

CHARLES & COLVARD LTD  
 Form 4  
 April 26, 2005

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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 \*  
**HINES EARL R**

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)

\_\_\_ Director \_\_\_ 10% Owner  
 Officer (give title below) \_\_\_ Other (specify below)

Senior VP of Manufacturing

**C/O CHARLES & COLVARD, 300  
 PERIMETER PARK DRIVE, SUITE  
 A**

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 or Price		
common stock	04/25/2005		M		15,975 A \$ 3.45	52,641	D
common stock	04/25/2005		M		10,650 A \$ 4.81	63,291	D
common stock	04/25/2005		M		3,195 A \$ 4.81	4,461	I Spouse
common stock	04/25/2005		M		1,000 A \$ 5.375	5,461	I Spouse
	04/25/2005		M		100 A \$ 1.3	5,561	I Spouse

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common stock									
common stock	04/25/2005		M	100	A	\$ 1.04	5,661	I	Spouse
common stock	04/25/2005		M	200	A	\$ 1.08	5,861	I	Spouse
common stock	04/25/2005		M	534	A	\$ 2.16	6,395	I	Spouse
common stock	04/25/2005		M	333	A	\$ 5.55	6,728	I	Spouse
common stock	04/25/2005		M	333	A	\$ 4.15	7,061	I	Spouse
common stock	04/25/2005		M	200	A	\$ 3.99	7,261	I	Spouse
common stock	04/25/2005		M	666	A	\$ 4.46	7,927	I	Spouse
common stock	04/25/2005		S	26,625	D	\$ 17	36,666	D	
common stock	04/25/2005		S	6,661	D	\$ 17	1,266	I	Spouse

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

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(9-02)

**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)	8. Amount or Number of Shares
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	
stock option (right to buy)	\$ 3.45	04/25/2005		M	15,975	03/01/1998	03/01/2007	common stock	15,975

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stock option (right to buy)	\$ 4.81	04/25/2005	M	10,650	<u>(1)</u>	07/03/2007	common stock	10,650
stock option (right to buy)	\$ 4.81	04/25/2005	M	3,195	07/29/1998	07/29/2007	common stock	3,195
stock option (right to buy)	\$ 5.375	04/25/2005	M	1,000	<u>(1)</u>	05/14/2010	common stock	1,000
stock option (right to buy)	\$ 1.3	04/25/2005	M	100	<u>(1)</u>	05/13/2011	common stock	100
stock option (right to buy)	\$ 1.04	04/25/2005	M	100	<u>(1)</u>	07/17/2011	common stock	100
stock option (right to buy)	\$ 1.08	04/25/2005	M	200	<u>(1)</u>	10/17/2011	common stock	200
stock option (right to buy)	\$ 2.16	04/25/2005	M	534	<u>(1)</u>	02/22/2012	common stock	534
stock option (right to buy)	\$ 5.55	04/25/2005	M	333	<u>(1)</u>	04/22/2012	comon stock	333
stock option (right to buy)	\$ 4.15	04/25/2005	M	333	<u>(1)</u>	07/16/2012	common stock	333
stock option (right to buy)	\$ 3.99	04/25/2005	M	200	<u>(1)</u>	10/17/2012	common stock	200
stock option (right to buy)	\$ 4.46	04/25/2005	M	666	<u>(1)</u>	02/12/2013	common stock	666

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HINES EARL R C/O CHARLES & COLVARD 300 PERIMETER PARK DRIVE, SUITE A MORRISVILLE, NC 27560			Senior VP of Manufacturing	

## Signatures

Earl Hines                      04/25/2005

\_\_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) These options vest and become exercisable in three equal installments on the first, second, and third anniversary of the date of grant.

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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