
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

January 20, 2005 (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 January 20, 2005, Charles & Colvard, Ltd. signed a letter agreement with Stuller, Inc. that replaced the December 18, 2003 letter agreement (filed March 17, 2004 as exhibit 10.60 to the Annual Report on Form 10K) and amended the March 16, 2000 letter agreement (filed March 27, 2000 as exhibit 10.40 to the Annual Report on Form 10K). A copy this new agreement is attached as Exhibit 10.70.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit 10.70 Letter Agreement, dated January 20, 2004, between Stuller, Inc. and Charles & Colvard, Ltd.*

* The registrant has requested that certain portions of this exhibit be given confidential treatment.

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, thereunto duly authorized.

Charles & Colvard, Ltd.

By: /s/ James R. Braun

James R. Braun
Vice President of Finance
& Chief Financial Officer

Date: January 24, 2005

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit Description</u>
Exhibit 10.70	Letter Agreement, dated January 20, 2004, between Stuller, Inc. and Charles & Colvard, Ltd.*

* The registrant has requested that certain portions of this exhibit be given confidential treatment.

REDACTED – OMITTED MATERIAL HAS BEEN SEPARATELY FILED WITH THE COMMISSION
AND IS DENOTED HEREIN BY *****

SENT VIA FACSIMILE AND FEDERAL EXPRESS PRIORITY OVERNIGHT

Confidential

January 20, 2005

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

Dear Mr. Cortez:

This letter, when accepted by Stuller Inc., will amend our letter agreement dated March 16, 2000, and replace our existing letter agreement dated, December 18, 2003.

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, 2005. (The appointment Term)
2. Warrants that C&C shall appoint no additional distributors for the loose moissanite jewel in the territory during the term.
3. Warrants that Stuller will be charged no more than the lowest price charged to any jewelry industry customer worldwide. (Current price attached as Schedule A). 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.
4. Agrees to provide funding for the joint marketing of moissanite jewels as outlined on Schedule B attached, during 2005. Such funding shall be provided either as a credit to Stuller against future purchases, or as cash payments to vendors other than Stuller or C&C. Additionally, C&C Agrees to provide the funds for the marketing of moissanite equal to *****% of Stuller's purchases from C&C, paid quarterly in arrears, in the form of credits against future purchases of moissanite from C&C. It is agreed that the use of funds described on Schedule B, by mutual consent, may be used for purposes other than those detailed on the Schedule.
5. Agrees *****.
6. 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.
7. Agrees to maintain a backup inventory of *****% of the previous quarters purchases by Stuller during the life of the agreement.
8. Agrees *****.

Stuller hereby recognizes and agrees to cooperate with C&C in the protection of all C&C trademarks, 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 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 and not for resale as loose stones.

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 my files.

Agreed and accepted:

Charles & Colvard, Ltd.

Stuller, Inc.

/s/ Robert S. Thomas

/s/ Linus Cortez

Robert S. Thomas
Chairman & CEO

Linus Cortez
Chief Financial Officer

Date: *January 20, 2005*

Date: *January 20, 2005*

Schedule A

Jewel Price List

Effective January 1, 2005. All prices listed in US\$. All prices subject to change without notice.

SRB (mm)	Average Carat Weight	Price	Suggested Wholesale	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

REDACTED – OMITTED MATERIAL HAS BEEN SEPARATELY FILED WITH THE COMMISSION
AND IS DENOTED HEREIN BY *****

SCR (mm)	Carat Weight	Price	Suggested Wholesale	Minimum Advertised Price	Suggested Retail	Average Pieces/Bag
1	3	*****	*****	*****	*****	869
1.1	3	*****	*****	*****	*****	653
1.2	3	*****	*****	*****	*****	503
1.3	3	*****	*****	*****	*****	396
1.4	3	*****	*****	*****	*****	317
1.5	3	*****	*****	*****	*****	255
1.6	3	*****	*****	*****	*****	212
1.7	3	*****	*****	*****	*****	177
1.8	3	*****	*****	*****	*****	149
1.9	3	*****	*****	*****	*****	127
2	3	*****	*****	*****	*****	109
2.1	3	*****	*****	*****	*****	94
2.2	3	*****	*****	*****	*****	82
2.3	3	*****	*****	*****	*****	71
2.4	3	*****	*****	*****	*****	63

Baguette (mm)	Carat Weight	Price	Suggested Wholesale	Minimum Advertised Price	Suggested Retail	Average Pieces/Bag
4x2	3	*****	*****	*****	*****	27
5x2.5	3	*****	*****	*****	*****	16

Tapered Baguette	Carat Weight	Price	Suggested Wholesale	Minimum Advertised Price	Suggested Retail	Average Pieces/Bag
5x2.5x2	3	*****	*****	*****	*****	19

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<u>Castle (mm)</u>	<u>Average Carat Weight</u>	<u>Price</u>	<u>Suggested Wholesale</u>	<u>Minimum Advertised Price</u>	<u>Suggested Retail</u>	<u>Tray Capacity</u>
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

<u>Cushion (mm)</u>	<u>Average Carat Weight</u>	<u>Price</u>	<u>Suggested Wholesale</u>	<u>Minimum Advertised Price</u>	<u>Suggested Retail</u>	<u>Tray Capacity</u>
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
9.5	3.74	*****	*****	*****	*****	10
10	4.18	*****	*****	*****	*****	5
10.5	4.99	*****	*****	*****	*****	5

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11	5.79	*****	*****	*****	*****	5
11.5	6.82	*****	*****	*****	*****	5
12	8.07	*****	*****	*****	*****	5

Heart (mm)	Average Carat Weight	Price	Suggested Wholesale	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

Marquise (mm)	Average Carat Weight	Price	Suggested Wholesale	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

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Octagon (mm)	Average Carat Weight	Price	Suggested Wholesale	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

Oval (mm)	Average Carat Weight	Price	Suggested Wholesale	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	Price	Suggested Wholesale	Minimum Advertised Price	Suggested Retail	Tray Capacity
5x3	0.20	*****	*****	*****	*****	21
6x4	0.39	*****	*****	*****	*****	21

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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
		Average		Minimum		
Princess (mm)		Carat	Price	Advertised	Suggested	Tray
		Weight		Price	Retail	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

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<u>Radiant (mm)</u>	<u>Average Carat Weight</u>	<u>Price</u>	<u>Suggested Wholesale</u>	<u>Minimum Advertised Price</u>	<u>Suggested Retail</u>	<u>Tray Capacity</u>
4x2	0.10	*****	*****	*****	*****	40
5x3	0.30	*****	*****	*****	*****	40
6x4	0.61	*****	*****	*****	*****	21
7x5	1.04	*****	*****	*****	*****	10
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

<u>SBC (mm)</u>	<u>Average Carat Weight</u>	<u>Price</u>	<u>Suggested Wholesale</u>	<u>Minimum Advertised Price</u>	<u>Suggested Retail</u>	<u>Tray Capacity</u>
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

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Triangle (mm)	Average Carat Weight	Price	Suggested Wholesale	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	Price	Suggested Wholesale	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
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

Schedule B

1.	*****;		
	*****		\$*****
	*****		*****
	*****		*****
	*****		*****
	Sub total		\$*****
2.	*****		*****
3.	*****		*****
4.	*****		
	*****		*****
	*****		*****
	*****		*****
	*****		*****
5.	*****		*****
6.	*****;		
	*****		*****
Total Budget			\$*****