



PARETO ANNOUNCES SUBSTANTIAL ISSUER BID

TORONTO, ONTARIO, August 7, 2009 – Pareto Corporation (TSX: PTO), a leading marketing services company, today announced that its Board of Directors has authorized the making of a substantial issuer bid (the "Offer"), pursuant to which the Company will offer to purchase from shareholders for cancellation, for an aggregate purchase price of not more than \$10,000,000 in cash, up to 13,333,333 of the issued and outstanding common shares of Pareto ("Shares"), at a purchase price of not less than \$0.75 per Share and not more than \$1.00 per Share. The Offer will proceed by way of a "modified Dutch Auction". The modified Dutch Auction tender process allows shareholders to individually select the price, from within a specified range of prices, at which they are willing to sell all or a portion of their Shares to the Company. When the Offer expires, Pareto will determine a single purchase price per Share (the "Purchase Price") which will be the lowest price that will enable the Company to purchase the maximum number of Shares validly deposited to the Offer having an aggregate purchase price not exceeding \$10 million. All Shares tendered at or below the Purchase Price will be bought at the Purchase Price, subject to preferential treatment of "odd lot" deposits and to proration in the event that the aggregate cost to Pareto of purchasing all of the Shares validly deposited to the Offer at or below the Purchase Price exceeds \$10 million. The maximum Purchase Price under the Offer represents a premium of approximately 49% over the volume weighted-average trading price of the Shares on the Toronto Stock Exchange for the last 30 days. The Offer will not be conditional on any minimum number of Shares being deposited but will be subject to other conditions customary for transactions of this nature.

The funds required to pay for all Shares validly deposited to the Offer will be provided through a new credit facility with a major Canadian chartered bank. The credit facility is comprised of a three year term loan in the amount of up to \$15 million and a line of credit in the amount of \$10 million. The term loan bears interest at an annual rate starting at banker's acceptance rate plus 3.25% and is repayable in quarterly installments starting at an annual rate of 10% of the amount drawn. The line of credit bears interest at an annual rate equal to prime rate plus 1% and is repayable in monthly interest-only payments. The line of credit will be used initially to repay funds borrowed on the Company's existing line of credit and subsequently for operating purposes. Pareto expects to repay any funds borrowed under the credit facility using internally generated cash flow.

Neither Pareto nor its Board of Directors makes any recommendation to any shareholder as to whether to deposit or refrain from depositing Shares to the Offer. The Purchase Price will be below the range of values as determined by Klein Farber Corporate Finance Inc., an independent valuator retained by Pareto in the context of the Offer. Based upon the qualifications and subject to the assumptions, restrictions and scope of work set out in the formal valuation, the independent valuator concluded that in its opinion, the fair market value of Pareto at June 30, 2009 was between \$49,920,000 and \$58,510,000 or between \$1.06 and \$1.23 per Share. Pareto is making the Offer to provide a liquidity opportunity for shareholders and because the Board of Directors and management believe that the Shares have been trading in price ranges which do not fully reflect the value of Pareto's business and future prospects. Future values cannot be assured, however, and are subject to risks. Shareholders are urged to consult their own investment and tax advisors and make their own decisions whether to deposit Shares to the Offer and, if so, how many Shares to deposit and at what price or prices.

As at August 6, 2009, there were 43,010,481 Shares issued and outstanding, and accordingly, the Offer is for approximately 31% of the total number of issued and outstanding Shares (if the Purchase Price is determined to be \$0.75 per Share, being the minimum Purchase Price under the Offer).

Full details of the Offer, including the procedure for tendering Shares, will be provided in an offer to purchase and issuer bid circular which is expected to be mailed to shareholders on or about August 12, 2009. The Offer will expire at 5:00 p.m. (Toronto time) on September 17, 2009, or such later time and date to which the Offer may be extended by the Company.

About Pareto Corporation

Pareto Corporation is a marketing services company that offers marketing execution 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.