



MercadoLibre, Inc. Reports Financial Results for Second Quarter 2009

BUENOS AIRES, Argentina, Aug. 5, 2009 (GLOBE NEWSWIRE) --

- * Q2'09 revenue increases by 19% year-over-year to \$40.9 million; year-over-year growth in local currency increases by 42%
- * Q2'09 net income increases by 127% year-over-year to \$6.7 million
- * Items sold during Q2-09 increase by 35% year-over-year to 6.9 million: fifth consecutive quarter of acceleration

MercadoLibre, Inc. (Nasdaq:MELI) (<http://www.mercadolibre.com>), Latin America's leading e-commerce technology company, today reported financial results for the second quarter ended June 30, 2009.

Marcos Galperin, President and Chief Executive Officer of MercadoLibre, Inc., commented, "We are delighted with the accelerating growth that we continue to experience in many facets of our business and in every country in which we operate, in particular with the strong performance of MercadoPago. As we look ahead, we are optimistic about our prospects for continued high rates of growth as consumers in Latin America increase their spending within an improving regional economic context and continue to rapidly expand their usage of the internet."

Second Quarter 2009 Financial Results Summary

MercadoLibre reported consolidated net revenues for the three months ended June 30, 2009 of \$40.9 million, representing a year-over-year growth rate of 18.7% in US dollars and 41.6% in local currencies.

Marketplace revenue grew 9.5% to \$31.0 million in the second quarter of 2009 from \$28.3 million a year earlier, and Payments revenue grew 60.5% to \$9.9 million from \$6.2 million in the prior year quarter. Year-over-year revenue growth in both platforms was impacted by unfavorable currency exchange rates between local currencies and the U.S. dollar. When measured in local currencies, Marketplace revenue grew 29.2% and Payments 98.7%, when compared to the same quarter one year earlier. Strong revenue growth was primarily attributable to positive demand for MercadoLibre services. Items sold on MercadoLibre grew 34.8%, representing the fifth consecutive quarter in which the year over year growth of this metric has accelerated. Total payments transactions grew 42.2% when compared to the second quarter of 2008.

Second quarter 2009 gross profit margin was 79.0% when compared to 80.0% for the second quarter of 2008, as our lower gross margin Payments business grew from 17.9% to 24.2% of net revenues. Gross profit grew 17.2% to \$32.3 million from \$27.6 million in the prior year quarter.

Income from operations grew 52.3% to \$12.4 million in the second quarter of 2009 compared to \$8.1 million in the second quarter of 2008. Operating income margin for the second quarter of 2009 was 30.3%, an increase from 23.6% for the same period one year earlier.

The blended tax rate for the second quarter of 2009 fell to 19.8% as compared to a blended tax rate of 45.5% for the second quarter of 2008 as a consequence of improvements in the company's tax planning and other non-recurring items.

Foreign currency losses for the second quarter of 2009 were \$1.3 million, as compared to a loss of \$2.1 million for the prior year period. Foreign exchange losses were primarily a consequence of the depreciating local currency value, during the second quarter of 2009, of the U.S. dollar denominated assets held by our Brazilian subsidiary.

Net income for the three-month period ended June 30, 2009 was \$6.7 million, representing an increase of 126.7% over the \$2.9 million of net income for the same period of 2008. Net income for the second quarter 2009, measured in local currencies, grew 158.0% over the same period one year earlier. Net income margin was 16.3% for the quarter compared to 8.5% for the

same quarter during 2008. Earnings, per share for the second quarter were \$0.15 compared to \$0.07 for the same quarter one year earlier.

The following table summarizes certain key performance metrics for the three months ended June 30, 2008 and 2009.

Key Performance Metrics

(in millions)	Three Months ended June 30,		
	2008	2009	% YoY growth
Total confirmed registered users at end of period	28.1	37.8	34.4%
New confirmed registered users during period	1.6	2.1	33.3%
Gross merchandise volume	\$515.5	\$651.9	26.5%
Successful items	5.1	6.9	34.8%
Total payment volume	\$ 66.8	\$ 79.6	19.1%
Total payment transactions	0.5	0.7	42.2%

Gross merchandise volume in local currencies grew 50.6% and total payments transactions grew 42.2% in local currencies year over year.

Conference Call and Webcast

MercadoLibre will host a conference call and audio webcast on August 5, 2009 at 4:30 p.m. Eastern Time. The conference call may be accessed by dialing (973) 935-8579 and requesting inclusion in the call for MercadoLibre. The live conference call can be accessed via audio webcast at the investor relations section of the Company's website, at <http://investor.mercadolibre.com>. An archive of the webcast will be available for one week following the conclusion of the conference call.

Definition of Selected Operational Metrics

New confirmed registered users -- Measure of the number of new users who have registered on the MercadoLibre Marketplace and confirmed their registration.

Total confirmed registered users -- Measure of the cumulative number of users who have registered on the MercadoLibre Marketplace and confirmed their registration.

Gross merchandise volume -- Measure of the total U.S. dollar sum of all transactions completed through the MercadoLibre Marketplace, excluding motor vehicles, vessels, aircraft, real estate, and services.

Items sold (Successful items) -- Measure of the number of items sold/purchased through the MercadoLibre Marketplace.

Total payment volume -- Measure of total U.S. dollar sum of all transactions paid for using MercadoPago.

Total payment transactions -- Measure of the number of all transactions paid for using MercadoPago.

Gross profit margin -- Defined as gross profit as a percentage of net revenues.

Operating margin -- Defined as income from operations as a percentage of net revenues.

Net Income margin -- Defined as net income as a percentage of net revenues.

Blended tax rate -- Defined as income and alternative income taxes plus deferred income tax as a percentage of pre-tax income.

Effective tax rate -- Defined as the provision for income taxes as a percentage of pre-tax income.

Local currency financial metric growth -- Calculated by applying the average 2008 monthly exchange rates for each month of the period during 2008 to the results during the corresponding months in 2009, so as to calculate what the growth would have been had exchange rates been the same throughout both periods.

About MercadoLibre

Founded in 1999 and headquartered in Buenos Aires, Argentina, MercadoLibre is Latin America's leading e-commerce technology company. Through its primary platforms, MercadoLibre.com and MercadoPago.com, it provides solutions to individuals and companies buying, selling, advertising, and paying for goods online.

MercadoLibre.com serves millions of users and creates a market for a wide variety of goods and services in an easy, safe and efficient way. The site is among the top 50 in the world in terms of page views and is the leading retail platform in unique visitors in each country in which it operates according to metrics provided by comScore Networks.

MercadoLibre maintains a leadership position in 12 Latin American countries. The Company listed on Nasdaq (Nasdaq:MELI) following its initial public offering in 2007.

For more information about the company visit: <http://investor.mercadolibre.com>

Forward-Looking Statements

Any statements contained in this press release that are not statements of historical fact, including statements about the company's beliefs and expectations, are forward-looking statements and should be evaluated as such. Such forward-looking statements reflect, among other things, the company's current expectations, plans, projections and strategies, anticipated financial results, future events and financial trends affecting the company's business, all of which are subject to known or unknown risk and uncertainties that may cause the company's actual results to differ materially from those expressed or implied by these forward-looking statements, including general market conditions, adverse changes in the company's markets as well as those risks and uncertainties included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the company's Annual Report on Form 10-K for the year ended December 31, 2008 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, which are on file with the SEC and is available on the SEC website at www.sec.gov. Additional information will also be set forth in the company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, which it expects to file with the SEC in August 2009. All information provided in this release and in the attachments is as of August 5, 2009 and MercadoLibre undertakes no duty to update this information.

Because of the risks, uncertainties and assumptions, investors should not place undue reliance on any forward-looking statements.

Consolidated balance sheets

	June 30, 2009	December 31, 2008
	----- (Unaudited)	----- (Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 19,374,901	\$ 17,474,112
Short-term investments	28,647,386	31,639,400
Accounts receivable, net	4,508,072	3,856,392
Funds receivable from customers	1,922,470	2,322,416
Prepaid expenses	526,628	426,869
Deferred tax assets	6,970,127	1,628,871
Other assets	2,448,059	2,953,164
	-----	-----
Total current assets	64,397,643	60,301,224
Non-current assets:		
Long-term investments	22,402,035	9,218,153

Property and equipment, net	6,402,482	5,940,160
Goodwill and intangible assets, net	74,488,034	72,911,546
Deferred tax assets	2,556,092	14,270
Other assets	12,973,426	8,353,396
	-----	-----
Total non-current assets	118,822,069	96,437,525
Total assets	\$ 183,219,712	\$ 156,738,749
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Liabilities and Shareholders' Equity

Current liabilities:

Accounts payable and accrued expenses	\$ 15,275,161	\$ 16,941,173
Funds payable to customers	22,475,574	14,727,891
Social security payable	5,544,684	4,387,943
Taxes payable	10,661,070	4,989,704
Loans payable and other financial liabilities	15,465,001	14,963,421
Provisions	470,137	299,753
	-----	-----
Total current liabilities	69,891,627	56,309,885

Non-current liabilities:

Social security payable	642,161	339,854
Loans payable	--	3,050,061
Deferred tax liabilities	4,922,046	2,556,120
Other liabilities	1,335,901	1,058,848
	-----	-----
Total non-current liabilities	6,900,108	7,004,883

Total liabilities	\$ 76,791,735	\$ 63,314,768
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Commitments and contingencies

Shareholders' equity:

Common stock, \$0.001 par value, 110,000,000 shares authorized, 44,089,117 and 44,070,367 shares issued and outstanding at June 30, 2009 and December 31, 2008, respectively	44,089	44,071
Additional paid-in capital	120,104,599	119,807,007
Accumulated deficit	(3,481,301)	(15,552,256)
Accumulated other comprehensive loss	(10,239,410)	(10,874,841)
	-----	-----
Total shareholders' equity	106,427,977	93,423,981
	-----	-----

Total liabilities and shareholders' equity	\$ 183,219,712	\$ 156,738,749
	-----	-----

Consolidated statements of income

Six Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Three Months Ended June 30, 2008
-----	-----	-----	-----

	(Unaudited)		(Unaudited)	
Net revenues	\$ 73,224,300	\$ 63,312,238	\$ 40,901,799	\$ 34,471,508
Cost of net revenues	(15,229,463)	(12,921,182)	(8,595,477)	(6,901,503)
Gross profit	57,994,837	50,391,056	32,306,322	27,570,005
Operating expenses:				
Product and technology development	(5,720,625)	(3,473,893)	(3,087,206)	(1,730,780)
Sales and marketing	(20,293,461)	(19,480,049)	(10,077,284)	(10,265,389)
General and administrative	(12,800,984)	(10,827,171)	(6,729,609)	(5,879,569)
Compensation Cost related to acquisitions	--	(1,919,870)	--	(1,546,397)
Total operating expenses	(38,815,070)	(35,700,983)	(19,894,099)	(19,422,135)
Income from operations	19,179,767	14,690,073	12,412,223	8,147,870
Other income (expenses):				
Interest income and other financial gains	1,531,837	1,019,929	602,174	270,576
Interest expense and other financial charges	(5,844,773)	(2,321,147)	(3,334,589)	(958,348)
Foreign currency gain/(loss)	529,213	(3,041,354)	(1,346,273)	(2,052,638)
Other income, net	--	2,285	--	2,285
Net income before income/asset tax expense	15,396,044	10,349,786	8,333,535	5,409,745
Income/asset tax expense	(3,325,089)	(5,335,014)	(1,653,756)	(2,462,650)
Net income	\$ 12,070,955	\$ 5,014,772	\$ 6,679,779	\$ 2,947,095

Six Months Ended
June 30,

Three Months Ended
June 30,

	2009	2008	2009	2008
Basic EPS				
Basic net income per common share	\$ 0.27	\$ 0.11	\$ 0.15	\$ 0.07
Weighted average shares				
	44,074,462	44,238,146	44,078,235	44,238,166
Diluted EPS				
Diluted net income per common share	\$ 0.27	\$ 0.11	\$ 0.15	\$ 0.07
Weighted average shares				
	44,127,208	44,367,846	44,132,204	44,369,317

Consolidated statements of cash flows

	Six Months Ended June 30,	
	2009	2008
	(Unaudited)	
Cash flows from operations:		
Net income	\$ 12,070,955	\$ 5,014,772
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,945,382	1,520,702
Interest expense	345,224	--
Unrealized gains on investments	(486,059)	(870,406)
Stock-based compensation expense - stock options	871	2,447
Stock-based compensation expense - restricted shares	121,646	46,329
LTRP accrued compensation	1,352,977	--
Deferred income taxes	369,375	193,619
Changes in assets and liabilities, excluding the effect of acquisitions:		
Accounts receivable	(1,275,237)	324,660
Funds receivable from customers	627,999	(3,463,772)
Prepaid expenses	(102,699)	(546,196)
Other assets	(3,740,274)	295,528
Accounts payable and accrued expenses	(2,880,613)	3,241,464
Funds payable to customers	4,905,107	1,175,341
Provisions	194,718	(390,673)
Deferred tax liabilities	(175,236)	--
Other liabilities	(592,641)	23,779
Net cash provided by operating activities	12,681,495	6,567,594
Cash flows from investing activities:		
Purchase of investments	(37,897,661)	(39,085,208)
Proceeds from sale and maturity of		

investments	32,231,451	60,732,449
Payment for businesses acquired, net of cash acquired	--	(16,824,065)
Purchase of intangible assets	(953,164)	(59,098)
Purchases of property and equipment	(2,182,358)	(2,675,365)
	-----	-----
Net cash (used in) provided by investing activities	(8,801,732)	2,088,713
	-----	-----
Cash flows from financing activities:		
Decrease in short term debt	(3,193,705)	(7,630,307)
Loans received	--	5,958
Stock options exercised	4,004	62,854
	-----	-----
Net cash used in financing activities	(3,189,701)	(7,561,495)
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	1,210,727	902,037
	-----	-----
Net increase in cash and cash equivalents	1,900,789	1,996,849
Cash and cash equivalents, beginning of the period	17,474,112	15,677,407
	-----	-----
Cash and cash equivalents, end of the period	\$ 19,374,901	\$ 17,674,256
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Condensed Consolidated Statements of Cash Flows

	Six Months Ended June 30,	
	2009	2008

	(Unaudited)	
Supplemental cash flow information:		
Cash paid for interest	\$ 5,005,815	\$ 1,736,062
Cash paid for income taxes	\$ 3,453,738	\$ 4,145,532
Acquisition of Classified Media Group:		
Cash and cash equivalents	\$ --	\$ 554,739
Accounts receivable	--	56,613
Other current assets	--	904,791
Non current assets	--	365,190
	-----	-----
Total assets acquired	--	1,881,333
	-----	-----
Accounts payable and accrued expenses	--	69,516
Taxes payable	--	459,462
Social security payable	--	243,141
Non current liabilities	--	14,000
Provisions	--	408,336
	-----	-----
Total liabilities assumed	--	1,194,455
	-----	-----
Net assets acquired	--	686,878
	-----	-----
Goodwill	--	13,037,504
Trademarks	--	5,622,188

Deferred Income Tax on Trademarks	--	(1,967,766)
Total purchase price	--	17,378,804
Cash and cash equivalents acquired	--	(554,739)
Payment for businesses acquired, net of cash acquired	\$ --	\$ 16,824,065

The following tables summarize the financial results of our reporting segments

	Six Months Ended June 30, 2009			
	Marketplaces			
	Brazil	Argentina	Mexico	Venezuela
Net revenues	\$ 22,481,733	\$10,514,908	\$ 6,176,350	\$13,667,627
Direct costs	(14,233,003)	(4,438,834)	(3,664,417)	(7,099,420)
Direct contribution	8,248,730	6,076,074	2,511,933	6,568,207
Operating expenses and indirect costs of net revenues				
Income from operations				
Other income (expenses):				
Interest income and other financial gains				
Interest expense and other financial results				
Foreign currency gain				
Other income, net				
Net income before income/asset tax expense				

	Six Months Ended June 30, 2009			
	Marketplaces			
	Other Countries	Total	Payments	Consolidated
Net revenues	\$ 4,123,864	\$ 56,964,482	\$ 16,259,818	\$ 73,224,300
Direct costs	(2,086,917)	(31,522,591)	(9,513,003)	(41,035,594)

Direct contribution	2,036,947	25,441,891	6,746,815	32,188,706
Operating expenses and indirect costs of net revenues				(13,008,939)
Income from operations				19,179,767
Other income (expenses):				
Interest income and other financial gains				1,531,837
Interest expense and other financial results				(5,844,773)
Foreign currency gain				529,213
Other income, net				--
Net income before income/asset tax expense				\$ 15,396,044

Six Months Ended June 30, 2008

	Marketplaces			
	Brazil	Argentina	Mexico	Venezuela
Net revenues	\$ 25,524,974	\$ 7,778,392	\$ 6,048,665	\$ 9,469,128
Direct costs	(15,923,765)	(3,872,243)	(4,207,424)	(6,042,306)
Direct contribution	9,601,209	3,906,149	1,841,241	3,426,822
Operating expenses and indirect costs of net revenues				
Income from operations				
Other income (expenses):				
Interest income and other financial gains				
Interest expense and other financial results				
Foreign currency loss				
Other income, net				
Net income before income/asset tax expense				

Six Months Ended June 30, 2008

Marketplaces

	Other Countries	Total	Payments	Consolidated
Net revenues	\$ 2,969,921	\$ 51,791,080	\$ 11,521,158	\$ 63,312,238
Direct costs	(712,692)	(30,758,430)	(7,793,776)	(38,552,206)
Direct contribution	2,257,229	21,032,650	3,727,382	24,760,032
Operating expenses and indirect costs of net revenues				(10,069,959)
Income from operations				14,690,073
Other income (expenses):				
Interest income and other financial gains				1,019,929
Interest expense and other financial results				(2,321,147)
Foreign currency loss				(3,041,354)
Other income, net				2,285
Net income before income/asset tax expense				\$ 10,349,786

Three Months Ended June 30, 2009

	Marketplaces			
	Brazil	Argentina	Mexico	Venezuela
Net revenues	\$12,603,535	\$ 5,549,031	\$ 3,307,428	\$ 7,301,806
Direct costs	(7,627,345)	(2,262,079)	(1,867,422)	(3,443,905)
Direct contribution	4,976,190	3,286,952	1,440,006	3,857,901
Operating expenses and indirect costs of net revenues				
Income from operations				
Other income (expenses):				
Interest income				
Interest expense and other financial results				
Foreign exchange				
Other income, net				
Net income before income/asset tax expense				

Three Months Ended June 30, 2009

	Marketplaces			
	Other			
	Countries	Total	Payments	Consolidated
Net revenues	\$ 2,248,761	\$ 31,010,561	\$ 9,891,238	\$ 40,901,799
Direct costs	(1,088,572)	(16,289,323)	(5,431,797)	(21,721,120)
Direct contribution	1,160,189	14,721,238	4,459,441	19,180,679
Operating expenses and indirect costs of net revenues				(6,768,456)
Income from operations				12,412,223
Other income (expenses):				
Interest income				602,174
Interest expense and other financial results				(3,334,589)
Foreign exchange				(1,346,273)
Other income, net				--
Net income before income/asset tax expense				\$ 8,333,535

Three Months Ended June 30, 2008

	Marketplaces			
	Brazil	Argentina	Mexico	Venezuela
Net revenues	\$13,649,406	\$ 4,252,040	\$ 3,108,820	\$ 5,711,196
Direct costs	(8,397,321)	(2,020,438)	(2,158,256)	(3,426,231)
Direct contribution	5,252,085	2,231,602	950,564	2,284,965
Operating expenses and indirect costs of net revenues				
Income from operations				
Other income (expenses):				
Interest income				
Interest expense and other financial results				
Foreign exchange				
Other income, net				
Net income before income/asset tax expense				

Three Months Ended June 30, 2008

	Marketplaces			
	Other			
	Countries	Total	Payments	Consolidated
Net revenues	\$ 1,588,960	\$ 28,310,422	\$ 6,161,086	\$ 34,471,508
Direct costs	(196,418)	(16,198,664)	(4,110,109)	(20,308,773)
Direct contribution	1,392,542	12,111,758	2,050,977	14,162,735
Operating expenses and indirect costs of net revenues				(6,014,865)
Income from operations				8,147,870
Other income (expenses):				
Interest income				270,576
Interest expense and other financial results				(958,348)
Foreign exchange				(2,052,638)
Other income, net				2,285
Net income before income/asset tax expense				\$ 5,409,745

Non-GAAP Measures of Financial Performance

This press release may include certain non-GAAP financial measures as defined under Securities and Exchange Commission (SEC) Rules to supplement the company's consolidated financial statements presented in accordance with generally accepted accounting principles, or GAAP.

These measures are not in accordance with, or an alternative to, measures prepared in accordance with GAAP and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with MercadoLibre's results of operations as the corresponding GAAP measures.

Reconciliation to the most comparable GAAP measure of all non-GAAP financial measures included in this press release can be found in the tables included at the end of this press release.

These non-GAAP measures are provided to enhance investors overall understanding of the company's current financial performance. Specifically, the company believes the non-GAAP measures provide useful information to both management and investors by excluding certain compensation expenses and unusual foreign currency effects that may not be indicative of its core operating results, thereby enhancing an investor's ability to make period over period comparisons of the company's results. The company believes the inclusion of these non-GAAP measures provides an element of consistency in the company's financial reporting and uses these measures in internal budgets and models and in determining executive compensation benchmarks.

MercadoLibre defines non-GAAP free cash flow as non-GAAP net cash provided by operating activities less property, plant and equipment investments and intangible assets.

In this press release MercadoLibre also includes each of income from operations, net income, earnings per basic and diluted share, blended and effective tax rates and certain margin percentages for the quarter ended June 30, 2009 after excluding (or adding back) the following charges required by GAAP:

* Compensation Costs Related to Acquisitions: This amount relates to the purchase price of the shares of CMG and its subsidiaries.

Under EITF 95-8 "Accounting for Contingent Consideration Paid to the Shareholders of an Acquired Enterprise in a Purchase Business Combination", we have recognized a contingent consideration paid to former shareholders as compensation for services. As of June 30, 2008 the year to date total accrued compensation costs amounted to \$1.9 million. The following tables show a reconciliation of this exclusion from the GAAP measures to the non-GAAP measures.

- * Long term retention plan compensation: On August 8, 2008, the Board of Directors approved a long-term employee retention program (the 2008 LTRP) for certain executives based on 2008 performance that will be payable 50% in cash and 50% in MercadoLibre common stock, in addition to their annual salary and bonus. Payments will be made during the first quarter on an annual basis according to the following vesting schedule: year 1 (2009): 17%, year 2 (2010): 22%, year 3 (2011): 27%, year 4 (2012): 34%.

- * On June 10, 2009 the Board of Directors approved a long-term employee retention (the 2009 LTRP) program for certain executives based on 2009 performance. If earned, payments to eligible employees under the 2009 LTRP will be in addition to payments of base salary and cash bonus, if earned, made to these employees. In order to receive an award under the 2009 LTRP, each eligible employee must satisfy the performance conditions established by the board of directors for him or her. If these conditions are satisfied, the eligible employee will, subject to his or her continued employment as of each applicable payment date, receive the full amount of his 2009 LTRP bonus, payable as follows: -- the eligible employee will receive a fixed cash payment equal to 6.25% of his or her 2009 LTRP bonus once a year for a period of eight years starting in 2010 (the "Fixed Payment"); and -- on each date the company pays the Fixed Payment to an eligible employee, he or she will also receive a cash payment (the "Variable Payment") equal to the product of (i) 6.25% of the applicable 2009 LTRP bonus and (ii) the quotient of (a) divided by (b), where (a), the numerator, equals the Applicable Year Stock Price (as defined below) and (b), the denominator, equals the 2008 Stock Price, defined as \$13.81, which was the average closing price of the Company's common stock on the NASDAQ Global Market during the final 60 trading days of 2008. The "Applicable Year Stock Price" shall equal the average closing price of the Company's common stock on the NASDAQ Global Market during the final 60 trading days of the year preceding the applicable payment date.

For the 2008 LTRP and the Variable Payment of the 2009 LTRP, the US GAAP compensation cost is recognized in accordance with the graded-vesting attribution method and is accrued up to each payment day. For the Fixed Payment of the 2009 LTRP, the compensation cost is recognized in a straight-line basis. The non-GAAP measures were calculated with the cost for each year being accrued in the full fiscal year immediately preceding the payment date according to the same payment schedule in which 22% of the cost of the 2008 LTRP plan vests during the year ended December 31 2009, and 12.5% of the cost of the 2009 LTRP vests during the year ended December 31, 2009. The following tables show a reconciliation of this cost from the GAAP measures to the non-GAAP measures.

Venezuelan foreign currency re-measurement effect: This amount relates to re-measurement of assets and liabilities in U.S. dollars in the Venezuelan statutory Financial Statements. Based on paragraph 27 of FAS 52 "Foreign Currency Translation", the Venezuelan subsidiaries have re-measured the assets and liabilities outstanding at June 30, 2009 in U.S. dollar balances at the parallel exchange rate and translated them to the official exchange rate. The following tables exclude the foreign currency re-measurement effect generated from applying different exchange rates in order to facilitate comparisons to other quarters, or year to date figures, and to highlight this exchange rate matter.

The following provide a reconciliation of certain Non-GAAP financial measures to the most comparable GAAP financial measures.

	Six Months Ended June 30,		Three Months Ended June 30,	
	2009	2008	2009	2008
Net income	\$12,070,955	\$ 5,014,772	\$ 6,679,779	\$ 2,947,095
Long term retention plan compensation net of tax effect	280,057	--	158,407	--
Venezuelan foreign currency re-measurement effect	(2,494,032)	--	(1,446,108)	--
Compensation cost related to acquisitions	--	1,919,870	--	1,546,397
Non-GAAP net income	\$ 9,856,980	\$ 6,934,642	\$ 5,392,078	\$ 4,493,492
Basic net income per common share:	\$ 0.27	\$ 0.11	\$ 0.15	\$ 0.07
Non-GAAP basic net income per common share:	\$ 0.22	\$ 0.16	\$ 0.12	\$ 0.10
Shares used in basic net income per share calculation:	44,074,462	44,238,146	44,078,235	44,238,166
Diluted net income per common share	\$ 0.27	\$ 0.11	\$ 0.15	\$ 0.07
Non-GAAP diluted net income per common share:	\$ 0.22	\$ 0.16	\$ 0.12	\$ 0.10
Shares used in diluted net income per share calculation:	44,127,208	44,367,846	44,132,204	44,369,317

	2009	2008	2009	2008
Income and asset tax expense	\$ 3,325,089	\$ 5,335,014	\$ 1,653,756	\$ 2,462,650
Income taxes related with long term retention plan compensation	123,651	--	97,087	--
Income taxes related with Venezuelan foreign currency effects	(1,284,804)	--	(744,963)	--
Non-GAAP income and asset tax expense	\$ 2,163,935	\$ 5,335,014	\$ 1,005,880	\$ 2,462,650
Income before income taxes	\$15,396,044	\$10,349,786	\$ 8,333,535	\$ 5,409,745
Long term retention plan compensation	403,707	--	255,494	--
Venezuelan foreign currency re-measurement effect	(3,778,836)	--	(2,191,072)	--
Compensation cost related to acquisitions	--	1,919,870	--	1,546,397
Non-GAAP income before income taxes	\$12,020,915	\$12,269,656	\$ 6,397,957	\$ 6,956,142
Blended tax rate(1)	21.6%	51.5%	19.8%	45.5%
Non-GAAP Blended tax rate(1)	18.0%	43.5%	15.7%	35.4%
Effective tax rate(2)(3)	19.1%	41.7%	20.0%	34.8%
Non-GAAP Effective tax rate(2)(3)	24.6%	35.2%	26.2%	27.7%

1 - Blended tax rate defined as income and asset tax expense as a percentage of income before income and asset tax.

2 - Effective income tax rate defined as the provision for income taxes as a percentage of income before income tax.

3 - The effective tax rate does not include the effect of the Mexican Tax call Impuesto Empresarial a Tasa Unica (IETU).

	Six Months Ended June 30,		Three Months Ended June 30,	
	2009	2008	2009	2008
Net revenue	\$73,224,300	\$63,312,238	\$40,901,798	\$34,471,508
GAAP				
Net Income	\$12,070,955	\$ 5,014,772	\$ 6,679,779	\$ 2,947,095
Earnings per share (basic)	\$ 0.27	\$ 0.11	\$ 0.15	\$ 0.07
Earnings per share (diluted)	\$ 0.27	\$ 0.11	\$ 0.15	\$ 0.07
Non-GAAP				
Net Income	\$ 9,856,980	\$ 6,934,642	\$ 5,392,078	\$ 4,493,492
Earnings per share (basic)	\$ 0.22	\$ 0.16	\$ 0.12	\$ 0.10
Earnings per share (diluted)	\$ 0.22	\$ 0.16	\$ 0.12	\$ 0.10

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