

8TH HABANOS FESTIVAL

Cigar Studio was one of many Cuban cigar dealers who were represented at the 8th Habanos Festival last month. We spent 5 days in Havana helping Habanos celebrate the 40th Anniversary of the Cohiba brand. Each year the event attracts hundreds of industry personal from around the world and each year the government throws a party for a week to promote Cuban cigars. There was a lot going on; in addition to several dinners, trips to the countryside and factory tours, our host put the Canadian delegation on a boat and off we toured the ocean and islands around Veradero. And as is the tradition now, each year a different country puts on a special evening promoting their food, wine and culture (as you may recall Canada hosted the evening last year). This year Italy stepped to the plate and the company that distributes Cuban product in that country – Habanos S. A. Diadema - did a fabulous job. Their meal was first class, the wines were vintage, and the band and musicians very entertaining.

The highlight this year however was the Gala Dinner on the last night of the festival. This evening was dedicated to 40 years of Cohiba history. While 800 visitors were registered for the Festival, another 400 came just for the Gala Dinner. We were given champagne and mojitos along with a welcome gift of a

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Pool tournament winners Jack Criger and Jack Brown. The Marx Brothers were their inspiration. Page 3

SPRING 2006

NEWS

1996—2006

SPECIALTY TOBACCO STORES RECOGNIZED IN BILL 164

Specialty tobacco shops in Ontario were granted an exemption within Ontario's Smoke Free Ontario Act under regulations released by Queens Park on March 1. Tobacco shops will not have to comply with a section of the Bill's display ban prohibiting countertop displays and requiring customers to purchase the tobacco before they handle it. In addition, specialty retailers do not have to shield tobacco from view by their customers before they purchase it, a rule that comes into effect in June of 2008 for all retail stores.

In order to be classified as a specialty tobacco shop, the regulations require that at least 50% of the stores sales come from specialty tobacco products excluding cigarettes. The store must also meet the condition that persons under the age of 19 are not admitted into the store unless accompanied by someone over the age of 19. All other aspects of the law apply to specialty stores.

This is the first time that the government has recognized 2 important criteria related to the specialty tobacco business in the province; a) that a retail channel exists whose primary business focus is cigars and other specialty tobacco products, and b) the product and the consumption behavior of cigar and cigarette smokers is very different. Our industry remains in full support of the government's policy objective of reducing cigarette consumption amongst youth.

The more controversial aspect of Bill 164 comes into effect at midnight on May 31 when smoking in all public places and workplaces will be prohibited. The restaurant and hospitality industry has been lobbying hard against the total ban. One small victory for this industry was that smoking will be permitted on patios as long as they do not have a roof or walls around them.

Stay tuned.....

FAQ - OUR BEST SELLING BRANDS

There are three questions that Shawn and I get asked a lot when we take customers through our selection of cigars. #3 - "What is the most expensive cigar you sell"? (the Cohiba Double Corona, the Davidoff Anniversary #1 and the Zino Platinum Crown Series all are well over \$100. #2 is "Is this (or that) a good cigar"? (all cigars are good cigars). But the #1 question we get asked the most is "What is your best selling cigar"?

As many of you know, since we opened 10 years ago all of our house brands make our best sellers list and leading the charge is the cigar we bring in from Nicaragua. Customers recognize the great value, mild taste and consistency they represent. As is the same with our Honduran Maduro and Dominican Connecticut Shade. We sell a lot of our house brand cigars.

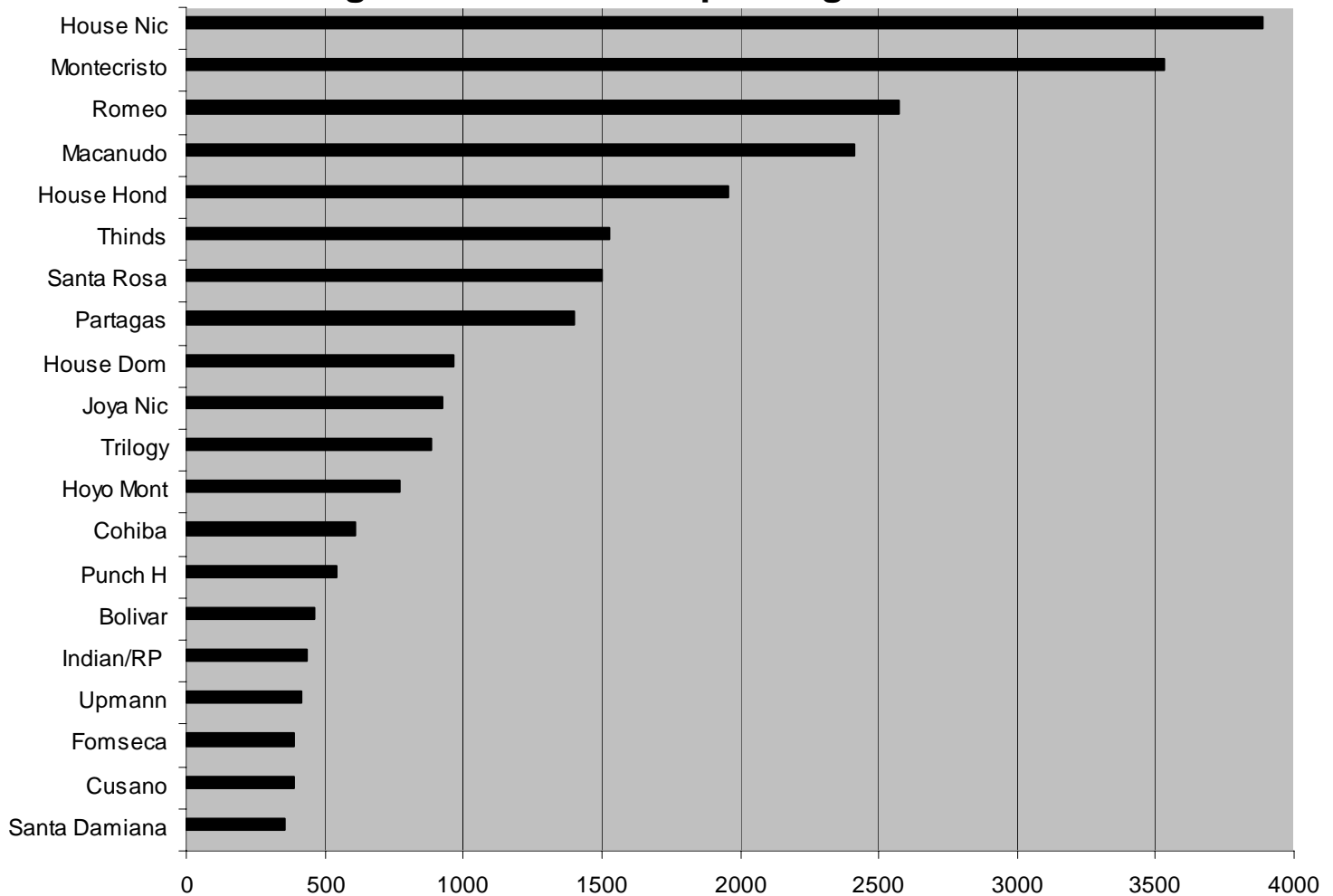
But since these are not for everybody, many national brands make the Top 20. The trend of consumers wanting more flavor and strength in their product can be seen in the performance of such brands like Trilogy, which cracked the list for the first time in 2005.

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The new Forchino Collection has arrived in store. This is one of several golf themed pieces. The detail in his work is unbeliev-

Cigar Studio - 2005 Top 20 Cigar Brands



SAN CRISTOBAL DE LA HABANA

Ask anyone to name a Cuba cigar and the most familiar brands are always mentioned – Montecristo, Romeo Y Julieta, Partagas, Cohiba etc. What you do not often hear are the names of specialty brands and brands that are not available in every country. San Cristobal de La Habana is one of these brands.

San Cristobal was the original name of Havana, Cuba's capital city when it was founded in 1519. It was named in honor of Columbus (San Cristobal - St. Christopher) and La Habana after an Indian name for the site.

San Cristobal cigars were introduced in 1999 as a tribute to Havana's long history on the (then) threshold of the new millennium. Currently the brand is comprised of 4 sizes, each one named after one of the fortresses that defended the city when it was the hub of Spain's Latin American Empire. El Principe is 4 x 42; the belicosos is La Punta, 5.5 x 52; La Fuerza is a robusto gorda of 5.5 x 50; while the heavy weight of the brand is El Morro, 7.5 x 49. A new salomones is expected in the Canadian market by mid April.

The brand's strength is mild to medium compared to many of the powerful Cuban cigars thereby making it appeal to the largest segment of cigar smokers. Drop in and you will find all sizes available in the store.

JACKS ARE BETTER

Jack Criger and Jack Brown slipped and slidded their way through a 16 team field to capture the Championship Stream of the coveted 4-3-2-1 Pool Tournament we host each year. They defeated Joel Barr and Joe Gordon in an exciting best of 3 final. What made this year's victory especially sweet was this same team won the inaugural tournament in 1998. Given Bill 164, this may have been our last "cigar" pool tournament, thereby firmly establishing these two guys into Cigar Studio lore. Consolation Stream winners were Chris Grant and John Wiley.

The tournament was held at The Fan again this year. A big thanks to Gail and Alex for making sure everything went smooth as felt.

UPCOMING EVENTS

Until May 31, it's business usual. After June 1 we will comply with Bill 164. Fortunately you can still enjoy a cigar outdoors and patios are exempt from the Bill. So here are two events that you may want to put on the calendar.

Tuesday May 2 - Cigar Studio 10th Anniversary Dinner

We sold our first cigar in 1996 so we are going to celebrate a terrific 10 years in business. Put Tuesday May 2 in your Blackberry and mark Cru Restaurant (Royal York & Bloor) on your map. We have a spectacular night planned! Cigars from Cohiba, Ashton, Macanudo, Fuente and Padron; A culinary feast prepared by the chefs at Cru consisting of seafood, angus beef, poultry and pasta main choices. And lots of cocktails! We are also raising money for the family and grandchildren of our Cuban friend and "man on the street" in Havana, Bernardo Gonzales, who as you know passed away this past Fall. Tickets all inclusive, \$150. More details in store.

Monday June 5 - Tobacco Retailers Golf Tournament

The annual Golf Tournament hosted by local specialty stores runs Monday June 5. This year we will tee off at Ariss Valley Golf Club in Guelph. Your day will start at Noon with a full BBQ lunch, followed by 18 holes of golf with cart, and a gift bag that will contain 6-8 cigars. Dinner will follow and everyone is guaranteed a prize. There are specialty holes throughout the course – complimentary port, wine, and cognac and beer – along with the customary Hole In One Contest. All for the same price as the past 4 years - \$150. We have to limit the field to 144 golfers so put this date in your calendar and give us a call if you are interested as we usually send 5 or 6 teams to this event.

Remember that we post our first notices of Upcoming Events in www.cigarstudio.com.

THANKS !

A big thanks to all of you who visited the store from January 1 to March 31, seasonally our slowest quarter. While this was not the coldest winter we have ever had, many of you still kept dropping in to pick something up and say hello. So to thank you in the most tangible way we can, we would like to offer you a store credit equal to 5% of your purchases (made during these 3 months) to be used against your next purchase. It is our way of saying thanks for helping to keep us company in Q-1. Please, all store credits must be used up no later than April 30. Thanks again!



The Habanos Festival is a highlight of our winter. (Left) Putting the blends together for Cohiba. The precision and quality improvement we have seen in just 3 years has been incredible. (Center) Santos, our good friend and roller extraordinaire is now working at the Melia Habana Hotel. Hopefully he is on tour again this summer, but if not I stocked my favorite size. (Right) One of our favorite places to visit is Cathedral Square. And it's just around the corner from our favorite bar.

FAQ (con't from Page 2)

And certainly the significant improvement in the quality of Cuban cigars has not gone un-noticed as 8 Cuban brands make our best sellers list. With the busy season fast approaching, any guesses on next years Top 20? list...

So Whats New In Store?

We crank up the open to buy when spring arrives so our shelves are full and brand new product is arriving in store. Here are a couple of things to keep your eye out for;

- Oliva Classic Ole – rated in the Top 10 of the best cigars in 2005 by Cigar Aficionado. Medium body yet rich in flavor, this Nicaraguan cigar joins many of the other world class brands coming from that country.
- Royal Jamaica Gold – we used to carry this cigar and after enjoying one, I am not sure why we stopped. Made in the Dominican Republic, the packaging of this medium to full body cigar recently went through a make-over. Jamaican, Honduran and Nicaraguan filler gives this cigar a wonderful aroma and taste.
- To help celebrate their own Anniversary, Brigham has introduced 2 new pipe tobaccos. Blended in Germany, both have been launched in 50g tins. "King Street" is named after their first pipe factory and is an English blend containing Virginia and Kentucky tobaccos. "Ripley Avenue" is a aromatic tobacco with a light vanilla taste and just a hint of rum.

We continue to tweak Category 301 so as to offer customers quality, non-tobacco gifts. We have just received new product from Laguiole and R. Hamman. But our favorite non-tobacco gift line is the Comic Art of Forchino. At the Winter Gift Show we saw all the new pieces and bought them all. If you know any gardeners or golfers, you will want to check these out.

Habanos Festival (con'd from Page 1)

Cohiba Cigar case with 3 Siglo VI cigars. The pre-dinner cigar was the Corona Especial. The first course was followed by the new Siglo 2 Tubo, the main course by a Siglo 4 and the post dinner cigar was the legendary Esplendido. Wow!! One lucky dinner guest won the door prize of a specialty crafted Cohiba Humidor with 40 brand new Cohiba Bihke, a double lancero. The evening ended with a live auction of humidors and special cigar lots. Highlights of the auction, which raised E 650,000 euros for local health clinics, was a winning bid for a Cohiba Humidor containing 250 special cigars. This lot alone went for E 280,000 euros.

This was the 8th year of the festival since the government began a series of formal events to bring their international customers together.

WELCOME HENRY THE 8TH

Nothing says iahe mate, like the opening of a brand new pub on Bloor, especially one seconds from the shop. Henry the 8th opened March 20th. Located on the north side of Bloor, between Montgomery and Brentwood (the old location of Angelo Di) the owner is Damian Awford-Nash. Hailing from England, Damian is an ex Royal Marine who has spent the past 5 years working in Axis and Far Niente saving his quid to open his own place. Henry the 8th is it!. Definitely themed as an English pub, the menu includes 25 imported English beers, 20 single malt whiskies and old style pub food. Just a comfortable place to have a pint or 2 with friends and family. Enjoy!