



PARETO

PARETO ACQUIRES SOURCELINK CANADA TO BROADEN ITS DIRECT MARKETING CAPABILITY

Expected to Add \$10 Million to 2007 Revenues

TORONTO, ONTARIO, August 11, 2006 – Pareto Corporation (TSX: PTO), a leading marketing services company, today announced that it has acquired the Canadian operations of US-based direct marketing company SourceLink LLC. The acquisition has been completed for cash consideration of \$1.2 million, and is expected to add approximately \$10 million to Pareto's fiscal 2007 retail marketing revenues and, following the realization of significant operational synergies planned for the duration of 2006, approximately \$1 million to its fiscal 2007 EBITDA (earnings before amortization, net interest and finance charges, share-based compensation, income taxes and non-controlling interest).

"This acquisition broadens Pareto's retail marketing suite by providing us with innovative direct marketing capabilities that we previously sourced from third party suppliers, including SourceLink," said Kerry Shapansky, Pareto's President and Chief Executive Officer. "Consumer marketing tactics are increasingly shifting towards one-to-one communication whereby individuals are more directly targeted with customized materials based on their unique circumstances. It was a logical step for us to bring these capabilities in-house to better meet growing client demand."

Mr. Shapansky continued, "SourceLink is a leader in this space in Canada. The parent company made a strategic decision to refocus on the US market and we were able to acquire these operations at very attractive terms that we expect will make this purchase accretive for our shareholders beginning this year. SourceLink has a great roster of blue chip clients, and we are very excited about working with all of them and looking for opportunities to expand these relationships as we have done in the past."

Markham, Ontario-based SourceLink Canada is one of the country's largest direct marketing companies with a 15-year operating history and a client list that includes RBC Financial Group, BMO Financial Group, AIG and Sun Life Financial, as well as a variety of non-financial clients.

SourceLink offers data management services including analytics, segmentation and list processing, as well as production capabilities such as full color variable printing, lettershop and mail services. This integrated offering enables clients to engage in more relevant, targeted and measurable marketing campaigns.

"We have been a Pareto supplier for several years, and I am very pleased now to be joining the organization," said Kim Roseborough-Darling, President of SourceLink Canada, who will continue to lead the unit and play a key role in business development activities. Ms. Roseborough-Darling added, "Pareto and SourceLink share a common focus on building one-to-one direct marketing programs that prioritize superior client service, technical expertise and flawless execution in a secure environment. I believe our businesses will integrate very effectively and result in an even stronger platform for the future."

The acquisition will be funded through Pareto's existing cash resources. As part of the transaction, Pareto has acquired a significant tax asset which is expected to reduce the amount of cash income taxes paid in future periods, though it will not directly impact Pareto's earnings per share.

About Pareto Corporation

Pareto Corporation is a marketing services company that offers retail marketing and channel marketing solutions to leading companies in a broad range of industry sectors. Pareto provides measurable, quantifiable services that complement our clients' marketing and sales departments. For more information, please visit our website at www.pareto.ca.

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This press release contains forward-looking statements related to expected future events and financial operating results of Pareto that involve risks and uncertainties. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including market and general economic conditions and the risks and uncertainties detailed from time to time in Pareto's SEDAR filings.

The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this press release.