

CIGAR STUDIO

FATHER'S DAY ISSUE

Happy Father's Day

Father's Day and the days leading up to it have always been busy times here. Cigar Season is in full swing as activity abounds on golf courses, in bars, patios, cottages and around the BBQ on back yard decks. It is also a time when dads get a little acknowledgment from their kids and spouses, and hopefully get some time to spend on the golf course, at the cottage or with a pop or two on the backyard deck.

We are celebrating Fathers Day in grand style as we dedicate this issue to a little News and a lot of gift ideas. As you will see and read, we have one heck of an event planned for Saturday June 16th and the store is loaded with both tobacco and haberdashery gifts.

Happy Fathers Day!!!

Here's What's Going On For Father's Day

There is a lot going on in the neighborhood during The Fathers Day weekend as we celebrate with the following activities:

- In conjunction with The Kingsway BIA, the annual Kingsway Sidewalk Sale will be in full swing. Merchants and restaurants all along Bloor will be featuring great deals on their merchandise and services. Several streets will be closed and the BIA is bringing in a number of bands and special events for the kids. This sale

(see Father's on page 3)

Cuban Cigar Prices Drop

In our last newsletter we provided you with a heads up on pending changes to Cuban cigar prices. These changes are now in effect.

On May 1, the Ontario Government announced final details and procedures for calculating Ontario tobacco taxes owing on premium cigars. And while we all agree that cigar taxes are still far too high in Ontario, there was some very good news in the announcement for cigars imported from Cuba.

Effectively, the government formulae for calculating taxes on Cuban cigars resulted in a decline of about one third in provincial tobacco taxes assessed on Cuban product. While the overall rate the Finance Minister wants stayed the same - 45% of the taxable price of all cigars goes into their coffers - the formulae to be used to calculate this "taxable price" was modified and lowered. The net result is that at retail, Cuban cigars are now between 10% and 20% lower than they were on April 30. (While August 1 was the proposed implementation date for all cigar wholesalers, the Cuban cigar distributor was anxious to

(see Cuba on page 2)

Bruce Lewis (left) from General Cigar and Colm O'Shea from House of Horvath at our recent Malts and Macanudo evening at the Ontario Club. Colm shows off the quality of the Macanudo Diplomat.

MONTECRISTO: June Cigar of the Month

When the Province announced their new formulae for assessing PTT and we calculated the impact it would have on the prices of Cuban cigars, we jumped at the opportunity to have Montecristo as our Cigar of the Month in June.

What a way to celebrate Father's Day month than with the Montecristo brand. This is the world's best selling brand – and it is still not available (legally) in the US. We will feature the entire line in June and the prices will be unbelievable, especially when compared to what they were pre-announcement. For example:

<u>Montecristo</u>	<u>On April 30</u>	<u>Current Retail</u>	<u>June Price</u>
No 1	\$26.75	\$23.75	\$20.15
No 2	\$39.95	\$34.50	\$29.35
No 4	\$16.00	\$14.90	\$12.65
No 5	\$14.25	\$12.25	\$10.40
Robusto	\$37.75	\$32.95	\$28.00

And if these prices weren't enough reason to stock up, we are giving you another. Buy a box of Montecristo No 4s and we will give you a Rio Cubana cigar jar – a \$39 value.

Happy Montecristo Month!

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move immediately given the impact of these changes at the retail level.

This concludes what has been a lengthy and frustrating period for consumers, tobacconists and wholesalers in Ontario. It started in 1998 when the Ontario Government conducted an audit of all wholesalers and retailers. This review examined the differences between cigar retail prices and the wholesale markup formulae for calculating tobacco taxes. It resulted in Cuban cigars being assessed at taxable rates significantly higher than that of cigars from all other countries. The Ontario government then implemented an assessment system whereby the taxes paid on a \$5 (wholesale) Cuban cigar produced \$3.95 of tobacco taxes for Ontario while a \$5 (wholesale) cigar from every other county provided Ontario with taxes of on average \$2.75.

This "different playing field" has been challenged by the cigar industry over the past three years - the Specialty Tobacco Merchants Association lobbied aggressively on this issue. The new formulae was announced May 1 in advance of the recent Ontario budget. All wholesale companies who wish to sell cigars in Ontario are now required to use the same prescribed markup for the purpose of tobacco tax assessment. Retailers must pre-pay these taxes but are then free to sell their cigars at whatever price the market and their customers deem is fair.

Cigar Studio prices have always been very competitive and we lowered our Cuban cigar prices immediately. Examples – RYJ Petit Corona from \$16.25 to \$13.90; Partagas Series D No 4 from \$32.50 to \$28.00; Montecristo No 5 from \$14.25 to \$12.25. Currently all other wholesale companies are reviewing their prices to address this development. While price pressures due to increasing inventories may be partially offset by unfavorably currency conditions, we do not expect non-Cuban brands to change that much and if they do hopefully they will keep going lower.

Lets all have a Cuban cigar and celebrate this win for the industry! (See Montecristo article).

Gift Ideas

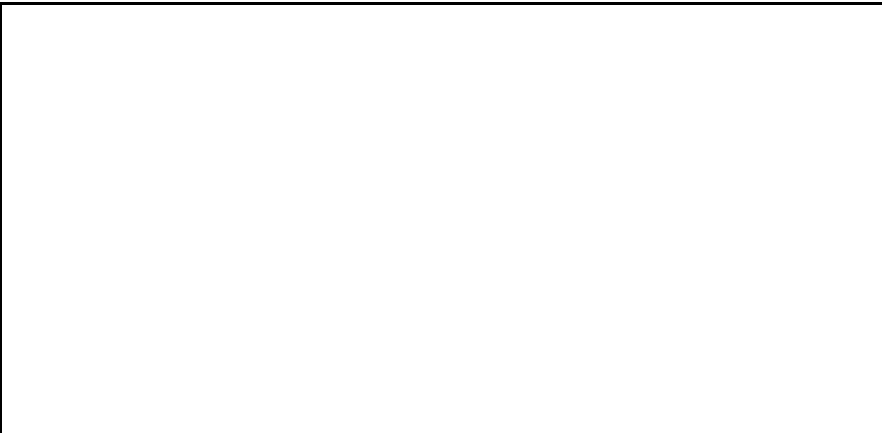
Listed below are a number of gift suggestions and ideas from our haberdashery and specialty tobacco departments. Drop in anytime Monday June 11 through to Fathers Day Sunday so as not to miss some of these special purchases we made for this week.

Haberdashery

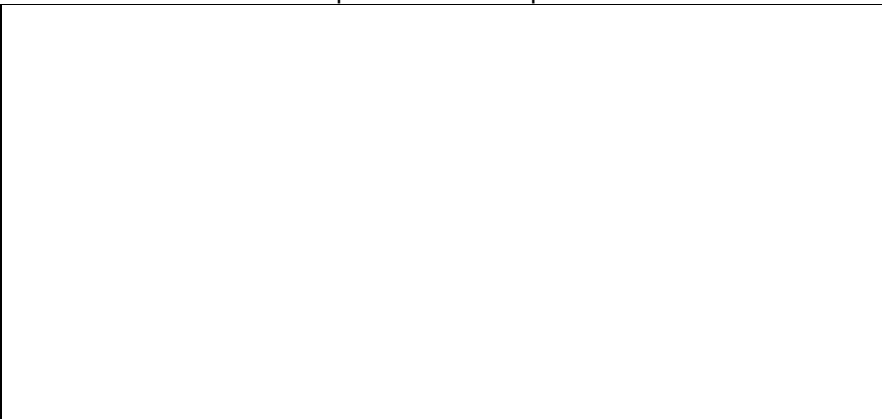
· Bey Berk Golf Bag Marble Bookends	\$99.00
· Perry Ellis Shaving and Toiletry Kit	\$40.00
· Signature Collection Desk Clock	\$45.00
· Signature Collection Hip Flask	\$35.00
· Dunhill "Edition" Shower Gel and Balm	\$29.00
· Roots Compact Binoculars	\$60.00
· Kent Hair Brush and Comb	\$65.00

Specialty Tobacco

· Lubinski Silver Cigar Holders	\$89.00
· Blazer Micro Torch Lighter	\$75.00
· Heritage Credit Card Cigar Cutter	\$55.00
· Rio Cubana Cigar Jar	\$39.00
· SC Pipe	\$55.00
· Montecristo No 4	\$12.65
· 50 Gms "Willingdon" Pipe Tobacco	\$9.45



Pipes from S.C. Pipes



Lubinski Silver Cigar Tubes

(Father's from page 1)

- runs Friday and Saturday.
- **W**e have our Fathers Day party on Saturday. Willingdon is one of the streets being closed and we will have a jazz trio playing on the street from Noon until 4PM.
- **W**hile you are sitting back and listening to a little jazz, feel free to participate in our putting contest. Mirage Custom Putting Greens, one of Canada's premier custom green providers, will be showcasing the newest in synthetic turf and are setting up a nine-hole course on Willingdon that you may try.
- **O**ur good friends from Nacci Golf will have their forged, face balanced putters available for customers to try out. Art and his team have been building their business "from the green up" and will demonstrate one of the hottest putters on the market today. If you like how they feel and stroke, Art is providing customers with a Fathers day discount for purchases made that day.

We look forward to seeing you on Saturday June 16.

Sunday Special Surprises

As many of you know we are open on Sundays from Noon to 5PM. However what you don't know, is that each and every Sunday we will have a couple of brands at "Sunday only" prices. We can't tell you what they will be; we won't know until each Sunday at 12:01 and anyway if we told you we would have to shoot you. So the next time you are in on Sunday, make sure you ask for the surprise!

I Know These Are Not For Everyone, But...

The following represents 5 of the finest, highest quality items in the store this Father's Day. Note the accompanying gift with purchases.

- **Dunhill Black and Gold Rollagas Lighter and matching Dunhill Pen Set @ \$1,320.** Our gift to you is a matching pair of Dunhill Gold Cufflinks. (\$235)
- **Movado Crystal Mantle Clock @ \$595.** Our gift to you is the Signature Collection Desk Set (\$100)
- **Royal Selangor Humidor and Ashtray Set @ \$1,699.** Our gift to you is a Pewter Bound Cigar Dossier and 5 of the finest cigar torpedos in the world today (Opus X Belicoso, Ashton VSG Torpedo, Montecristo No 2, Bolivar Belicoso and Partagas Pyramid. (\$240)
- **Bosephus Mahagony/Amburana Humidor, 150 capacity. @ \$2,300.** Our gift to you is the CA Collection Crystal Ashtray and Lighter Set (\$420).
- **Bugatti Leather Rollup Toiletry Kit and Kiehl Manicure Set @ \$315.** Our gift to you is Kent hairbrush (\$49).

Roots Gadget and Leisure Items

Dunhill Gold Rollagas Lighter, Pen and Cufflinks Set

Flasks and Bar Accessories

Warm Weather = Expanded Hours

Now that the warm weather is upon us and the days are getting longer and you can golf into the early evenings, relax on the patio, etc., our hours of operation for the rest of the year.

Business Hours

Mon – Wed: 10am – 7pm
Thurs – Fri: 10 am – 8pm
Sat: 10am – 6pm; Sun: noon – 5pm

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If you have any questions or concerns that are not addressed in this newsletter, surf on over to WWW.CIGARSTUDIO.COM for up to date info on upcoming special events, new products and monthly Promotions.