




**Charles & Colvard, Ltd.****CTHR NASDAQ****Apparel / Accessories**

Market Capitalization USD:

\$90.11 mm**CONCERN LEVEL: AVERAGE**

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year. 
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less. 
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

CEO: Randy N. McCullough**Age: 59****CEO Since: 2009**

	2009	2010	2011
Base Salary	\$575,000	\$325,000	\$335,000
Discretionary Bonus	\$0	\$0	\$100
Annual Cash Incentive	\$0	\$36,563	\$50,252
Benefits and Perquisites	\$52,469	\$8,385	\$7,386
TOTAL ANNUAL COMPENSATION	\$627,469	\$369,948	\$392,738
Increase in Post-Retirement Benefits	\$0	\$0	\$0
Stock Option Awards	\$0	\$148,548	\$213,812
Stock Awards	\$0	\$0	\$491,300
TOTAL COMPENSATION	\$627,469	\$518,496	\$1,097,850
Median of Other Named Executive Officers Total Compensation	\$159,184	\$234,243	\$378,730
Value Realized on Exercise of Stock Option	\$0	\$0	\$0
Value Realized on Vesting of Stock	\$0	\$0	\$0
TOTAL REALIZED EQUITY COMPENSATION	\$0	\$0	\$0

Proxy Date: 26 Apr 2012

Annual Meeting Date: 17 May 2012

Equity Reserves: 18.65%

Stock Option Run Rate: 2.03%

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Performance Comparison

■ S&P500 ■ Industry ■ CTHR



Peer Comparisons (TRBC) = Cyclical Consumer Goods / Services

Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
CTHR	Charles & Colvard, Ltd.	\$627,469	\$518,496	\$1,097,850	\$90,113,695
MPX	Marine Products Corporation	\$410,447	\$355,600	\$568,200	\$127,949,922
HZO	MarineMax, Inc.	\$1,963,145	\$1,154,422	\$973,027	\$150,576,051
MGAM	Multimedia Games Holding Company, Inc.	\$1,965,683	\$2,365,670	\$1,559,829	\$107,469,373
UEIC	Universal Electronics, Inc.	\$1,588,480	\$1,614,575		\$245,150,310
SGA	Saga Communications, Inc.		\$1,061,029	\$1,242,024	\$125,486,759
STMP	Stamps.com Inc.	\$597,600	\$1,272,484		\$292,064,625

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps. Missing peer pay figures for 2011 are due to differences in company filing schedules.

Pay Peer Group

NA

Performance Peer Group

NA

COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
H. Marvin Beasley	Chairman	68	Male	3	Outside
Charles D. Lein	Member	70	Male	3	Outside
Ollin B. Svkes	Member	61	Male	4	Outside

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