

CEO CFO

QUEPASA

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Since Transforming Itself Into A Social Network, Quepassa Has Become The Fastest Growing Latino Site

Technology
Internet Information Providers
(QPSA-NASDAQ)

Quepassa Corporation

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John C. Abbott
Chief Executive Officer

BIO:

Mr. Abbott has over 15 years of experience in strategic advisory and entrepreneurship.

From 1992 to 2005, Mr. Abbott held several senior positions within JP Morgan's Latin America M&A team, focusing on advising many of the region's leading industrial groups on mergers, acquisitions, divestitures and restructurings.

Since 2005, Mr. Abbott has been an advisor to the Chairman of the Board of Altos Hornos de Mexico, S.A. (AHMSA), Mex-

ico's leading integrated steel producer. Among his responsibilities, Mr. Abbott has led the negotiation of AHMSA's \$2bn debt restructuring.

In addition, over the past two years, Mr. Abbott has led investor groups and has participated in the executive committees of two start-up efforts in Brazil, namely Click Filmes (www.clickfilmes.com)—Brazil's first hotel video on demand business—and Industria de Entretenimento—an entertainment business that owns the rights to the Pacha brand in Brazil among others.

In 2006, Mr. Abbott assisted in the formation of Mexicans and Americans Thinking Together (www.matt.org), a San Antonio-based non profit group focused on improving Mexico-US relations. MATT maintains a strategic partnership with Quepassa, through which both entities collaborate on technological and community outreach initiatives.

Mr. Abbott has spent a significant part of his life in Latin America, having lived 13 years in Puerto Rico, Uruguay and Brazil.

Mr. Abbott earned his A.B. in History from Stanford University in 1992 and his MBA from Harvard Business School in 1997.

Company Profile:

Quepassa Corporation (NASDAQ: QPSA), headquartered in West Palm Beach, FL (with offices in Los Angeles, Scottsdale, Miami and Hermosillo, MX), owns Quepassa.com, one of the world's largest, bicultural, Latino online communities committed to providing fun, competitive, interactive, and easy to use social tools, and rich multimedia content to embrace Latinos, and empower them to connect on-line, and share their interests,

ideas, and activities.

Interview by: Lynn Fosse, Sr. Editor

CEOCFO: What is your vision for Quepassa?

Mr. Abbott: "Our vision is to transform Quepassa into the leading social network destination for Latinos in the US and in Latin America."

CEOCFO: Where are you in the process and how are you going about it?

Mr. Abbott: "Quepassa was founded in 1997 as a Latino portal, going public in 1999 and we went through a management change in November of 2007. At that time, the management team and I decided to re-launch Quepassa as a Latino social network. We've been focusing on achieving growth by creating a viral site and we started growing virally in the past year. In June, we were adding about 400 new users per day and as of a couple weeks ago we built that up to 10,000 sign ups per day."

CEOCFO: What's the competitor landscape like for the social networks in general and for the Latino community in particular?

Mr. Abbott: "The two largest social networks in the US as well as globally are Myspace and Facebook. You have quite a few US Latinos on Myspace. In Latin America, the largest social networks are Orkut and Hi5, which is a site based in San Francisco and they have a lot of traffic in Latin America and Southeast Asia. Orkut, which is owned by Google, has very strong position in Brazil, and Sonico, which is based in Argentina and is essentially a Facebook copycat. Quepassa offers an authentic Latino experience; it is a site that is focused on a Latino community. We also have a big

focus in our interactive communities, through which people to share content along specific areas of interest. We have over 1000 user generated communities on our site and we feature some prominent latinos including Dr. Robert Rey, who is a plastic surgeon, who became known to the public via the E channel's show "Dr. 90210"; he is originally from Brazil and has a very strong following within our community."

CEOFO: Why the need for Quepasa when there is a Myspace already in wide-spread use?

Mr. Abbott: "We have seen that people tend to belong to more than one social network. Therefore, the Latinos in the US might be on Myspace or Facebook, which they might use to interact with the friends they have from school and work. On the other hand, what we've found on Quepasa is that Latinos go on Quepasa because they feel that it's a way they can express themselves in a way they may not be able to express themselves on other sites. If you look through our message walls or chat rooms people are communicating mostly in Spanish or maybe "Spanglish", but it's a way they can express themselves in a way that they may not be able to do on Myspace or Facebook in a way in which they really identify with their culture."

CEOFO: How are you attracting your people?

Mr. Abbott: "The main way is friends inviting friends and Quepasa having very good technology to facilitate that. We hired Louis Bardov, who had been running technology at Match.com and he joined Quepasa as Chief Technology Officer in January 2008. He has really brought a great deal of discipline and world class practices to Quepasa. The other factor is that we have some people receiving an email invitation to join Quepasa and there aren't many other Latino social networks out there inviting people. Therefore, people gravitate to-

wards our brand and end up clicking through at very high rates."

CEOFO: How is the advertising community responding to Quepasa?

Mr. Abbott: "One challenge that social networks have is to get advertising to pay for space on user profiles pages, or where there is relatively little control over what content will be displayed. Our emphasis on communities where you can target user's interests has been quite interesting to advertisers and can help separate us from some of the other social networks."

CEOFO: What is your international footprint?

Mr. Abbott: "We have a large user base in Mexico and we've grown a lot recently in Colombia and Venezuela. We are also planning to launch in Brazil in March."

CEOFO: What about predators, and safety and privacy issues that have are so important today?

Mr. Abbott: "That's something that we

"Our vision is to transform Quepasa into the leading social network destination for Latinos in the US and in Latin America." - John C. Abbott

take very seriously and I think something that we're monitoring closely. One of the challenges is that there is an evolving body of law around this issue, so we're making big efforts to make sure that we are doing everything we can at the company to protect minors and to make sure that we stay up to date with the law."

CEOFO: How do you see Quepasa growing in the next year?

Mr. Abbott: "We're going to be rolling out a lot more interactive features. For instance, we are going to allow users to create their own user generated contests, which would be based on competing content, such as pictures or video. We just launched free games on our sites. We signed an agreement with Universal Music Group, which should provide us with free video streaming and music streaming for users. We're undergoing some

changes in design on the site to make it make it more intuitive. The user experience will be more interactive. We've been growing very quickly and what we see as we go on is that we have more and more people using the site not just for entertainment, but also bringing all their friends and migrating friends from other social networks to Quepasa."

CEOFO: What is the financial picture for the company?

Mr. Abbott: "We operate on a low cost basis. We have an excellent team of developers and designers based in Mexico, which has allowed us to cut our costs by about 60% over the past year while actually making huge improvements in our technology. We have sufficient funds to make it through all of 2009 without access to external financing. Within the current market environment there are a lot of tech companies that were expecting to raise new rounds of financing to sustain their business; a lot of them will not be able to raise the money and will struggle. From our standpoint, we may find some opportunities to hire some very talented people that perhaps we may not have been able to hire

before. We raised money last January and have cut costs and are prepared for a very difficult financial market."

CEOFO: Why should potential investors look at Quepasa today?

Mr. Abbott: "Quepasa is the only publicly traded social network. I've heard people complain that there has been great innovation in social networking but that public investors haven't been able to participate in the tremendous value creation within this area. Facebook and LinkedIn are examples of this, but for a public market investor, there has not been any opportunity to invest, and we're the only ones out there that do offer public investors the ability to participate in our growth. In addition, our valuation today, based on any metric, is very cheap."

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