
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

February 21, 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 February 21, 2005, Charles & Colvard, Ltd. signed a letter agreement with The Bell Group, d/b/a Rio Grande dated as of February 9, 2005 that amended and replaced the March 15, 2000 letter agreement (filed March 27, 2000 as exhibit 10.41 to the Annual Report on Form 10-K). A copy this new agreement is attached as Exhibit 10.73.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit 10.73	Letter Agreement, executed February 21, 2005 and dated as of February 9, 2005, between The Bell Group, d/b/a Rio Grande, and Charles & Colvard, Ltd.*
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* 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: February 23, 2005

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit Description</u>
Exhibit 10.73	Letter Agreement, executed February 21, 2005 and dated as of February 9, 2005, between The Bell Group, d/b/a Rio Grande, 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 PRIORITY MAIL

Confidential

February 9 2005

Ms Andrea M. Hill
Chief Executive Officer
The Bell Group
7500 Bluewater Road, NW
Albuquerque, NM 87121-1962

Dear Ms. Hill,

This letter, when accepted by The Bell Group, d/b/a Rio Grande, will amend and replace our existing letter agreement dated, March 15, 2000, including all extensions and amendments.

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

1. Appoints The Bell Group, d/b/a Rio Grande, (Rio Grande) as an authorized distributor of 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) The Term will automatically renew for successive additional one-year terms unless either party gives notice to the other party of intent to terminate this Agreement at least 90 days prior to the end of the then current term.
2. Warrants that C&C shall appoint no additional distributors for the loose moissanite jewel in the territory during the term.
3. Provides notice that the existing price schedule will not change during the term. Should, at any time during the term, the pricing of moissanite is decreased, C&C shall provide Rio Grande with a credit toward additional purchases of moissanite equal to the amount of such price decrease on the lesser of (a) Rio Grande's net purchases of moissanite during the prior 45 days or (b) Rio Grande's actual inventory at such time.
4. Agrees *****.
5. Agrees *****.
6. Agrees to provide the Rio Grande staff with any required training concerning the product, the marketing strategy, and the product positioning being implemented by C&C.

Rio Grande hereby;

1. Recognizes and agrees to cooperate with C&C in the protection of all C&C trademarks, and intellectual property for the sole benefit of C&C.
2. Agrees to include C&C created moissanite in its catalog and trade show presentations, and to make commercially reasonable efforts to market moissanite to its' customers, consistent with the brand identity guidelines supplied by C&C. And, will not use or authorize others to use the C&C name, logo, and other advertising and promotional materials without the specific approval of C&C in advance of its publication or use.

3. Specifically warrants and represents that it will sell C&C created moissanite with notice to purchasers that the jewel must be sold to retailer and manufacturers for use in jewelry mountings and not for resale as loose stones.
4. Rio Grande agrees ***** set out on Exhibit A hereto *****.

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.

The Bell Group, d/b/a Rio Grande

/s/ Robert S. Thomas

/s/ Andrea M. Hill

Signed 2-21-05

Robert S. Thomas
Chairman & CEO

Andrea M. Hill
Chief Executive Officer

Exhibit A

“MAP” Price List

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

SCR (mm)	Carat Weight	Minimum Advertised Price
1	3	*****
1.1	3	*****
1.2	3	*****
1.3	3	*****
1.4	3	*****
1.5	3	*****
1.6	3	*****
1.7	3	*****
1.8	3	*****
1.9	3	*****
2	3	*****
2.1	3	*****
2.2	3	*****
2.3	3	*****
2.4	3	*****

All SCR (single cut round) moissanite jewels are sold by weight in bulk bags weighing 3 carats each.

Baguette (mm)	Carat Weight	Minimum Advertised Price
4x2	3	*****
5x2.5	3	*****
Tapered Baguette	Carat Weight	Minimum Advertised Price
5x2.5x2	3	*****

All Baguette moissanite jewels are sold by weight in bulk bags weighing 3 carats each.

Castle (mm)	Average Carat Weight	Minimum Advertised Price
2.5	0.05	*****
3	0.09	*****
3.5	0.15	*****
4	0.21	*****
4.5	0.30	*****
5	0.40	*****
5.5	0.52	*****
6	0.69	*****
6.5	0.88	*****
7	1.09	*****
7.5	1.33	*****
8	1.61	*****

<u>Cushion (mm)</u>	<u>Average Carat Weight</u>	<u>Minimum Advertised Price</u>
2	0.04	*****
2.5	0.07	*****
3	0.12	*****
3.5	0.19	*****
4	0.30	*****
4.5	0.42	*****
5	0.57	*****
5.5	0.75	*****
6	0.96	*****
6.5	1.21	*****
7	1.49	*****
7.5	1.80	*****
8	2.15	*****
8.5	2.54	*****
9	2.98	*****
9.5	3.74	*****
10	4.18	*****
10.5	4.99	*****
11	5.79	*****
11.5	6.82	*****
12	8.07	*****

<u>Heart (mm)</u>	<u>Average Carat Weight</u>	<u>*****</u>
3	0.08	*****
3.5	0.14	*****
4	0.21	*****
4.5	0.30	*****
5	0.42	*****
5.5	0.54	*****
6	0.70	*****
6.5	0.86	*****
7	1.10	*****
7.5	1.32	*****
8	1.61	*****
8.5	1.99	*****
9	2.43	*****
9.5	2.83	*****
10	3.30	*****

<u>Marquise (mm)</u>	<u>Average Carat Weight</u>	<u>Minimum Advertised Price</u>
4x2	0.06	*****
5x2.5	0.12	*****
6x3	0.21	*****
7x3.5	0.32	*****
8x4	0.47	*****
9x4.5	0.67	*****
10x5	0.90	*****
11x5.5	1.26	*****
12x6	1.58	*****
13x6.5	1.98	*****
14x7	2.48	*****

<u>Octagon (mm)</u>	<u>Average Carat Weight</u>	<u>Minimum Advertised Price</u>
2	0.03	*****
2.5	0.07	*****
3	0.11	*****
3.5	0.17	*****
4	0.25	*****
4.5	0.36	*****
5	0.47	*****
5.5	0.62	*****
6	0.80	*****
6.5	1.02	*****
7	1.26	*****
7.5	1.56	*****
8	1.87	*****
8.5	2.19	*****
9	2.58	*****
9.5	3.02	*****

<u>Oval (mm)</u>	<u>Average Carat Weight</u>	<u>Minimum Advertised Price</u>
4x2	0.09	*****
5x3	0.23	*****
6x4	0.43	*****
7x5	0.84	*****
8x6	1.33	*****
9x7	1.91	*****
10x8	2.72	*****
11x9	3.74	*****
12x10	5.18	*****
14x10	6.58	*****
14x10.5	6.93	*****

<u>Pear (mm)</u>	<u>Average Carat Weight</u>	<u>Minimum Advertised Price</u>
5x3	0.20	*****
6x4	0.39	*****
7x5	0.69	*****
7.5x5	0.76	*****
8x5	0.85	*****
9x6	1.33	*****
10x7	1.93	*****
10.5x7	2.13	*****
12x7.5	2.87	*****
12x8	3.09	*****

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

<u>Radiant (mm)</u>	<u>Average Carat Weight</u>	<u>Minimum Advertised Price</u>
4x2	0.10	*****
5x3	0.30	*****
6x4	0.61	*****
7x5	1.04	*****
8x6	1.67	*****
9x7	2.43	*****
10x8	3.51	*****
11x9	4.79	*****
12x10	6.45	*****
14x10	8.41	*****
14x12	11.72	*****

<u>SBC (mm)</u>	<u>Average Carat Weight</u>	<u>Minimum Advertised Price</u>
2x2	0.04	*****
2.5x2.5	0.11	*****
3x3	0.16	*****
3.5x3.5	0.24	*****
4x4	0.37	*****
4.5x4.5	0.51	*****
5x5	0.71	*****
5.5x5.5	0.91	*****
6x6	1.18	*****
6.5x6.5	1.50	*****
7x7	1.88	*****
7.5x7.5	2.28	*****
8x8	2.78	*****
8.5x8.5	3.28	*****
9x9	3.94	*****
9.5x9.5	4.62	*****
10.0x10.0	5.29	*****

<u>Triangle (mm)</u>	<u>Average Carat Weight</u>	<u>Minimum Advertised Price</u>
2x2x2	0.02	*****
2.5x2.5x2.5	0.06	*****
3x3x3	0.09	*****
3.5x3.5x3.5	0.14	*****
4x4x4	0.21	*****
4.5x4.5x4.5	0.30	*****
5x5x5	0.40	*****
5.5x5.5x5.5	0.52	*****
6x6x6	0.67	*****
6.5x6.5x6.5	0.83	*****
7x7x7	1.06	*****
7.5x7.5x7.5	1.28	*****
8x8x8	1.48	*****
8.5x8.5x8.5	1.79	*****
9x9x9	2.12	*****
9.5x9.5x9.5	2.41	*****

<u>Trillion (mm)</u>	<u>Average Carat Weight</u>	<u>Minimum Advertised Price</u>
2x2x2	0.02	*****
2.5x2.5x2.5	0.05	*****
3x3x3	0.08	*****
3.5x3.5x3.5	0.13	*****
4x4x4	0.18	*****
4.5x4.5x4.5	0.27	*****
5x5x5	0.36	*****
5.5x5.5x5.5	0.47	*****
6x6x6	0.61	*****
6.5x6.5x6.5	0.74	*****
7x7x7	0.94	*****
7.5x7.5x7.5	1.16	*****
8x8x8	1.44	*****
8.5x8.5x8.5	1.66	*****
9x9x9	2.16	*****
9.5x9.5x9.5	2.41	*****
10x10x10	2.77	*****
10.5x10.5x10.5	3.34	*****
11x11x11	3.85	*****