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MercadoLibre, Inc. Receives Approval From Argentine Industry Secretary for Eligibility of Software Development Law Tax Benefits

BUENOS AIRES, Argentina, Sept. 23, 2015 (GLOBE NEWSWIRE) -- MercadoLibre, Inc. (Nasdaq:MELI) (<http://www.mercadolibre.com>), Latin America's leading e-commerce technology company, announced today that it has obtained approval from the Argentine Industry Secretary for income tax and payroll exemptions under a new software development law. These income tax and payroll exemptions are expected to not only reduce the effective income tax rate for MercadoLibre's Argentinean operations for as long as the Company maintains its eligibility under the new law, but also will generate a reduction in the Company's labor costs.

Software Development Law Background

On August 17, 2011, the Argentine government issued a new software development law, which established eligibility requirements for beneficiaries and outlined the tax and payroll benefits granted under the law. In May 2014, the Company filed all the required documentation for eligibility under the new law.

Resolution 1041/2015

On September 17, 2015, the Argentine industry secretary issued Resolution 1041/2015 approving the Company's application for eligibility under the new software development law. As a result, MercadoLibre's Argentinean operations have been granted a tax holiday, retroactive to September 18, 2014. A portion of the benefits available to beneficiaries of the new law is a relief of 60% of total income tax related to software development activities and a 70% relief in payroll taxes related to software development activities.

The new software development law will expire on December 31, 2019. As a result of MercadoLibre's eligibility under the new law, the Company expects to record a one-time income tax gain of approximately \$13.0 million to \$15.5 million in the third quarter of 2015. Of that gain, the Company anticipates that \$4.0 million to \$5.5 million will be attributed to the third quarter of 2015. In addition, the Company estimates that its Argentine effective income tax rate in the third quarter of 2015 will be materially lower than the statutory income tax rate. Furthermore, the Company expects to record a one-time labor cost gain of approximately \$3.0 million to \$4.5 million in the third quarter of 2015. Of that gain, the Company anticipates that \$0.7 million to \$1.5 million will be attributed to the third quarter of 2015.

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