*****	*****	78
3	0.11	*****	*****	78
3.5	0.17	*****	*****	78
4	0.25	*****	*****	40
4.5	0.36	*****	*****	40
5	0.47	*****	*****	40
5.5	0.62	*****	*****	21
6	0.80	*****	*****	21
6.5	1.02	*****	*****	21
7	1.26	*****	*****	21
7.5	1.56	*****	*****	10
8	1.87	*****	*****	10
8.5	2.19	*****	*****	10
9	2.58	*****	*****	10
9.5	3.02	*****	*****	10

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Oval (mm)	Average Carat Weight	Minimum Advertised Price	Suggested Retail	Tray Capacity
4x2	0.09	*****	*****	40
5x3	0.23	*****	*****	40
6x4	0.43	*****	*****	21
7x5	0.84	*****	*****	21
8x6	1.33	*****	*****	10
9x7	1.91	*****	*****	10
10x8	2.72	*****	*****	10
11x9	3.74	*****	*****	10
12x10	5.18	*****	*****	5
14x10	6.58	*****	*****	5
14x10.5	6.93	*****	*****	5
Pear (mm)	Average Carat Weight	Minimum Advertised Price	Suggested Retail	Tray Capacity
5x3	0.20	*****	*****	21
6x4	0.39	*****	*****	21
7x5	0.69	*****	*****	21
7.5x5	0.76	*****	*****	21
8x5	0.85	*****	*****	21
9x6	1.33	*****	*****	12
10x7	1.93	*****	*****	12
10.5x7	2.13	*****	*****	12
12x7.5	2.87	*****	*****	12
12x8	3.09	*****	*****	5

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Princess (mm)	Average Carat Weight	Minimum Advertised Price	Suggested Retail	Tray Capacity
2x2	0.04	*****	*****	78
2.5x2.5	0.08	*****	*****	78
3x3	0.14	*****	*****	40
3.5x3.5	0.21	*****	*****	40
4x4	0.33	*****	*****	21
4.5x4.5	0.44	*****	*****	21
5x5	0.64	*****	*****	21
5.5x5.5	0.83	*****	*****	10
6x6	1.07	*****	*****	10
6.5x6.5	1.35	*****	*****	10
7x7	1.64	*****	*****	10
7.5x7.5	2.08	*****	*****	10
8x8	2.51	*****	*****	10
8.5x8.5	2.87	*****	*****	10
9x9	3.49	*****	*****	5
9.5x9.5	3.97	*****	*****	5
10x10	4.80	*****	*****	5
10.5x10.5	5.38	*****	*****	5
11x11	6.31	*****	*****	5
11.5x11.5	7.23	*****	*****	5
12x12	8.14	*****	*****	5
12.5x12.5	8.86	*****	*****	5
13.0x13.0	9.94	*****	*****	5
Radiant (mm)	Average Carat Weight	Minimum Advertised Price	Suggested Retail	Tray Capacity
4x2	0.10	*****	*****	40
5x3	0.30	*****	*****	40
6x4	0.61	*****	*****	21
7x5	1.04	*****	*****	10

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8x6	1.67	*****	*****	10
9x7	2.43	*****	*****	10
10x8	3.51	*****	*****	10
11x9	4.79	*****	*****	5
12x10	6.45	*****	*****	5
14x10	8.41	*****	*****	5
14x12	11.72	*****	*****	5
SBC (mm)	Average Carat Weight	Minimum Advertised Price	Suggested Retail	Tray Capacity
2x2	0.04	*****	*****	78
2.5x2.5	0.11	*****	*****	78
3x3	0.16	*****	*****	40
3.5x3.5	0.24	*****	*****	40
4x4	0.37	*****	*****	21
4.5x4.5	0.51	*****	*****	21
5x5	0.71	*****	*****	21
5.5x5.5	0.91	*****	*****	10
6x6	1.18	*****	*****	10
6.5x6.5	1.50	*****	*****	10
7x7	1.88	*****	*****	10
7.5x7.5	2.28	*****	*****	10
8x8	2.78	*****	*****	10
8.5x8.5	3.28	*****	*****	10
9x9	3.94	*****	*****	5
9.5x9.5	4.62	*****	*****	5
10.0x10.0	5.29	*****	*****	5

All moissanite jewels on this page are sold by piece by size (mm), average carat weights listed are for informational purposes only.

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MAP Price List

Effective May 1, 2006. All prices listed in US\$. All prices subject to change without notice.

Triangle (mm)	Average Carat Weight	Minimum Advertised Price	Suggested Retail	Tray Capacity
2x2x2	0.02	*****	*****	78
2.5x2.5x2.5	0.06	*****	*****	78
3x3x3	0.09	*****	*****	78
3.5x3.5x3.5	0.14	*****	*****	40
4x4x4	0.21	*****	*****	40
4.5x4.5x4.5	0.30	*****	*****	21
5x5x5	0.40	*****	*****	21
5.5x5.5x5.5	0.52	*****	*****	21
6x6x6	0.67	*****	*****	21
6.5x6.5x6.5	0.83	*****	*****	10
7x7x7	1.06	*****	*****	10
7.5x7.5x7.5	1.28	*****	*****	10
8x8x8	1.48	*****	*****	10
8.5x8.5x8.5	1.79	*****	*****	10
9x9x9	2.12	*****	*****	10
9.5x9.5x9.5	2.41	*****	*****	10
Trillion (mm)	Average Carat Weight	Minimum Advertised Price	Suggested Retail	Tray Capacity
2x2x2	0.02	*****	*****	78
2.5x2.5x2.5	0.05	*****	*****	78
3x3x3	0.08	*****	*****	78
3.5x3.5x3.5	0.13	*****	*****	40
4x4x4	0.18	*****	*****	40
4.5x4.5x4.5	0.27	*****	*****	21
5x5x5	0.36	*****	*****	21
5.5x5.5x5.5	0.47	*****	*****	21
6x6x6	0.61	*****	*****	21
6.5x6.5x6.5	0.74	*****	*****	10
7x7x7	0.94	*****	*****	10

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7.5x7.5x7.5	1.16	*****	*****	10
8x8x8	1.44	*****	*****	10
8.5x8.5x8.5	1.66	*****	*****	10
9x9x9	2.16	*****	*****	10
9.5x9.5x9.5	2.41	*****	*****	10
10x10x10	2.77	*****	*****	5
10.5x10.5x10.5	3.34	*****	*****	5
11x11x11	3.85	*****	*****	5

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