

HINES EARL R  
Form 4  
November 17, 2005

**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 \*  
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) |   |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|---|
|                                 |                                      |  |                                | (A) or (D)  | Price   |  |   |   |
|                                 |                                      |  |                                | Code  | V   | Amount   |   |   |
| common stock                    | 11/15/2005                           |  | M                              | 999   | A   | \$ 4.248   | 1,199   | D |
| common stock                    | 11/15/2005                           |  | M                              | 9,001   | A   | \$ 4.219   | 10,200  | D |
| common stock                    | 11/15/2005                           |  | S                              | 10,000  | D   | \$ 28.25   | 200   | 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)

required to respond unless the form displays a currently valid OMB control number.

**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)                | \$ 4.248   | 11/15/2005                           |  | M                              | 999   | 02/13/2003   | 02/12/2013  | common stock | 999                        |
| stock option (right to buy)                | \$ 4.219   | 11/15/2005                           |  | M                              | 5,534   | 12/31/2004   | 03/10/2014  | common stock | 5,534                      |
| stock option (right to buy)                | \$ 4.219   | 11/15/2005                           |  | M                              | 3,467   | 03/10/2004 <sup>(1)</sup>                                | 03/10/2014  | common stock | 3,467                      |

## Reporting Owners

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

## Signatures

Earl Hines 11/17/2005

\*\*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) Total options 20,715 granted on 3/10/04 became exercisable as follows: 13,125 on 03/10/04 and 7,590 on 12/31/04. Number of stock options adjusted 5% for 2005 stock dividend

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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