

PARETO AGREES TO BE ACQUIRED BY THE RIVERSIDE COMPANY

TORONTO, Jan. 24 /CNW/ - Pareto Corporation (TSX: PTO) ("Pareto" or "the Company"), a leading Shopper Marketing company, announced today that it has entered into a definitive agreement pursuant to which a newly formed subsidiary of The Riverside Company ("Riverside") has agreed, subject to certain conditions, to acquire all 39,710,271 of the fully diluted outstanding shares of the Company for cash consideration of C\$2.72 per share. The transaction will proceed by plan of arrangement and is expected to close by March 31, 2011.

The offer price represents a 51% premium to the 12-month weighted average price of C\$1.80. Based on the recommendation of the special committee of independent directors, Pareto's board of directors agreed to enter into this transaction and to recommend that shareholders vote in favour of the transaction.

Twelve members of Pareto's senior management team, together with all members of the board of directors and a number of outside shareholders, in aggregate representing 72% of the outstanding Pareto shares, have entered into support agreements, under which they have agreed to vote in favour of the transaction. In addition, these members of Pareto management have agreed to invest \$13.4 million for approximately 20% of the equity of the purchaser, being the same price as Riverside's equity. In addition, a syndicate of three major Canadian banks has committed to provide debt related to this transaction.

In the summer of 2010, the Company engaged Petsky Prunier Securities LLC, a U.S.-based investment bank with expertise in Pareto's industry, as financial advisor to assist Pareto's board in a review of strategic alternatives, including a potential sale transaction. Petsky Prunier conducted a broad auction process over a number of months, contacting prospective parties, resulting in expressions of interest, management meetings with prospects and ultimately a binding deal with Riverside. In connection with the transaction, Petsky Prunier has also provided a fairness opinion to Pareto's board of directors.

The definitive agreement contains a non-solicitation covenant on the part of Pareto, subject to customary "fiduciary out" provisions entitling Pareto to consider and accept a superior proposal, subject to a right to match in favour of Riverside, on payment to Riverside of a break fee of \$3.75 million. In addition, Pareto has agreed to reimburse Riverside for its transaction expenses to a maximum of \$2.0 million if the agreement is terminated in certain circumstances where the break fee is not payable. Riverside has agreed to pay to Pareto a reverse break fee of \$3.75 million if it fails to close the transaction.

A meeting of Pareto shareholders will be convened to vote on the transaction, pursuant to a court approval process required for a plan of arrangement. It is proposed that the transaction must be approved by (i) 66 2/3% of the holders of common shares voted at the meeting, (ii) 66 2/3% of the holders of common shares, options and restricted stock units voting at the meeting, and (iii) a majority of all common shares voting at the meeting, excluding those members of management who are acquiring equity in the purchaser. Shareholders holding 52% of this "majority of minority" have entered into voting support agreements.

"After an extensive search by the Special Committee of the Board and our advisors, we are pleased to announce this proposed transaction which we believe delivers significant value to our shareholders," stated J. R. Kingsley Ward, Chairman of the Pareto Board of Directors.

"This is an exciting day for the employees and shareholders of Pareto," said Kerry Shapansky, Pareto's President and Chief Executive Officer. "Our entire team will remain in place and continue to be committed to delivering leading edge Shopper Marketing solutions to our clients. We have worked diligently to establish Pareto as Canada's leading Shopper Marketing company and believe that the growth capital and support to be provided by Riverside will play a key role in facilitating our future growth initiatives."

"We see tremendous potential in Pareto and are excited to announce this offer to acquire the company," commented Kristin Newhall, Partner, The Riverside Company. "Pareto's strategic market position in Shopper Marketing solutions spans both traditional and innovative platforms. We expect the proposed acquisition of Pareto by Riverside to be beneficial to both parties and generate strong results."

Further details of the transaction are expected to be included in a proxy circular to be mailed to shareholders in due course. The full acquisition agreement, as well as the lock-up agreements with security holders will be filed on SEDAR at www.sedar.com.

Ogilvy Renault LLP acted as counsel to Pareto, Fraser Milner Casgrain LLP acted as counsel to the management shareholders, and Osler Hoskin & Harcourt LLP acted as counsel to the non-management shareholders who entered into voting support agreements. Riverside was represented by Stikeman Elliott LLP and Kirkland & Ellis LLP.

Conference Call Details

A conference call will be held on Tuesday, January 25, 2011 at 8:30am Toronto time to discuss the transaction. The call will be hosted by J.R. Kingsley Ward, Chairman of the Pareto Board of Directors and Kerry Shapansky, CEO of Pareto. To access the call, please dial (647) 427-7450 or (888) 231-8191 ten minutes prior to the scheduled start of the call.

About Pareto Corporation

Pareto Corporation is a Shopper Marketing 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.

About The Riverside Company

The Riverside Company is a global private equity firm focused on acquiring growing enterprises valued at up to \$200 million. The firm partners with strong management teams and enhances its investments through acquisitions and organic growth. Since its founding in 1988, Riverside has invested in more than 245 transactions with a total enterprise value of more than \$5.8 billion. The firm's portfolio in North America, Europe and the Asia Pacific region includes 74 companies with roughly 13,000 employees. Riverside completes acquisitions smoothly thanks to \$3.2 billion in assets under management, more than 195 professionals in 19 offices, and longstanding relationships with partner lenders. For more information, please visit the firm's website at www.riversidecompany.com.

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.

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