



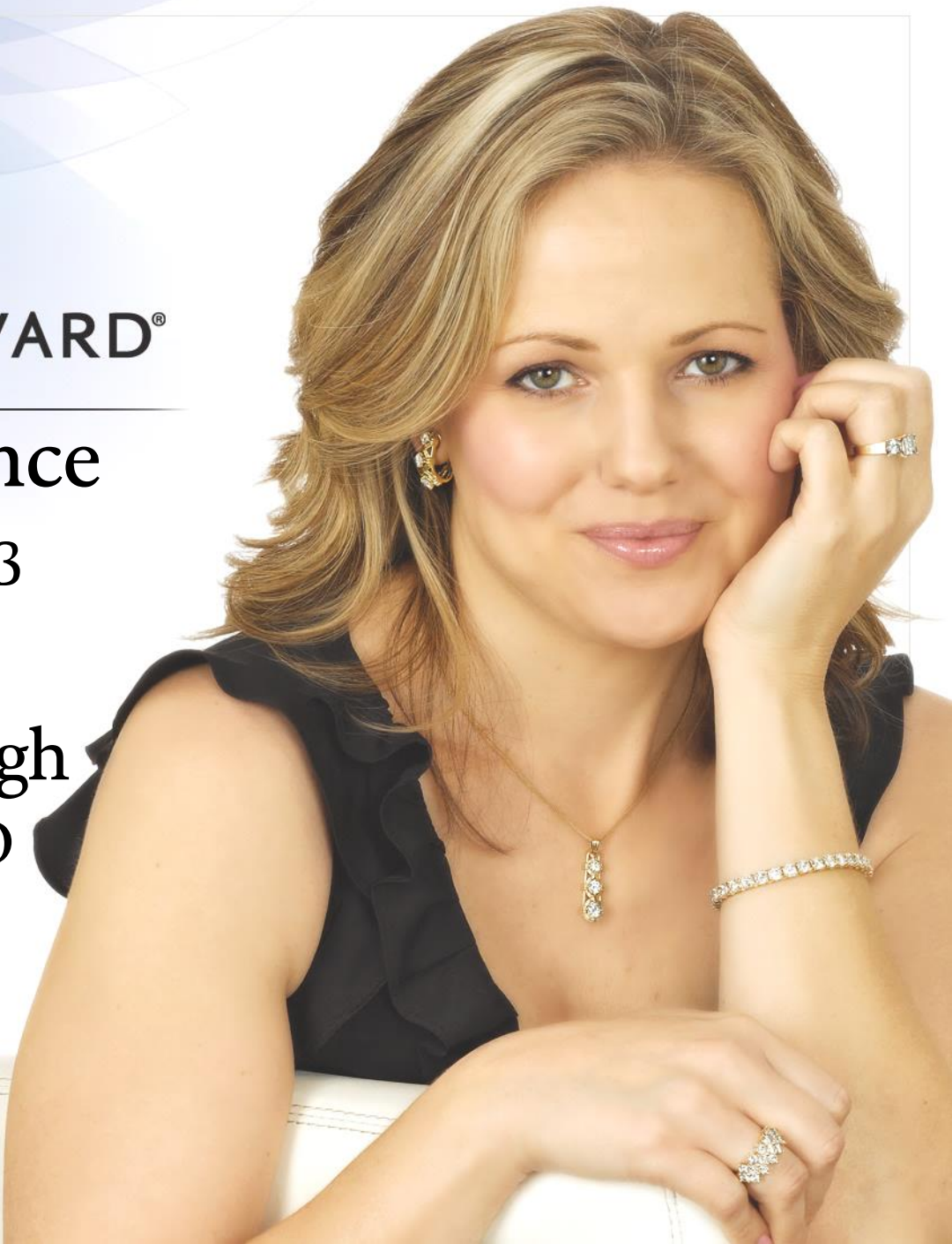
CHARLES & COLVARD®

IDEAS Conference

November 20, 2013

Randy McCullough
President and CEO

Kyle Macemore
SVP and CFO



Forward-Looking Statements

This presentation may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements expressing expectations regarding our future and projections relating to products, sales, revenues, and earnings are typical of such statements and are made under the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about our plans, objectives, representations, and contentions and are not historical facts and typically are identified by use of terms such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “continue,” and similar words, although some forward-looking statements are expressed differently.

All forward-looking statements are subject to the risks and uncertainties inherent in predicting the future. You should be aware that although the forward-looking statements included herein represent management’s current judgment and expectations, our actual results may differ materially from those projected, stated, or implied in these forward-looking statements as a result of many factors including, but not limited to, our dependence on consumer acceptance and growth of sales of our products resulting from our strategic initiatives; dependence on a limited number of customers; our current wholesale customers’ potential perception of us as a competitor in the finished jewelry business; general economic and market conditions, including the current economic environment; dependence on Cree, Inc. as the current supplier of the raw material; intense competition in the worldwide jewelry industry; the financial condition of our major customers; risks of conducting business in foreign countries; the pricing of precious metals, which is beyond our control; the potential impact of seasonality on our business; our ability to protect our intellectual property; the risk of a failure of our information technology infrastructure to protect confidential information and prevent security breaches; and possible adverse effects of governmental regulation and oversight, in addition to the other risks and uncertainties described in our filings with the Securities and Exchange Commission, or the SEC, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and subsequent reports filed with the SEC. Forward-looking statements speak only as of the date they are made. We undertake no obligation to update or revise such statements to reflect new circumstances or unanticipated events as they occur except as required by the federal securities laws, and you are urged to review and consider disclosures that we make in the reports that we file with the SEC that discuss other factors relevant to our business.



CHARLES & COLVARD®

What is Moissanite & Who is Charles & Colvard?

'The World's Most Brilliant Gem'™

- *Moissanite is a gemstone that was first identified 50,000 years ago when a meteorite crash-landed in Arizona, leaving sparkling crystal fragments.*
- Due to its scarcity, Charles & Colvard, developed an environment to create Moissanite in its facility in North Carolina.
- The result is a gem that easily surpasses the brilliance and beauty of traditional diamonds at a fraction of the cost.
- Charles & Colvard is the sole source for Moissanite!



CHARLES & COLVARD®

Seasoned Management Team

Over a Century of Experience Running the Company...

Management:

- *Randy McCullough*, 40 year jewelry veteran, CEO
- *Kyle Macemore*, 18 year finance veteran, CFO
- *Steven Larkin*, 30 year e-commerce expert and jewelry veteran, COO
- *Tom Pautz*, 29 year jewelry veteran, President Wholesale Division
- *Craig Laing*, 23 year e-commerce veteran, VP E-Commerce
- *Michelle Jones*, 18 year social selling veteran, President Lulu Avenue
- *Bob Curry*, 29 year jewelry veteran, VP Manufacturing



CHARLES & COLVARD®

Specialized Board Members

Leadership in Critical Areas of the Company...

Directors:

- ◆ *George Cattermole*, retired head of Corporate Marketing of E.I. DuPont, *Chairman of the Board*
- ◆ *Chuck Lein*, jewelry veteran and retired President & COO of Stuller, Inc.
- ◆ *Marvin Beasley*, jewelry veteran and retired CEO of Helzberg Diamonds, a Berkshire Hathaway Co.
- ◆ *David Barr*, retail and franchising expert, jewelry veteran, currently owner and consultant for small- and mid-cap companies
- ◆ *Anne Butler*, direct sales veteran previously with Avon Products, Mary Kay Cosmetics, PartyLite, and Blythe
- ◆ *Ollin Sykes*, president of Sykes & Company, P.A. a regional accounting firm




CHARLES & COLVARD®

Focus on Biggest Opportunities

Centered on Growth Strategies...

- ❖ Launch Forever Brilliant[®] in jewelry collections to increase brand recognition and loyalty
- ❖ Grow our core wholesale business through new and existing partners
- ❖ Expand our internet presence with *Moissanite.com*
- ❖ Execute *Lulu Avenue*[™], a direct-to-consumer social selling model
- ❖ Focus on increasing consumer awareness



CHARLES & COLVARD[®]







white HOT FOREVER BRILLIANT®

... up to four color shades brighter and whiter!

Certified, laser-inscribed, and guaranteed from the source.



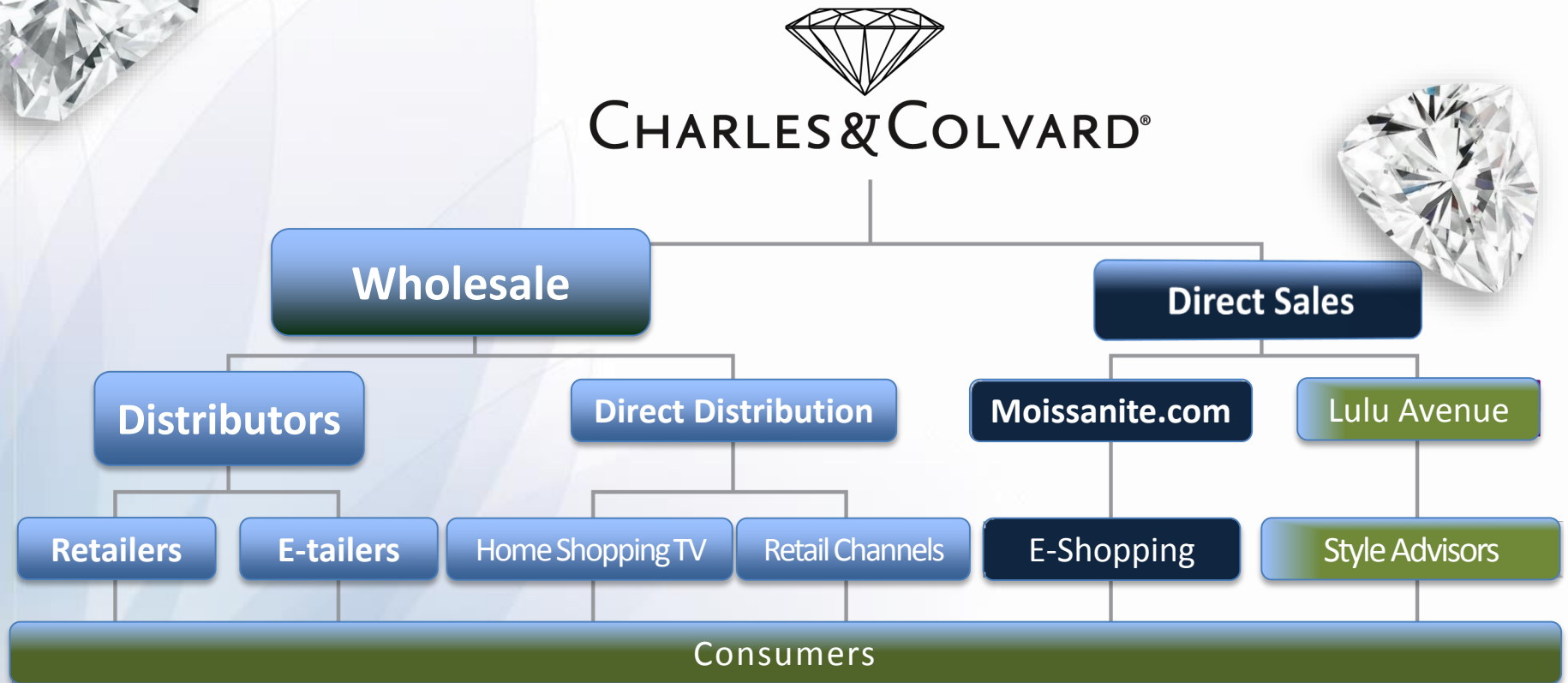
All the attributes of diamond at 1/10 the price

-  *Brighter*
-  *Whiter*
-  *Brilliant*
-  *Fieri*
-  *Durable*
-  *Affordable*

FOREVER  BRILLIANT®

Created by CHARLES & COLVARD

Expanded Business Entities



CHARLES & COLVARD®

Wholesale Channel Initiatives

- Announced new retail ecommerce agreements in 2013

KOHL'S
expect great things

amazon.com

- Home Shopping Continues to be a strategic channel:
 - Jewelry Television (JTV) is our biggest home shopping customer:
 - Reaches over 80 million unique households in the U.S annually
 - 14th largest retailer of jewelry in the U.S
 - 5th largest jewelry destination on the internet
- International distributor revenue grew 95% YTD September compared with the same period in 2012

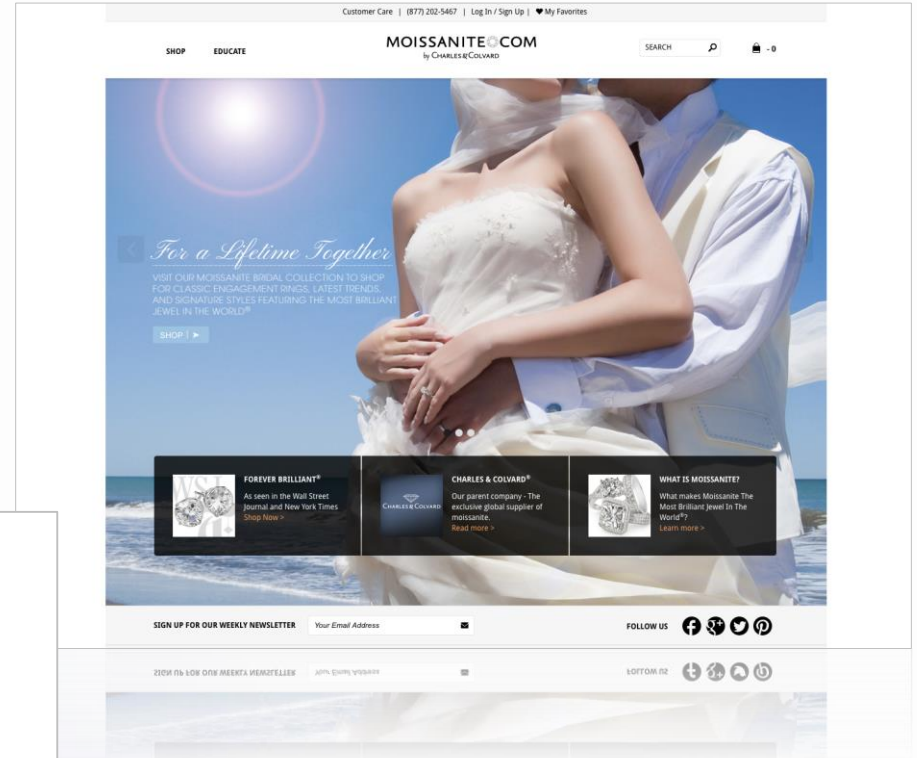
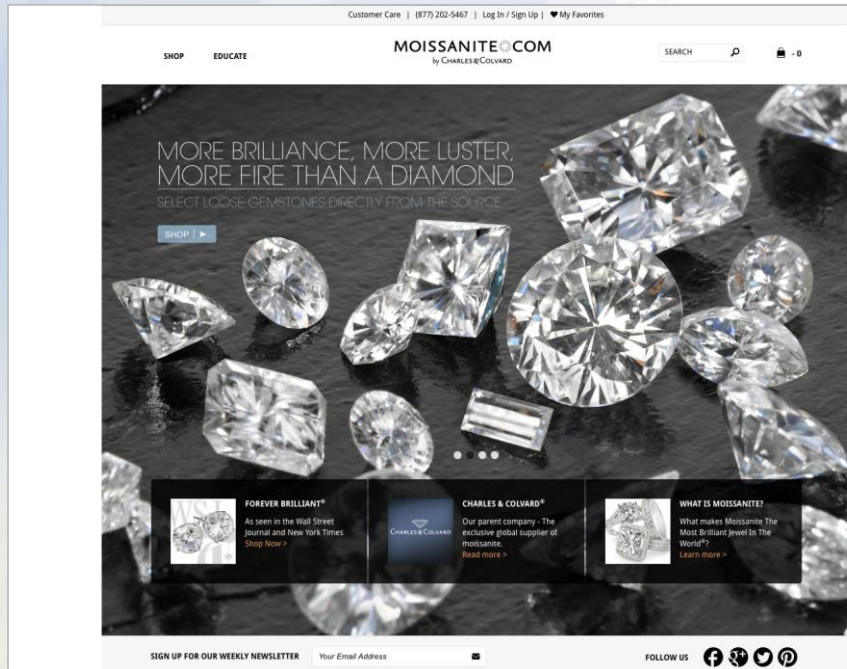



CHARLES & COLVARD®

MOISSANITE.COM Promotes Brand Awareness

Over 1 Million Visits Annually

- Visitors: 54% new / 46% returning
- Over 100,000 social media contacts
- Over 3,000 unique items available



- Exclusive designer brands
- Styles from best-in-class jewelry manufacturers

MOISSANITE.COM
by CHARLES & COLVARD

LULU AVENUE

DESIGNS BY JUDEFRANCES

Provides intro into the \$30 billion U.S. direct sales market

With **Lulu Avenue** you are
in business for yourself
but not by yourself!

- Direct selling stewardship - Michelle Jones
President Lulu Avenue
 - 18 years of Direct Sales Leadership
 - Avon Products, Inc. Canada / U.S. West Coast
 - Serving as Chair of the Member Services Committee - *Direct Selling Association*
 - Executive Vice President of *Take Shape for Life*
 - steered development and implementation of long-term growth strategies and initiatives
 - led sales, training, marketing and operations
 - Medifast's \$220M subsidiary




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2013 Key Accomplishments

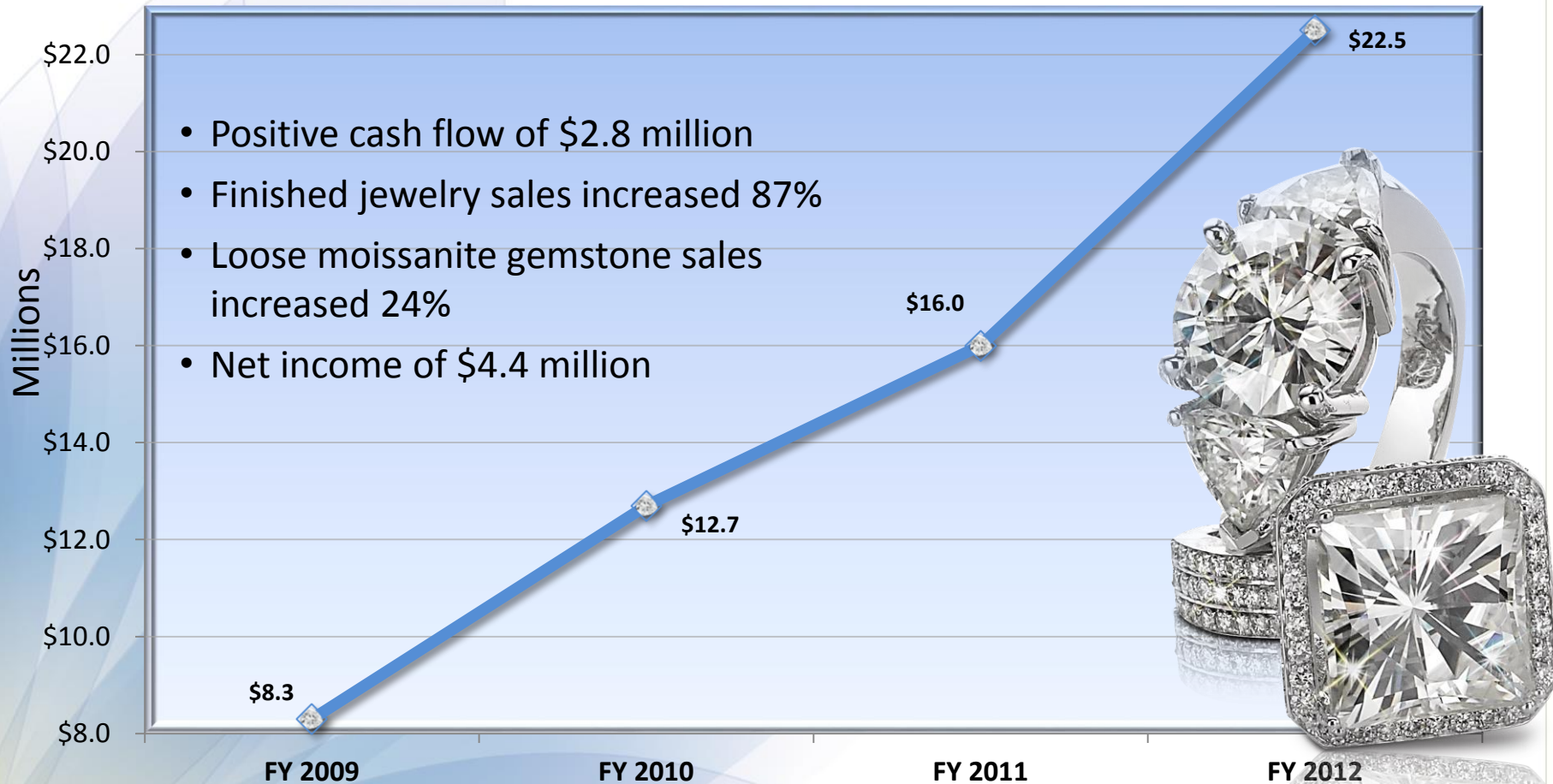
- Working jointly with Cree, created new whiter Forever Brilliant[®] gemstones that do not require whitening treatment
- Increased expertise on management team
 - Steve Larkin – COO
 - Kyle Macemore – CFO
 - Michelle Jones – President Lulu Avenue
- Expanded Direct Channel by increasing available items on Moissanite.com, launching a holiday catalog, and introducing the Fall 2013 line for Lulu Avenue
- Expanded ecommerce channels by entering distribution agreements with Amazon and Kohl's



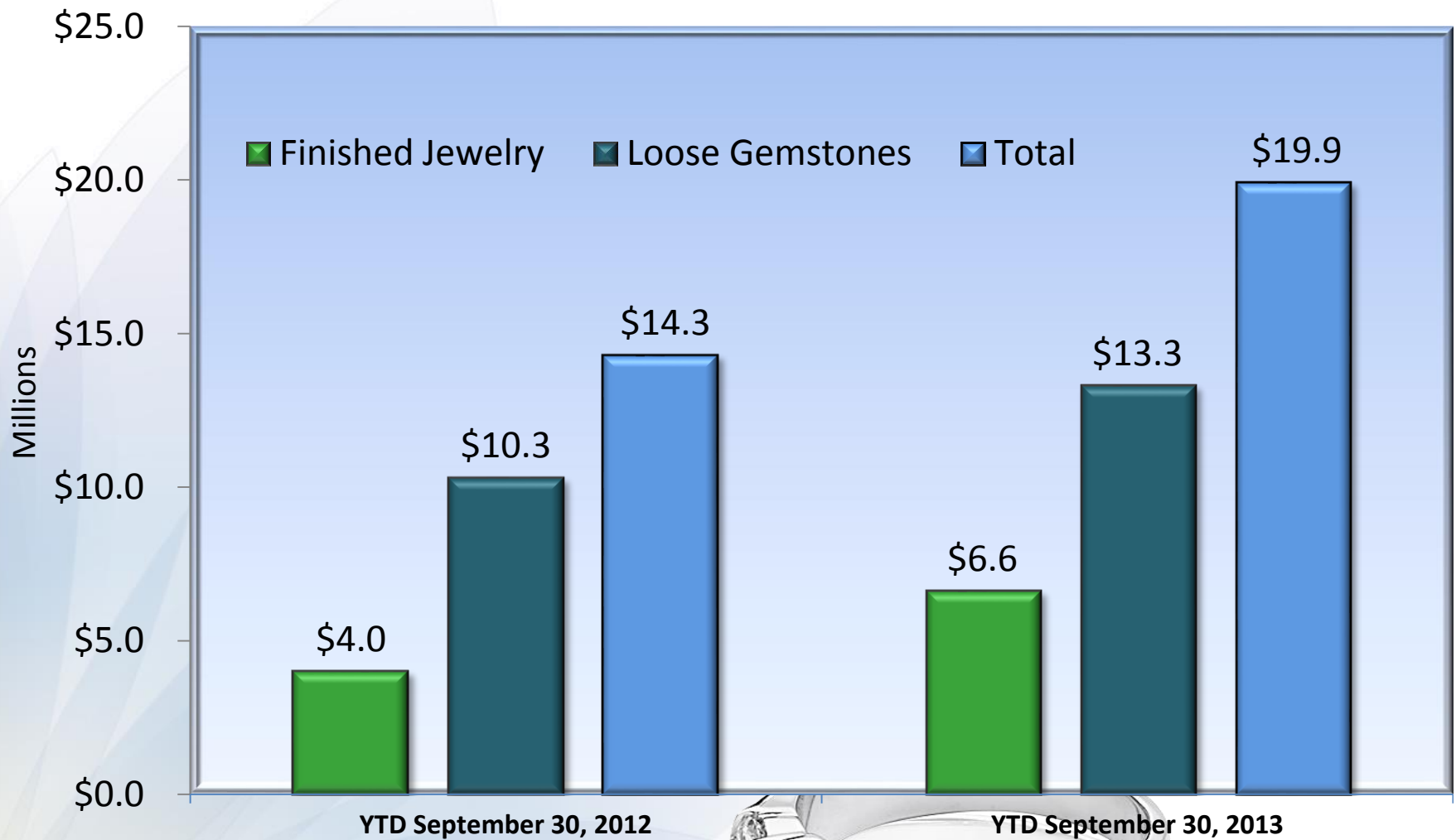
CHARLES & COLVARD[®]

Sales Increase 40% Over Prior-Year

Fiscal Year 2012 Results

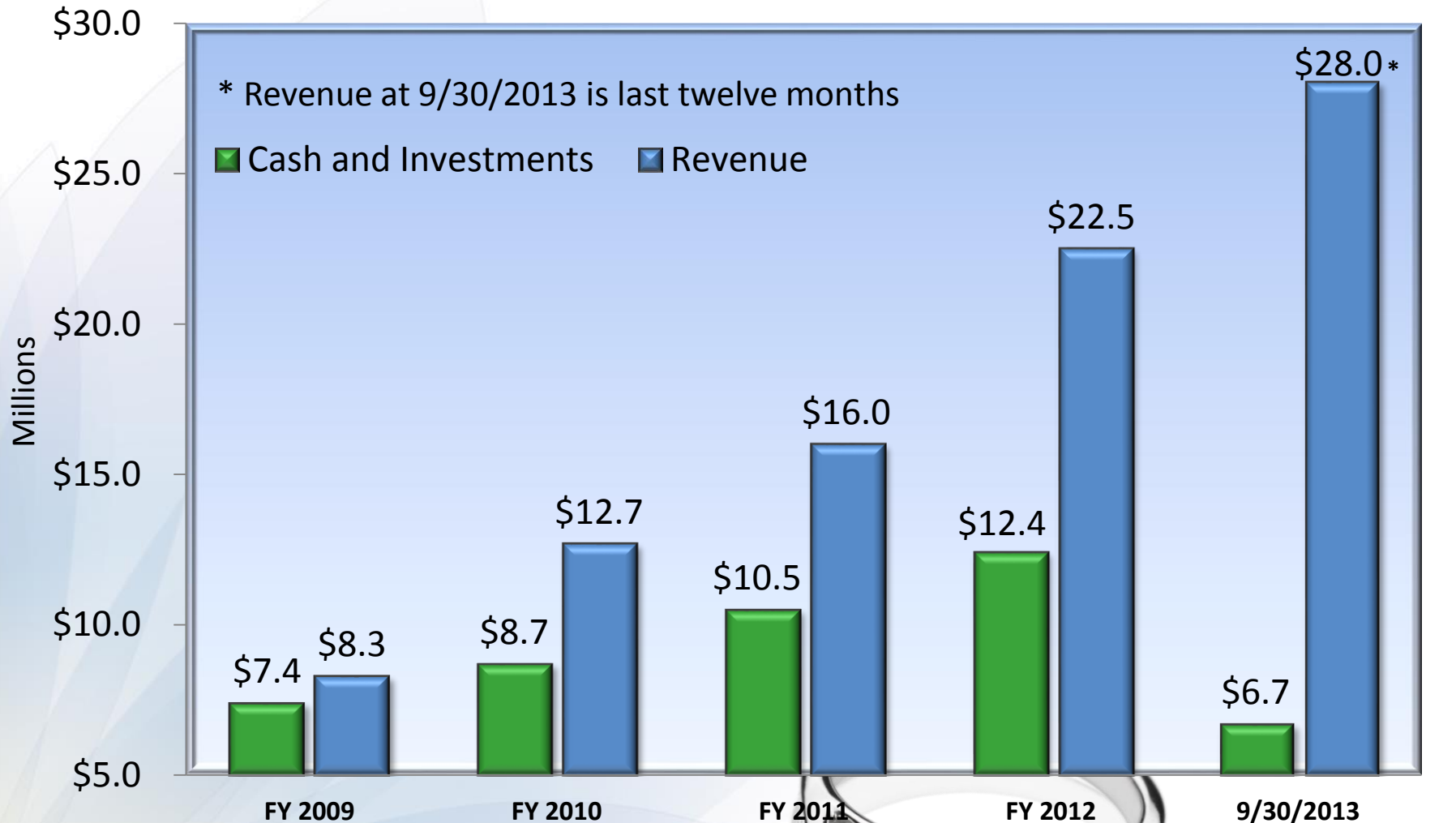


Year-to-Date September 30, 2013 Sales Increased 39%



CHARLES & COLVARD®

Strong Multi-Year Sales Trends



CHARLES & COLVARD®

Financial State of the Business

Balance Sheet

- ❖ **As of September 30, 2013:**
 - ❖ \$6.7 million in cash and investments
 - ❖ \$40.4 million in inventory at cost
 - ❖ Current ratio of 4.8:1
 - ❖ No long-term debt
 - ❖ Shareholders' equity of \$56.6 million



(CTHR) Stock Information

Activity

- **Price on Nov 15, 2013 of \$5.13**
 - Stock is up 31% since 12/31/2012
 - Price is a 5X multiple below all-time high of \$25.99
(as adjusted) in December 2005

***Approximately 20 million
shares outstanding***



CHARLES & COLVARD®

THE CHARLES & COLVARD® FAMILY:



CHARLES & COLVARD®
Created MOISSANITE®

FOREVER  BRILLIANT®
Created by CHARLES & COLVARD

MOISSANITE  COM
by CHARLES & COLVARD

LULU  AVENUE

