

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): **May 6, 2015**

**Charles & Colvard, Ltd.**

(Exact name of registrant as specified in its charter)

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

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

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

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

**27560**  
(Zip Code)

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

**N/A**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On May 6, 2015, the Compensation Committee of the Board of Directors (the “Committee”) of Charles & Colvard, Ltd. (the “Company”) approved the Charles & Colvard, Ltd. 2015 Senior Management Equity Incentive Program (the “2015 Program”) with effect as of January 1, 2015. The 2015 Program supersedes and replaces all prior long-term incentive plans or programs, including the Charles & Colvard, Ltd. Long-Term Incentive Program previously adopted on April 17, 2014. In addition, for fiscal 2015, the Committee determined that Company personnel at the level of Vice-President and above would not be eligible to participate in the Company’s existing cash-based Short-Term Incentive Plan.

The 2015 Program provides a long-term incentive opportunity for Company personnel at the level of Vice-President and above except for the Chief Executive Officer (the “Eligible Employees”) through grants of restricted stock awards with both performance and service measures. Achievement of an Eligible Employee’s performance measures will be measured by the Committee based upon his or her performance from January 1, 2015 to December 31, 2015. An Eligible Employee may achieve from zero to 100 percent of his or her performance measures, and the amount of his or her restricted stock award will be reduced by any performance that is measured below 100 percent, making each Eligible Employee’s restricted stock award fully at risk of forfeiture. The performance measures are determined by the Committee and may be modified by the Committee to reflect certain types of events as permitted by the Company’s 2008 Stock Incentive Plan (the “2008 Plan”). In addition, an Eligible Employee must remain in continuous service until March 17, 2016 for restrictions to fully lapse.

Under the 2015 Program, the Committee has granted the Chief Financial Officer, Chief Operating Officer and each President 75,000 shares of restricted stock and each Vice President 35,000 shares of restricted stock. The 2015 Program also provides the Committee discretion to make additional equity compensation awards above the target award level in recognition of extraordinary performance. All awards granted pursuant to the 2015 Program are issued under and pursuant to the 2008 Plan and subject to the terms of the Company’s standard performance-based restricted stock award agreement.

The foregoing description of the 2015 Program does not purport to be complete and is qualified in its entirety by reference to the 2015 Program, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<b>Exhibit No.</b>	<b>Description of Document</b>
10.1	Charles & Colvard, Ltd. 2015 Senior Management Equity Incentive Program, effective January 1, 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.**

May 8, 2015

By: /s/ Kyle Macemore \_\_\_\_\_

Kyle Macemore  
Senior Vice President and  
Chief Financial Officer

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**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description of Document</b>
10.1	Charles & Colvard, Ltd. 2015 Senior Management Equity Incentive Program, effective January 1, 2015

**CHARLES & COLVARD, LTD.**  
**2015 SENIOR MANAGEMENT EQUITY INCENTIVE PROGRAM**

**Adopted May 6, 2015**

The Charles & Colvard 2015 Senior Management Equity Incentive Program (the “Program”) is a compensatory program established pursuant to the Charles & Colvard, Ltd. 2008 Stock Incentive Plan (the “2008 Plan”). The Compensation Committee (the “Committee”) of the Board of Directors of Charles & Colvard Ltd. (the “Company”) is charged with administering the Program. The Program covers performance-based restricted stock awards for Company personnel at the level of Vice-President and above except for the Chief Executive Officer (the “Eligible Employees”).

The Program supersedes and replaces all prior long-term incentive plans or programs, including the Company’s Long-Term Incentive Program (adopted April 17, 2014) for all periods commencing on or after January 1, 2015.

**Purpose and Objective**

The Program is intended to further strengthen the Company’s pay for performance philosophy and more closely align the Eligible Employees’ long-term interests with those of the Company and its shareholders by granting Eligible Employees significant long-term equity compensation awards. In addition, the Program provides for a mixture of both performance-based and time-based vesting to permit the Committee to tie vesting of equity compensation awards under the 2008 Plan to the attainment of specific performance measures under the 2008 Plan while also encouraging the longer-term retention of Eligible Employees.

**Description of Awards**

Under this Program, the Committee has granted Eligible Employees restricted stock awards with both performance and service measures. Achievement of an Eligible Employee’s performance measures shall be measured by the Committee based upon his or her performance from January 1, 2015 to December 31, 2015 (the “Performance Measurement Period”). An Eligible Employee may achieve from zero to 100 percent of his or her performance measures, and the amount of his/her restricted stock award shall be reduced by any performance that is measured below 100 percent accordingly, making each Eligible Employee’s restricted stock award fully at risk of forfeiture. The performance measures are determined by the Committee and may be modified by the Committee during, and after the end of, the Performance Measurement Period to reflect extraordinary, unusual, or nonrecurring events that occur during the restriction period as permitted by the 2008 Plan. In addition, an Eligible Employee must remain in continuous service until March 17, 2016 for restrictions to fully lapse.

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Under this Program, the Committee has granted the following restricted stock awards:

<b>Position</b>	<b>Maximum Amount of Shares Subject to Restricted Stock Award</b>
Chief Financial Officer (CFO)	75,000
Chief Operating Officer (COO)	75,000
President(s)	75,000
Vice President(s)	35,000

The Program provides the Committee discretion to make additional equity compensation awards above the targeted award level in recognition of extraordinary performance.

#### **Committee Discretion in Granting Awards and Administering the Program for Future Employees**

Any person who commences employment with the Company after January 1, 2015 may be designated an Eligible Employee for purposes of the Program for such fiscal year at the discretion of the Committee and receive a pro-rated number of restricted shares.

#### **Source of Equity Compensation Awards; Coordination with 2008 Plan**

All awards granted pursuant to the Program shall be issued under and pursuant to the 2008 Plan. All terms, conditions, and requirements of the 2008 Plan are expressly incorporated into the Program by reference. All awards granted pursuant to the Program shall be evidenced by an appropriate Award Agreement in the form approved by the Committee for use under the 2008 Plan, and each award hereunder shall be subject to the terms and conditions set forth in the applicable Award Agreement and the 2008 Plan. To the extent there is any conflict or ambiguity between the terms of this Program and the 2008 Plan or between this Program and any applicable Award Agreement, the terms of the 2008 Plan or the applicable Award Agreement shall control.

#### **Amendment and Termination of the Program**

The Program may be amended or terminated at any time by the Committee or the Company's Board of Directors. The Committee shall have unilateral authority to amend the Program and any award granted pursuant to the Program (without the recipient's consent) to the extent necessary to comply with applicable laws, rules, or regulations or changes to applicable laws, rules, or regulations (including but not limited to Section 409A of the Internal Revenue Code of 1986, as amended, federal securities laws, or related regulations or other guidance).

#### **Withholding; Tax Matters**

In accordance with the terms of the 2008 Plan and applicable Award Agreements thereunder, the Company shall withhold, or shall require the recipient to pay the Company 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 Company to such authority for the account of the recipient. The Company makes no warranties or representations with respect to the tax consequences (including but not limited to income tax consequences) related to the transactions contemplated by this Program and the 2008 Plan. A recipient should consult with his/her own attorney, accountant, and/or tax advisor regarding the decision to accept equity compensation awards under the Program and the consequences thereof. The Company has no responsibility to take or refrain from taking any actions in order to achieve a certain tax result for any recipient.