

THOMAS ROBERT S  
Form 4  
February 07, 2006

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
THOMAS ROBERT S

2. Issuer Name and Ticker or Trading Symbol  
CHARLES & COLVARD LTD  
[CTHR]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction  
(Month/Day/Year)  
02/06/2006

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Pres & Chief Exec Officer

C/O CHARLES & COLVARD,  
LTD., 300 PERIMETER PARK DR,  
STE A

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

MORRISVILLE, NC 27560

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
common stock	02/06/2006		M		13,977	A	\$ 2.05
					1,445,100 <sup>(3)</sup>	D	
common stock	02/06/2006		M		3,533	A	\$ 6.19
					1,448,633	D	
common stock	02/06/2006		M		511	A	\$ 1.974
					1,449,144	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not

SEC 1474 (9-02)

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
stock option (right to buy)	\$ 2.05 <sup>(1)</sup>	02/06/2006		M	13,977 <sup>(2)</sup>	11/11/1997	11/10/2006	common stock	13,977
stock option (right to buy)	\$ 6.19 <sup>(1)</sup>	02/06/2006		M	3,533 <sup>(2)</sup>	11/22/1999 <sup>(4)</sup>	11/21/2008	common stock	3,533
stock option (right to buy)	\$ 1.974 <sup>(1)</sup>	02/06/2006		M	511 <sup>(2)</sup>	02/27/2002	02/26/2012	common stock	511

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
THOMAS ROBERT S C/O CHARLES & COLVARD, LTD. 300 PERIMETER PARK DR, STE A MORRISVILLE, NC 27560	X		Pres & Chief Exec Officer	

## Signatures

Robert S.  
Thomas

02/07/2006

\*\*Signature of  
Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Price of stock option adjusted 5% for 2005 stock dividend and 25% for 2006 stock dividend.
- (2) Number of stock options adjusted 5% for 2005 stock dividend and 25% for 2006 stock dividend.
- (3) Number of shares owned adjusted 5% for 2005 stock dividend and 25% for 2006 stock dividend.
- (4) These options vest and became exercisable in two installments: 75% on 11/22/98 and 25% on 11/22/99

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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