

MERCADOLIBRE INC  
Form DEF 14A  
April 28, 2010

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. \_\_\_\_\_)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

MercadoLibre, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**Table of Contents**

Tronador 4890, 8<sup>th</sup> Floor  
Buenos Aires, Argentina C1430DNN

April 28, 2010

Dear Stockholder:

You are cordially invited to attend the 2010 Annual Meeting of Stockholders of MercadoLibre, Inc., which will be held at 1:00 p.m. Eastern time on Thursday, June 10th, 2010 at the offices of Hunton & Williams LLP, 1111 Brickell Avenue, Suite 2500, Miami, Florida.

We are pleased to use the SEC rule that allows companies to furnish proxy materials to their stockholders primarily over the Internet. We believe that this electronic process should expedite your receipt of our proxy materials, lower the costs of our Annual Meeting, and help to conserve natural resources. On April 28, 2010, we mailed our stockholders a Notice of Internet Availability containing instructions on how to access our 2010 Proxy Statement and 2009 Annual Report and vote. The notice also included instructions on how to receive a paper copy of your Annual Meeting materials, including the proxy statement and proxy card.

Thank you, and we look forward to seeing you at the 2010 Annual Meeting of Stockholders or receiving your proxy vote. On behalf of the board of directors, I would like to express our appreciation for your continued interest in MercadoLibre.

Sincerely yours,

/s/ Marcos Galperín

Marcos Galperín

*Chairman of the Board, President and Chief Executive Officer*

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**Table of Contents**

**Tronador 4890, 8<sup>th</sup> Floor  
Buenos Aires, Argentina C1430DNN  
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON JUNE 10, 2010**

To Our Stockholders:

Notice is hereby given that the 2010 Annual Meeting of Stockholders of MercadoLibre, Inc. will be held at 1:00 p.m. Eastern time on June 10, 2010, at the offices of Hunton & Williams LLP, 1111 Brickell Avenue, Suite 2500, Miami, Florida. The meeting is called for the following purposes:

1. To elect three members to the board of directors for a term of three years each;
2. To ratify the appointment of Deloitte & Co S.R.L. as our independent registered public accounting firm for the fiscal year ending December 31, 2010; and
3. To transact such other business as may properly come before the meeting.

Our board of directors has fixed the close of business on April 15, 2010 as the record date for determining the stockholders entitled to notice and to vote at the meeting. Only stockholders of record as of the close of business on April 15, 2010 are entitled to notice of and to vote at the 2010 Annual Meeting and at any adjournment or postponement thereof. We ask that as promptly as possible you vote via the Internet, by telephone or, if you requested to receive printed proxy materials, by mailing a proxy or voting instruction card.

**Voting on the Internet or by telephone is fast and convenient, and your vote is immediately confirmed and tabulated. Using the Internet or telephone saves us money by reducing postage and proxy tabulation costs.**

By order of the board of directors,

/s/ Jacobo Cohen Imach

Buenos Aires, Argentina  
April 28, 2010

Jacobo Cohen Imach  
*Vice President, General Counsel and Secretary*

**This is an important meeting and all stockholders are invited to attend the meeting in person. Whether or not you plan to attend the meeting in person, please vote according to the instructions in this proxy statement. Stockholders who vote via Internet, telephone or by executing and returning a proxy card may nevertheless attend the meeting, revoke their proxy and vote their shares in person.**

**Table of Contents**

**INTERNET AVAILABILITY OF PROXY MATERIALS**

Under SEC rules, we are furnishing proxy materials to our stockholders primarily via the Internet, instead of mailing printed copies of those materials to each stockholder. On April 28, 2010, we mailed to our stockholders (other than those who previously requested electronic or paper delivery) a Notice of Internet Availability containing instructions on how to access our proxy materials, including our proxy statement and our annual report. The Notice of Internet Availability also instructs you on how to access your proxy card to vote through the Internet or by telephone. This process is designed to expedite stockholders' receipt of proxy materials, lower the cost of the annual meeting, and help conserve natural resources. However, if you would prefer to receive printed proxy materials, please follow the instructions included in the Notice of Internet Availability. If you have previously elected to receive our proxy materials electronically, you will continue to receive these materials via e-mail unless you elect otherwise.

**ATTENDING THE ANNUAL MEETING**

**Attending in Person**

Doors open 12:30 p.m. Eastern time

Meeting starts at 1:00 p.m. Eastern time

No use of cameras

You do not need to attend the Annual Meeting to vote if you submitted your proxy in advance of the Annual Meeting

**Listening on the Internet**

[investor.mercadolibre.com](http://investor.mercadolibre.com)

Webcast starts at 1:00 p.m. Eastern time

Replay available until July 1, 2010

**QUESTIONS**

**For questions regarding:**

Annual Meeting and Voting

MercadoLibre Investor Relations

Stock Ownership

BNY Mellon Shareowner Services  
480 Washington Boulevard  
Jersey City, New Jersey 07310-1900  
Telephone: 1-888-313-1478 (U.S. investors)  
201-680-6578 (Non-U.S. investors)  
Web: [www.bnymellon.com/shareowner/isd](http://www.bnymellon.com/shareowner/isd)

**Contact**

**Table of Contents**

**MercadoLibre, Inc.  
Tronador 4890, 8<sup>th</sup> Floor  
Buenos Aires, Argentina C1430DNN**

**PROXY STATEMENT**  
**QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND**  
**OUR 2010 ANNUAL MEETING**

**Q: Why am I receiving these materials?**

A: Our board of directors is providing these proxy materials to you in connection with our board's solicitation of proxies for use at our 2010 Annual Meeting of Stockholders, which will take place on June 10th, 2010. Stockholders are invited to attend the 2010 Annual Meeting and are requested to vote on the proposals described in this proxy statement.

**Q: What information is contained in these materials?**

A: The information included in this proxy statement relates to the proposals to be voted on at the 2010 Annual Meeting, the voting process, the compensation of our directors and our most highly paid executive officers, and certain other required information.

**Q: Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?**

A: In accordance with SEC rules, we may furnish proxy materials, including this proxy statement and our 2009 Annual Report to Stockholders, which includes our audited consolidated financial statements for the year ended December 31, 2009, to our stockholders by providing access to these documents on the Internet instead of mailing printed copies. Our stockholders will not receive printed copies of the proxy materials unless they request them. Instead, the Notice of Internet Availability that was mailed to our stockholders will instruct you as to how you may access and review all of the proxy materials on the Internet. This notice also instructs you as to how you may submit your proxy on the Internet. If you would like to receive a paper or email copy of our proxy materials, including a copy of our 2009 Annual Report, you should follow the instructions in the notice for requesting these materials.

**Q: How do I get electronic access to the proxy materials?**

A: The Notice of Internet Availability will provide you with instructions regarding how to:  
view our proxy materials for the Annual Meeting on the Internet; and  
instruct us to send our future proxy materials to you electronically by email.

Choosing to receive your future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of printing and mailing these materials on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

**Q: What proposals will be voted on at the 2010 Annual Meeting?**

A: There are two proposals scheduled for a vote at the 2010 Annual Meeting:  
the election of three directors for a three-year term each; and

the ratification of the appointment of Deloitte & Co S.R.L. as our independent registered public accounting firm for the fiscal year ending December 31, 2010.





**Table of Contents**

**Q: What are our board's voting recommendations?**

A: Our board recommends that you vote your shares FOR each of the nominees to our board and FOR the ratification of the appointment of our independent registered public accounting firm.

**Q: How many shares are entitled to vote?**

A: Each share of our common stock outstanding as of the close of business on April 15, 2010, the record date, is entitled to one vote at the 2010 Annual Meeting. At the close of business on April 15, 2010, 44,126,557 shares of our common stock were outstanding and entitled to vote. You may vote all of the shares owned by you as of the close of business on the record date and each share of common stock held by you on the record date represents one vote. These shares include shares that are (1) held of record directly in your name and (2) held for you as the beneficial owner through a stockbroker, bank, or other nominee.

**Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

A: Most stockholders of MercadoLibre hold their shares beneficially through a stockbroker, bank, or other nominee rather than directly in their own name. There are some distinctions between shares held of record and shares owned beneficially, specifically:

***Shares held of record***

If your shares are registered directly in your name with our transfer agent, BNY Mellon Shareowner Services, you are considered the stockholder of record with respect to those shares, and the Notice of Internet Availability was sent directly to you by MercadoLibre. As the stockholder of record, you have the right to grant your voting proxy directly to us or to vote in person at the 2010 Annual Meeting. If you requested to receive printed proxy materials, we have enclosed or sent a proxy card for you to use. You may also vote on the Internet or by telephone, as described in the notice and below under the heading How can I vote my shares without attending the Annual Meeting?

***Shares owned beneficially***

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and the Notice of Internet Availability was forwarded to you by your broker or nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner or nominee, you have the right to direct your broker or other nominee on how to vote the shares in your account, and you are also invited to attend the 2010 Annual Meeting.

However, because you are not the stockholder of record, you may not vote these shares in person at the 2010 Annual Meeting unless you request and receive a valid proxy from your broker or other nominee. If you do not wish to vote in person or you will not be attending the Annual Meeting, you may vote by proxy. You may vote by proxy over the Internet or by telephone, as described in the notice and below under the heading How can I vote my shares without attending the Annual Meeting?

**Q: Can I attend the 2010 Annual Meeting?**

A: You are invited to attend the 2010 Annual Meeting if you are a stockholder of record or a beneficial owner as of April 15, 2010. If you are a stockholder of record, you must bring proof of identification such as a valid driver's license. If you hold your shares through a stockbroker or other nominee, you will need to provide proof of ownership by bringing either a copy of the voting instruction card provided by your broker or a copy of a brokerage statement showing your share ownership as of April 15, 2010. If you do not attend the 2010 Annual Meeting, you can listen to a live webcast of the proceedings at our investor relations site at [investor.mercadolibre.com](http://investor.mercadolibre.com).

**Table of Contents**

**Q: How can I vote my shares in person at the 2010 Annual Meeting?**

A: Shares held directly in your name as the stockholder of record may be voted in person at the 2010 Annual Meeting. If you choose to vote in person, please bring proof of identification. Even if you plan to attend the 2010 Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you later decide not to attend the 2010 Annual Meeting. Shares held in street name through a brokerage account or by a bank or other nominee may be voted in person by you if you obtain a valid proxy from the record holder giving you the right to vote the shares.

**Q: How can I vote my shares without attending the 2010 Annual Meeting?**

A: Whether you hold shares directly as the stockholder of record or beneficially in street name, you may vote without attending the 2010 Annual Meeting as follows:

If you are a stockholder of record, you may vote by proxy. You can vote by proxy over the Internet by following the instructions provided in the Notice of Internet Availability, or, if you requested to receive printed proxy materials, you can also vote by mail or telephone pursuant to instructions provided on the proxy card.

If you hold shares beneficially in street name, you may also vote by proxy over the Internet by following the instructions provided in the Notice of Internet Availability, or, if you requested to receive printed proxy materials, you can also vote by telephone or mail by following the voting instruction card provided to you by your broker, bank, trustee or nominee. Under Delaware law, votes cast by Internet or telephone have the same effect as votes cast by submitting a written proxy card.

**Q: Can I change my vote or revoke my proxy?**

A: If you are the stockholder of record, you may change your proxy instructions or revoke your proxy at any time before your proxy is voted at the 2010 Annual Meeting. Proxies may be revoked by any of the following actions: filing a timely written notice of revocation with our Corporate Secretary at our principal executive office (Tronador 4890, 8th Floor, Buenos Aires, Argentina, C1430DNN); granting a new proxy bearing a later date (which automatically revokes the earlier proxy) using any of the methods described above (and until the applicable deadline for each method); or attending the 2010 Annual Meeting and voting in person (attendance at the meeting will not, by itself, revoke a proxy).

If your shares are held through a brokerage account or by a bank or other nominee, you may change your vote by: submitting new voting instructions to your broker, bank, or nominee following the instructions they provided; or if you have obtained a legal proxy from your broker, bank, or nominee giving you the right to vote your shares, by attending the Annual Meeting and voting in person.

**Q: How are votes counted?**

A: In the election of directors, you may vote **FOR** all of the nominees or your vote may be **WITHHELD** with respect to one or more of the nominees. For other items of business, you may vote **FOR**, **AGAINST**, or **ABSTAIN**. If you **ABSTAIN**, it has the same effect as a vote **AGAINST**. If you sign and return your proxy card or broker voting instruction card without giving specific voting instructions, your shares will be voted **FOR** each of proposals and at the discretion of the proxies in any other matters properly brought before the meeting. If you are a beneficial holder and do not return a voting instruction card, your broker may only vote on the ratification of the auditors.



**Table of Contents**

**Q: Who will count the votes?**

A: A representative of Hunton & Williams LLP will tabulate the votes and act as the inspector of elections.

**Q: What is the quorum requirement for the 2010 Annual Meeting?**

A: The quorum requirement for holding the 2010 Annual Meeting and transacting business is a majority of the outstanding shares entitled to be voted. The shares may be present in person or represented by proxy at the 2010 Annual Meeting. Both abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum.

**Q: What is the voting requirement to approve each of the proposals?**

A: In the election for directors, the three persons receiving the highest number of FOR votes will be elected. The proposal to ratify the appointment of the auditors requires the affirmative FOR vote of a majority of those shares present to be approved. If you are a beneficial owner and do not provide the stockholder of record with voting instructions, your shares may constitute broker non-votes.

**Q: What are broker non-votes and what effect do they have on the proposals?**

A: Generally, broker non-votes occur when shares held by a broker in street name for a beneficial owner are not voted with respect to a particular proposal because (1) the broker has not received voting instructions from the beneficial owner and (2) the broker lacks discretionary voting power to vote those shares. A broker is entitled to vote shares held for a beneficial owner on routine matters without instructions from the beneficial owner of those shares, but is not entitled to vote shares held for a beneficial owner on any non-routine matter without instruction from the beneficial owner. The ratification of our independent registered public accounting firm is considered to be a routine matter. However, the election of directors is not considered to be routine matters and, accordingly, brokers that have not received voting instructions from their clients cannot vote on their clients' behalf on this proposal. Accordingly, broker non-votes will decrease the number of votes cast in the election of directors. **Therefore, it is very important that you provide your broker with voting instructions with respect to the election of directors in one of the manners set forth in this proxy statement.**

**Q: Where can I find the voting results of the 2010 Annual Meeting?**

A: We will publish final results in a current report on Form 8-K within four business days after the 2010 Annual Meeting, which will be available on our website.

**Q: Who will bear the cost of soliciting votes for the 2010 Annual Meeting?**

A: We will pay the entire cost of preparing, assembling, printing, mailing, and distributing these proxy materials. If you choose to access the proxy materials and/or vote over the Internet, you are responsible for Internet access charges you may incur. If you choose to vote by telephone, you are responsible for telephone charges you may incur. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers and employees, who will not receive any additional compensation for such solicitation activities.

**TABLE OF CONTENTS**

|  |     |
|--|-----|
| <u>INTERNET AVAILABILITY OF PROXY MATERIALS</u>                                    | ii  |
| <u>ATTENDING THE ANNUAL MEETING</u>  | ii  |
| <u>QUESTIONS</u>   | ii  |
| <u>QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND OUR 2010 ANNUAL MEETING</u> | iii |
| <u>PROPOSAL ONE ELECTION OF DIRECTORS</u>  | 1   |
| <u>INFORMATION ON OUR BOARD OF DIRECTORS AND CORPORATE GOVERNANCE</u>              | 3   |
| <u>DIRECTOR COMPENSATION</u>   | 10  |
| <u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>                     | 12  |
| <u>EXECUTIVE OFFICERS</u>  | 12  |
| <u>BENEFICIAL OWNERSHIP OF OUR COMMON STOCK</u>                                    | 13  |
| <u>EXECUTIVE COMPENSATION</u>  | 15  |
| <u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>                 | 27  |
| <u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>                              | 28  |
| <u>REVIEW, APPROVAL OR RATIFICATION OF TRANSACTIONS WITH RELATED PARTIES</u>       | 28  |
| <u>AUDIT COMMITTEE REPORT</u>  | 29  |
| <u>PROPOSAL TWO RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>  | 30  |
| <u>HEADQUARTERS INFORMATION</u>  | 33  |
| <u>OTHER MATTERS</u>   | 33  |
| <u>STOCKHOLDER PROPOSALS FOR 2010 ANNUAL MEETING</u>                               | 33  |

**Table of Contents****PROPOSAL ONE**  
**ELECTION OF DIRECTORS**

Our certificate of incorporation provides for our board to be divided into three classes, with each class having a three-year term. In accordance with our certificate and bylaws, the number of directors that constitutes our board of directors is fixed from time to time by a resolution duly adopted by our board. Our board has set the size of the board at eight directors. Information as to the directors currently comprising each class of directors and the current term expiration date of each class of directors is set forth in the following table:

| <b>Class</b> | <b>Directors Comprising Class</b>                              | <b>Current Term Expiration Date</b> |
|--------------|--|-------------------------------------|
| Class I      | Anton J. Levy<br>Michael Spence<br>Mario Eduardo Vázquez       | 2011 Annual Meeting                 |
| Class II     | Martín de los Santos<br>Nicolás Galperín                       | 2012 Annual Meeting                 |
| Class III    | Emiliano Calemzuk<br>Marcos Galperín<br>Veronica Allende Serra | 2010 Annual Meeting                 |

A director elected to fill a vacancy (including a vacancy created by an increase in the size of our board) will serve for the remainder of the term of the class of directors in which the vacancy occurred and until his or her successor is elected and qualified, or until his or her earlier death, resignation, or removal. As discussed in greater detail below in

Information on Our Board of Directors Director Independence and Family Relationships, our Board has determined that six of the eight current members of our board are independent directors within the meaning of the listing standards of The NASDAQ Global Market and our corporate governance guidelines.

At the 2010 Annual Meeting, three directors will be elected to our board as Class III directors. The nominating and corporate governance committee recommended, and our board nominated, each of Emiliano Calemzuk, Marcos Galperín and Veronica Allende Serra as nominees for election as Class III members of our board at the 2010 Annual Meeting. If elected at the 2010 Annual Meeting, each of the nominees would serve until our 2013 annual meeting and until his or her successor is elected and qualified, or until his or her earlier death, resignation, or removal.

If any of the nominees is unexpectedly unavailable for election, shares represented by validly delivered proxies will be voted for the election of a substitute nominee proposed by our nominating and corporate governance committee or our board may determine to reduce the size of our board. Each person nominated for election has agreed to serve if elected.

Set forth below is biographical information for the nominees well as the key attributes, experience and skills that the board believes each nominee brings to the board.

**Nominees for Election as Class III Directors**

**Marcos Galperín**, age 38, is one of our co-founders and has served as our chairman, president and chief executive officer and one of our directors since our inception in October 1999. Prior to working with us, Mr. Galperín worked in the fixed income department of J.P. Morgan Securities Inc. in New York from June to August 1998 and at YPF S.A., an integrated oil company, in Buenos Aires, Argentina, where he was a Futures and Options Associate and managed YPF's currency and oil derivatives program from 1994 to 1997. Mr. Galperín received an MBA from Stanford University in 1999 and graduated with honors from the Wharton School of the University of Pennsylvania in 1994.

**Key Attributes, Experience and Skills:**

Mr. Galperin brings leadership and extensive experience and knowledge of our company and industry to the board. As the founder and president of our company, Mr. Galperin has the most long-term and valuable hands-on knowledge of the issues, opportunities and challenges facing us and our business. In addition, Mr. Galperin brings his broad strategic vision for our company to the Board. Mr. Galperin's service as our chairman and president and CEO provides a critical link between management and the board, enabling the board to perform its oversight function with the benefits of management's perspectives on the business.



**Table of Contents**

***Emiliano Calemzuk***, age 36, joined our board in August 2007. Mr. Calemzuk currently serves as President of Fox Television Studios. From 2002 to 2007, Mr. Calemzuk served as President of Fox International Channels Italy. From 2000 to 2002, Mr. Calemzuk was Vice President and Deputy Managing Director of Fox Latin American Channels and was also employed as General Manager of Fox Kids Latin America. From 1998 to 2000, Mr. Calemzuk served as Associate Director of Marketing and Promotions for Fox Latin America. Prior to that, he worked at Hero Productions, a production company. He holds a Bachelor's Degree, cum laude, from the University of Pennsylvania, with studies at the Wharton School of Business and the Annenberg School of Communications.

***Key Attributes, Experience and Skills:***

Mr. Calemzuk contributes significant leadership experience in media, marketing and promotions. His service as President of Fox Television Studios provides valuable business, leadership and management experience, including expertise leading a large organization with global operations, giving him a keen understanding of the issues facing a multinational business such as MercadoLibre. Similarly, he has led the growth of international operations of Fox in both Latin America and Italy. In particular, he is a leader in alternative entertainment and technology genres, uniquely positioning him to provide thought leadership and guidance as MercadoLibre adapts to a changing technology and entertainment world. Mr. Calemzuk is a Latin American who currently works for a major corporation in the United States, bringing insights from both to our board.

***Veronica Allende Serra***, age 40, joined our board in September 2007. Ms. Serra is the founding partner of Pacific Advisors where she advises funds and corporations in their acquisitions and strategy. Between 1998-2001, she ran the office for Latin American Investments for International Real Returns LLC, a holding of global investments with \$600 million under management with principal capital from the shareholders of Lazard Freres. Ms. Serra has already invested in over a dozen companies in the United States and Latin America. She was an advisor and investor of Patagon, an on-line brokerage and bank that was sold to Banco Santander in the year 2000. Ms. Serra is a member of the advisory board of Endeavor Brazil and of the International Advisory Board of Endeavor Global. Between 1997-1998, she was Vice President and Assistant to the CEO of Leucadia National Corporation, an investment holding company with a market cap over \$10 billion based in New York, NY. Ms. Serra has an MBA from Harvard Business School and a Law degree from the University of São Paulo USP. She also holds an Art and Advertising degree from the Escola Panamericana de Arte.

***Key Attributes, Experience and Skills:***

Ms. Serra provides our board with specific experience in acquisitions and other strategic transactions. She was chosen in part due to her extensive experience and leadership in global investments in both Latin America and the United States. In addition to business and finance, her law degree provides a legal perspective on our business transactions and her art and advertising degree provides a marketing mind to our business decisions. Further, her dual education in both Brazil and the United States provides insights in both of our major areas of operation and oversight. She is currently resident in Brazil, one of our most important markets. Ms. Serra's diverse background also contributes to her effectiveness as our lead independent director, enabling her to lead in a number of different areas.

***THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION  
OF THE NOMINEES NAMED ABOVE***



**Table of Contents**

**INFORMATION ON OUR BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

Our business is managed by our employees under the direction and oversight of our board. Except for Mr. Marcos Galperín, none of the members of our board is an employee of MercadoLibre. We keep board members informed of our business through discussions with management, materials we provide to them, and their participation in board and board committee meetings.

We believe open, effective, and accountable corporate governance practices are key to our relationship with our stockholders. Our board has adopted corporate governance guidelines that, along with the charters of our board committees and our code of business conduct and ethics, provide the framework for the governance of the company. A complete copy of our corporate governance guidelines, the charters of our board committees, and our code of conduct may be found on our investor relations website at <http://investor.mercadolibre.com>. Information contained on our website is not part of this proxy statement. The board regularly reviews corporate governance developments and modifies these policies as warranted. Any changes in these governance documents will be reflected on the same location of our website.

**Board of Directors**

The following is biographical information on the remainder of our current directors as well as the key attributes, experience and skills that the board believes such current directors bring to the board.

***Class I Directors***

**Anton J. Levy**, age 35, joined our board in September 2007. Mr. Levy is a Managing Director at General Atlantic, where he has worked since 1998. Mr. Levy heads General Atlantic's Media and Consumer sector. Mr. Levy has worked closely with many of General Atlantic's portfolio companies and is currently serving on the board of directors of several General Atlantic portfolio companies including AKQA, Network Solutions and Webloyalty. He formerly served on the board of Dice Holdings, Inc., a NYSE listed provider of specialized career websites from August 2005 through July 2009 and on the board of Zantaz Corporation. Prior to joining General Atlantic in 1998, Mr. Levy was an investment banker with Morgan Stanley & Co. where he worked with the firm's technology clients. Mr. Levy is involved in a number of educational and non-profit organizations including serving on the board's of Streetwise Partners and WNYC, New York public radio. Mr. Levy received a B.S. from the University of Virginia, with degrees in Finance and Computer Science, and his M.B.A. from Columbia University Graduate School of Business, graduating from both with highest honors.

***Key Attributes, Experience and Skills:***

Through Mr. Levy's career as an advisor to and investor in growth companies, and technology companies in particular, as an executive in the investment banking industry and a director of several technology companies, he has valuable business, leadership and management experience and brings important perspectives on the issues facing our industry and company. His position as managing director of one of our significant stockholders, General Atlantic, ties Mr. Levy directly to our goal of maximizing stockholder value. His work at General Atlantic uniquely positions him to impart experience to our Board from investing in businesses within our industry and with a similar growth focus. Mr. Levy's strong financial background, including his work at Morgan Stanley & Co. prior to joining General Atlantic and his service on the boards of other companies, also provides financial expertise to the board and audit committee, including an understanding of financial statements, corporate finance, accounting and capital markets.

**Mario Eduardo Vázquez**, age 74, joined our board in May 2008. Mr. Vázquez serves as a member of the board of directors at several companies including Telefónica Argentina S.A., Telefónica Holding Argentina S.A. and YPF S.A. Mr. Vázquez serves as an alternate member of the board of directors of Telefónica de Chile S.A. In addition, he also serves as the president of the Audit Committee of YPF S.A. Mr. Vázquez served as the Chief Executive Officer of Grupo Telefónica in Argentina from June 2003 to November 2006, and served as a member of the board of directors of Telefónica S.A. Spain from November 2000 to November 2006. Since November 2006, Mr. Vázquez has pursued personal interests in addition to his service as a director. Mr. Vázquez spent 23 years as a partner and general director of Arthur Andersen for Argentina, Chile, Uruguay and Paraguay (Pistrelli, Diaz y Asociados and Andersen Consulting

Accenture) where he served for a total of 33 years until his retirement in 1993. Mr. Vázquez previously taught as a professor of Auditing at the Economics School of the University of Buenos Aires. Mr. Vázquez received a degree in accounting from the University of Buenos Aires.



**Table of Contents***Key Attributes, Experience and Skills:*

Mr. Vazquez was chosen to join our board specifically to serve our audit committee as its audit committee financial expert. We targeted a director with financial and auditing experience specific to Latin American businesses. Mr. Vazquez worked in auditing for Arthur Andersen for 33 years total, including 23 years as a partner and general director, in many of our markets, including Argentina, Chile, Uruguay and Paraguay. He also brings an academic perspective to the position from his time as a professor of Auditing at the Economics School of the University of Buenos Aires. Finally, Mr. Vazquez has employed these skills as a board member of several other technology and other companies, thus has important experience serving as a director and audit committee member.

**Michael Spence**, age 66, joined our board in 1999. Mr. Spence is Professor Emeritus of Management in the Graduate School of Business at Stanford University, a partner at Oak Hill Capital Partners, a private equity firm, and a Senior Fellow of the Hoover Institution at Stanford. He served as dean of the Stanford Business School from 1990 to 1999. Dr. Spence was awarded the John Kenneth Galbraith Prize for excellence in teaching and the John Bates Clark medal for a significant contribution to economic thought and knowledge. In 2001, Dr. Spence received the Nobel Prize in Economic Sciences. Dr. Spence earned his undergraduate degree in philosophy at Princeton summa cum laude and was selected for a Rhodes Scholarship. He was awarded a B.S.-M.A. from Oxford and earned his Ph.D. in economics at Harvard. He taught at Stanford as an Associate Professor of Economics from 1973 to 1975. From 1975 to 1990, he served as professor of Economics and Business Administration at Harvard, holding a joint appointment in the Business School and the Faculty of Arts and Sciences. In 1983, he was named chairman of the Economics Department and George Gund Professor of Economics and Business Administration. From 1984 to 1990, Dr. Spence served as the Dean of the Faculty of Arts and Sciences at Harvard, overseeing Harvard College, the Graduate School of Arts and Sciences, and the Division of Continuing Education. Since April 2005, Dr. Spence has served on the Board of Genpact Ltd., a NYSE listed company that focuses on managing business processes, and previously served on the board of General Mills, Inc., a food products company, from 1992 to September 2008. Mr. Spence also serves on the board of a number of private companies. In the past he has served on the boards of Bank of America, Nike Inc., a sporting apparel company, Siebel Systems, Inc., a software company, Exult Inc, a human resources company, Torstar Corporation, a publishing company, and Sun Microsystems, Inc., an information technology company.

*Key Attributes, Experience and Skills:*

Dr. Spence has strong leadership skills, having served as Dean of the Stanford Business School for nine years. Dr. Spence brings extensive experience in finance, developing country growth and management education. Further, he brings an academic perspective on the economy, business processes and developing markets, which enhances our Board's ability to analyze macroeconomic trends that may impact our business. He is a frequent speaker on and leader of global economic policy. Dr. Spence's service on the boards of major corporations, including General Mills, Bank of America, Nike and Sun Microsystems brings the board insights and best practices of admired public companies.

***Class II Directors***

**Martín de los Santos**, 40, joined our board in January 2008. Mr. de los Santos is a Director of Business Development at Corporacion IMPSA (Pescarmona Group of Companies) where he has served in that position since 2003 and is responsible for merger and acquisition transactions as well as structured finance transactions. From 1993 to 1995, Mr. de los Santos worked at Goldman Sachs in the Investment Banking Division in New York where he assisted with equity, debt and merger and acquisition transactions for clients in Latin America and Europe. From 1995 to 1997, he worked at McKinsey and Co. where he advised clients in telecom, media, banking, and oil & gas industries, in Argentina, Brazil and Spain. After receiving his MBA from Stanford, he returned to McKinsey and Co. as an Associate where he advised telecom and media clients in Brazil and Spain. In 1999, he co-founded LID Group, a Venture Capital Firm that invested in small technology companies in Argentina and Brazil. Mr. de los Santos holds an MBA from Stanford University and a Bachelor of Science in Business Administration from the University of North Carolina at Chapel Hill.

*Key Attributes, Experience and Skills:*

Mr. de los Santos provides our board with a broad range of corporate finance, mergers and acquisitions, capital markets and specific industry expertise in Latin America, Europe and the United States. His experience as a consultant at McKinsey & Co. contributes significantly to his role as our compensation committee chairman in working with our

compensation consultants and developing effective compensation policies, strategies and structures. Similarly, his vast mergers and acquisitions experience as the director of business development at Corporacion IMPSA and formerly at both Goldman Sachs and McKinsey make him a valuable member of our mergers and acquisitions committee. His investment banking and other finance experience lends him a financial sophistication required of our audit committee members.

## **Table of Contents**

*Nicolás Galperín*, 40, joined our board in 1999. Mr. Galperín worked at Morgan Stanley & Co. Incorporated, an investment bank, from 1993 until 2006, as a Managing Director and head of trading and risk management for the London emerging markets trading desk, as well as a trader of high-yield bonds, emerging market bonds and derivatives in New York and London. Mr. Galperín is now the principal of Onslow Capital Management Limited, an investment management company based in London, where he started working in 2006. Mr. Galperín graduated with honors from the Wharton School of the University of Pennsylvania in 1994. Mr. Galperín is the brother of Marcos Galperín, our chairman, president and chief executive officer.

### *Key Attributes, Experience and Skills:*

Mr. Galperín's career in investment banking and investment management, including serving in various leadership roles at Morgan Stanley and Onslow Capital Management, provide valuable business experience and critical insights on the roles of finance and strategic transactions in our business. His particular focus on emerging capital markets and his leadership in risk management contribute key skills to our board. Based in London, Mr. Galperín brings both experience of Latin American and European businesses. In addition to this global business point of view, Mr. Galperín's extensive experience in banking and investments includes an understanding of financial statements, corporate finance, accounting and capital markets.

### *Director Independence and Family Relationships*

NASDAQ rules require listed companies to have a board of directors with at least a majority of independent directors. Under NASDAQ's rules, in order for a director to be deemed independent, our board must determine that the individual does not have a relationship that would interfere with the director's exercise of independent judgment in carrying out his or her responsibilities. As part of our corporate governance guidelines, our board has adopted guidelines setting forth categories of relationships that it has deemed material for purposes of making a determination regarding a director's independence. On an annual basis, each member of our board is required to complete a questionnaire designed to provide information to assist our board in determining whether the director is independent under NASDAQ rules and our corporate governance guidelines. Our board has determined that each of Messrs. Calemzuk, de los Santos, Levy, Spence and Vázquez and Ms. Serra, is independent under the listing standards of The NASDAQ Global Market and our corporate governance guidelines. Our governance guidelines require any director who has previously been determined to be independent to inform the chairman of our board and our corporate secretary of any change in circumstance that may cause his or her status as an independent director to change.

Other than Marcos Galperín and Nicolás Galperín, who are brothers, there are no family relationships among our officers and directors, nor are there any arrangements or understandings between any of our directors or officers or any other person pursuant to which any officer or director was or is to be selected as an officer or director.

### *Board Leadership Structure*

We do not have a fixed policy with respect to the separation of the offices of the chairman of the board and chief executive officer and believe that any determination in this regard is part of the CEO succession planning process. The board understands that there is no single, generally accepted approach to providing board leadership and, in light of the competitive and dynamic environment in which we operate, the appropriate board leadership structure may vary from time to time as circumstances warrant.

Mr. Galperín currently serves as both our chairman and our president and chief executive officer. Our board believes service in these dual roles is in the best interests of the company and our shareholders. Mr. Galperín co-founded the company, has served as chief executive officer since our inception and is the only member of management on the board. The board is confident that he possesses the most thorough knowledge of the issues, opportunities and challenges facing us and our business and, accordingly, is the person best positioned to develop agendas that ensure that the board's time and attention are focused on the most critical matters. His combined role enables decisive leadership, ensures clear accountability, and enhances our ability to communicate our message and strategy clearly and consistently to our shareholders, employees and users.

Because the board also believes that strong, independent board leadership is a critical aspect of effective corporate governance, the board has established the position of lead independent director. The lead independent director is an independent director elected annually by the board. Ms. Serra currently serves as the lead independent director. As lead independent director, she chairs and can call formal closed sessions of the outside directors, leads board meetings

in the absence of the chairman, and leads the annual board self-assessment process. In addition, the lead independent director, together with the chair of the corporate governance and nominating committee, conducts interviews to confirm the continued qualification and willingness to serve of each director whose term is expiring at an annual meeting prior to the time at which directors are nominated for re-election.

**Table of Contents**

Our board will continually evaluate the current leadership structure of the board with the goal of maximizing its effectiveness.

***Risk Oversight***

Our board of directors provides various forms of risk oversight. As part of this process, the board seeks to identify, prioritize, source, manage and monitor our critical risks. To this end, our board periodically, and at least annually, reviews the material risks faced by us, our risk management processes and systems and the adequacy of our policies and procedures designed to respond to and mitigate these risks.

The board has generally retained the primary risk oversight function and has an active role, as an entirety and also at the committee level, in overseeing management of our material risks. The board regularly reviews information regarding our operations, strategic plans and liquidity, as well as the risks associated with each. The audit committee oversees management of financial and internal control risks as well as the risks associated with related party transactions. Our director of internal audit reports directly to the audit committee. The compensation committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements. The nominating and corporate governance committee oversees the management of risks associated with the composition and independence of our board and oversees our corporate governance policies and procedures related to risk management, including our whistleblower procedures, insider trading policy and corporate governance guidelines. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire board of directors is regularly informed through committee reports about such risks.

***Stockholder Communications with our Board***

Stockholders may communicate with our board or individual directors, including the lead independent director, c/o Corporate Secretary, Tronador 4890, 8<sup>th</sup> Floor, Buenos Aires, Argentina, C1430DNN. The nominating and corporate governance committee has delegated responsibility for initial review of stockholder communications to our Vice President of Investor Relations. In accordance with the committee's instructions, our Vice President of Investor Relations will summarize all correspondence and make it available to each member of our board. In addition, the Vice President of Investor Relations will forward copies of all stockholder correspondence to each member of the nominating and corporate governance committee, except for communications that are (a) advertisements or promotional communications, (b) solely related to complaints by users with respect to ordinary course of business customer service and satisfaction issues, or (c) clearly unrelated to our business, industry, management, or board or committee matters.

***Attendance at Annual Meetings***

We do not have a policy regarding director attendance at the 2010 Annual Meeting. No members of our Board of directors were able to attend our 2009 Annual Meeting in person.

***Formal Closed Sessions***

At the conclusion of each regularly scheduled board meeting, the outside directors have the opportunity to meet without our management or the other directors. The lead independent director leads these discussions.

***Board Compensation***

Board compensation is determined by the compensation committee. Only the directors who our board determines to be outside directors receive compensation for their service. Board compensation for our outside directors has historically consisted of both cash and equity compensation. Director compensation is reviewed from time to time by the compensation committee. Current board compensation is described under the heading "Compensation of Directors" below.

***Outside Advisors***

The board and each of its committees may retain outside advisors and consultants of their choosing at our expense. The board need not obtain management's consent to retain outside advisors.

**Table of Contents**

***Conflicts of Interest***

We expect our directors, executives, and employees to conduct themselves with the highest degree of integrity, ethics, and honesty. MercadoLibre's credibility and reputation depend upon the good judgment, ethical standards and personal integrity of each director, executive, and employee. In order to better protect MercadoLibre and its stockholders, we periodically review our code of business conduct and ethics to ensure that it provides clear guidance to our employees and directors.

***Transparency***

We believe it is important that our stockholders understand our governance practices. In order to help ensure the transparency of our practices, we have posted information regarding our corporate governance procedures on our website at [investor.mercadolibre.com](http://investor.mercadolibre.com).

***Board Effectiveness and Director Performance Reviews***

It is important to us that our board and its committees are performing effectively and in the best interest of the company and its stockholders. The board and each committee performs an annual self-assessment to evaluate its effectiveness in fulfilling its obligations. As part of this annual self-assessment, directors are able to provide feedback on the performance of other directors. Our lead independent director follows up on this feedback and takes such further action with directors receiving comments and other directors as she deems appropriate.

***Succession Planning***

The board recognizes the importance of effective executive leadership to MercadoLibre's success, and meets to discuss executive succession planning at least annually. As part of this process, our board reviews the capabilities of the company's senior leadership as set out in written succession planning documents and identifies and discusses potential successors for members of the company's executive staff, including the chief executive officer. Our nominating and corporate governance committee leads the succession planning process for our CEO and other senior officers and performs a similar analysis with respect to the rest of our board.

***Auditor Independence***

We have taken a number of steps to ensure the continued independence of our independent registered public accounting firm. Our independent registered public accounting firm reports directly to the audit committee, and we limit the use of our auditors for non-audit services. The fees for services provided by our auditors in 2008 and 2009 and our policy on pre-approval of non-audit services are described under the section below entitled "Proposal Two Ratification of Independent Registered Public Accounting Firm."

***Corporate Hotline***

We have established a corporate telephone hotline and Internet site to allow any employee to confidentially and anonymously lodge a complaint about any accounting, internal control, auditing, or other matter of concern.

**Board Committees**

Board committees help our board perform effectively and efficiently, but do not replace the oversight of our board as a whole. There are currently three principal standing board committees: the audit committee, the compensation committee and the nominating and corporate governance committee. Each committee meets regularly and has a written charter that has been approved by our board, which is available on our investor relations website at <http://investor.mercadolibre.com>. In addition, at each regularly scheduled board meeting, a member of each committee reports on any significant matters addressed by the committee. Each committee performs an annual self-assessment to evaluate its effectiveness in fulfilling its obligations.



**Table of Contents**

The following table describes the current members of each of the board committees:

|                         | <b>Audit</b> | <b>Compensation</b> | <b>Nominating &amp;<br/>Corporate<br/>Governance</b> |
|-------------------------|--------------|---------------------|--|
| Emiliano Calemzuk*      |              | <b>ü</b>            | <b>Chair</b>   |
| Martín de los Santos*   | <b>ü</b>     | <b>Chair</b>        |  |
| Marcos Galperín         |              |                     |  |
| Nicolás Galperín        |              |                     |  |
| Anton J. Levy*          | <b>ü</b>     |                     |  |
| Veronica Allende Serra* |              | <b>ü</b>            |  |
| Michael Spence*         |              |                     | <b>ü</b>   |
| Mario Vázquez*          | <b>Chair</b> |                     | <b>ü</b>   |

\* Independent  
Directors

**Audit Committee**

The board has established an audit committee, which consists of Messrs. Vázquez (Chairman), de los Santos and Levy. Our board has determined that each of the directors serving on our audit committee is independent within the meaning of the rules of the SEC and the NASDAQ rules. The audit committee is responsible for:

- reviewing the performance of our independent registered public accounting firm and making recommendations to our board regarding the appointment or termination of our independent registered public accounting firm;
- considering and approving, in advance, all audit and non-audit services to be performed by our independent registered public accounting firm;
- overseeing management's establishment and maintenance of our accounting and financial reporting processes, including our internal controls and disclosure controls and procedures, and the audits of our financial statements;
- establishing procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal control or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;
- investigating any matter brought to its attention within the scope of its duties and engaging independent counsel and other advisers as the audit committee deems necessary;
- determining compensation of the independent registered public accounting firm, compensation of advisors hired by the audit committee and ordinary administrative expenses;
- reviewing annual and quarterly financial statements prior to their release;
- reviewing and assessing the adequacy of the committee's formal written charter on an annual basis; and
- handling such other matters that are specifically delegated to the audit committee by our board from time to time.

The audit committee met seven times during the fiscal year ended December 31, 2009 and took one action by unanimous written consent. Our board has determined that Mr. Vázquez is an audit committee financial expert, as defined by SEC rules.

For more information, please see Audit Committee Report beginning on page 30.

**Compensation Committee**

The board has established a compensation committee, which consists of Messrs. de los Santos (Chairman) and Calemzuk and Ms. Serra. Our board has determined that each of the directors serving on our compensation committee is independent within the meaning of the NASDAQ rules. The compensation committee is responsible for:

recommending to our board for determination, the compensation and benefits of all of our executive officers and key employees;  
monitoring and reviewing our compensation and benefit plans to ensure that they meet corporate objectives;

**Table of Contents**