



November 20, 2017

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Notice on renewal and partial revision of performance-based stock compensation plan

At the Board of Directors meeting held on November 20, 2017, directors of GMO Payment Gateway, Inc. adopted a resolution on renewal and partial revision of its performance-based stock compensation plan (introduced in fiscal year 2012 and hereinafter called “Compensation Plan”) for the Company’s directors (with the exception of external or part-time directors), pending approval at the 24th Annual Meeting of Shareholders (hereinafter called “24th shareholders’ meeting”) scheduled for December 17, 2017.

1. Renewal of the Compensation Plan

- (1) GMO Payment Gateway, Inc. has decided at the Board of Directors meeting held today to propose this matter to the 24th shareholders’ meeting with the aim to enhance directors’ attention to improving its earnings and corporate value in the mid- to long-term.*
- (2) Renewal of the Compensation Plan requires approval at the 24th shareholders’ meeting.
- (3) The Compensation Plan adopts the Board Incentive Plan Trust (hereinafter called “the BIP Trust”). Renewal of the Compensation Plan from the business year 2017 onwards will take place as extension of trust period of the existing Compensation Plan with partial revision (see below). The BIP Trust is a board incentive plan based on performance share system and restricted stock system seen in the West, and delivers the Company shares to its directors based on their performance. Delivering shares to directors upon their retirement based on their performance against annual targets, this incentive plan is anticipated to increase their attention to mid- to long-term profits and share price by forcing them to share a common sense of interest with shareholders.
- (4) In principle, directors receive shares when they retire.

*Remuneration for directors is and will be composed by “basic compensation”, “bonus” and “performance-based stock compensation” if the proposal is approved at the shareholders’ meeting. Remuneration for external directors independent of execution and auditors will remain a combination of “basic remuneration” and “bonus”.

2. Partial revision of the Compensation Plan

As we continue the Compensation Plan, we propose to revise the following items.

(1) The Company will continue with the Compensation Plan by continuing the BIP Trust, extending Trust period of and entrusting additional money to the existing BIP Trust whose succession trust period expire for the remaining shares, etc. (hereinafter called as “the Trust”) after approval by Board of Directors meeting. Additionally, in the case of additional trust, if there are Company shares (excluding those who delivery to directors are planned but not yet completed) or money (hereinafter called “remaining shares, etc.”) remaining in the trust on the final day of trust period before extension, such remaining shares, etc. will be taken over to the extended Trust. Since the trust term will expire at the end of February 2018, if there arise remaining shares, etc. in the existing trust, they will migrate to the Trust after the extension under the abovementioned revision.

(2) Maximum amount of trust money to be contributed to the Trust

The 24th shareholders’ meeting plans to call for a vote on the maximum contribution amount to the Trust during the applicable period* with a proposal of 700 million yen. Approval of the proposal will put a cap to the trust money the Company can contribute. Maximum amount of the trust will be applied to the sum of share acquisition fund by the Trust and trust fees and expenses during the applicable period.

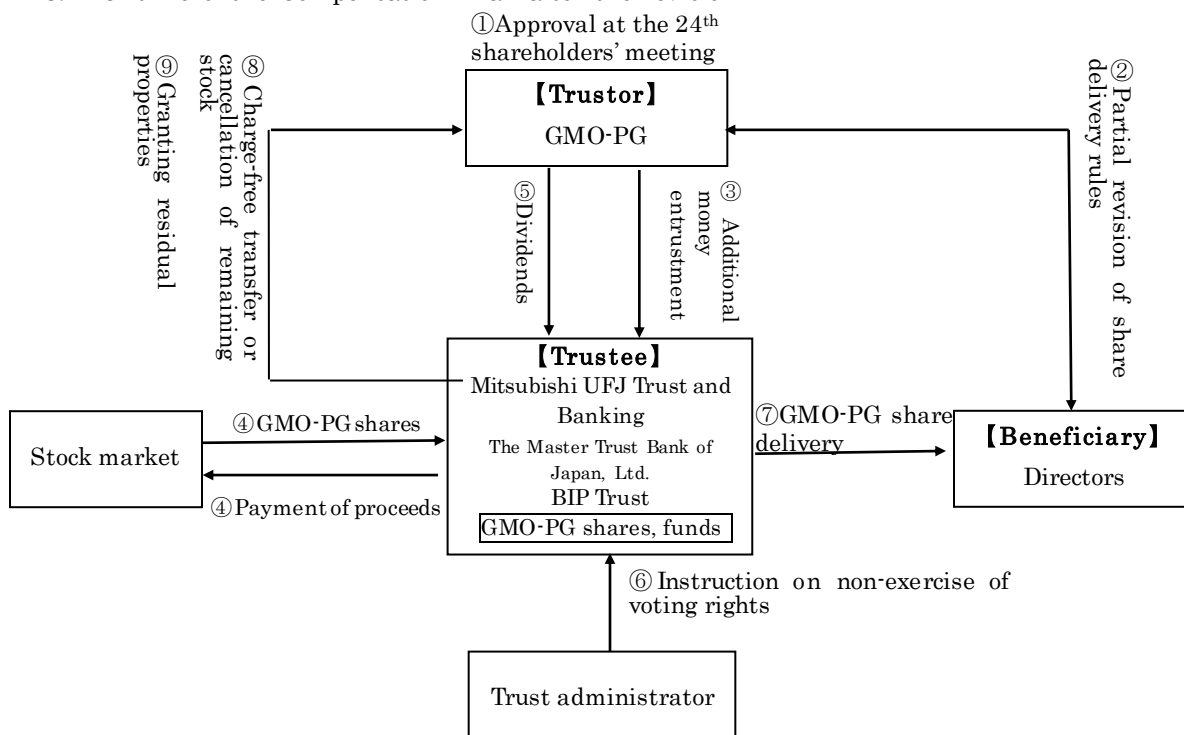
Further, in the case of additional contribution at the time of trust term extension, the sum of remaining shares, etc. in the trust and additionally contributed trust money will be at or below the maximum trust amount approved at the 24th shareholders’ meeting, should there be remaining shares, etc. in the trust on the last day of the trust period before extension.

*The applicable period refers to the five business years from the business year ending September 30, 2018 to the business year ending September 30, 2022.

(3) Upper limit to the number of shares to be acquired by the Trust

The Trust will purchase up to 100,000 shares (share count to be proportionally adjusted in the case of stock split or reverse stock split) from the stock market during the applicable period, using entrusted fund under the guidance of trust administrator.

3. Outline of the Compensation Plan after the revision



- ①The Company will receive an approval on the resolution regarding continuation of the Compensation Plan at the 24th shareholders' meeting.
- ②The Company will make a partial revision on share delivery rules regarding board remuneration at its Board of Directors meeting.
- ③The Company additionally entrusts funds to be the source of board remuneration within the amount approved at the shareholders' meeting under ① and extends trust period of the trust (directors meeting requirements will be the beneficiary of the Trust)
- ④In accordance with the guidance by the trust administrator, the Trust purchases the Company shares at the stock market using the money remaining in the existing Trust and additionally entrusted money under ③. The number of shares to be purchased by the Trust will be in accordance with the proposal approved at the shareholders' meeting in ①.
- ⑤Dividends are paid for the Company shares under the Trust just as its other shares.
- ⑥Voting rights of the Company shares under the Trust will not be exercised during the trust period.
- ⑦During the trust term, directors receive different number of points depending on their target achievement levels for each business year. Upon retirement, directors who meet beneficiary requirements will receive Company shares based on the number of points they have accrued.
- ⑧If there are residual shares at the expiry of the trust term due to non-achievement of performance targets, etc. during the trust term, the Trust plans to convey the said residual shares to the Company free of charge which will be taken to the board for resolution on cancellation.
- ⑨Residual properties after distribution to Beneficiaries at the end of the Trust will belong to the Company to the extent of allowances for trust expenses, which are calculated by deducting share acquisition fund.

(1) Outline of the Compensation Plan

The Compensation Plan delivers Company shares to directors after their retirement as a remuneration based on their position as well as earnings achievement degrees against target for each business year ending between September 30, 2018 and September 30, 2022.

(2) Annual Meeting of Shareholders resolution on continuation of the Compensation Plan

The 24th shareholders' meeting will resolve maximum amount to be contributed to the Trust, maximum number of points granted to directors and other necessary matters.

(3) Targets for the Compensation Plan (beneficiary requirements)

After retirement, directors who meet beneficiary requirements can take the procedures and receive Company shares from the Trust based on the applicable-period points (details follow under (5)) they have accumulated at the time of retirement.

Beneficiary requirements are as follows.

- ① Must be a contractually-bound Board of Directors member of GMO-PG during the applicable period (includes directors who join during the applicable period but excludes external directors and part-time directors).
 - ② Must be a retired director.*
 - ③ Must not have retired as a result of a disciplinary dismissal or have engaged in inappropriate conduct while in office.
 - ④ Applicable-period points will be determined according to the formula specified in (5).
 - ⑤ Other requirements deemed necessary for performance-based stock compensation plan
- *However, if the trust period is extended as defined under (4) and eligible board members are still in office at the end of extension, the Trust will terminate at that time and Company share will be provided to the eligible directors in office.

(4) Trust period

Trust period after the extension will be approximately five years from March 1, 2018 (planned) to the end of February, 2023. Even if there are directors who have possibly met the beneficiary requirements in office at the expiration of the period, base points will not be awarded from then onward. However, the Trust period extension is possible up to ten years until the said directors retire and receive Company shares.

Further, if the Annual Meeting of Shareholders five years hence approves continuation of the Trust, the applicable period and trust period will be reextended within the timeframe approved at the shareholders' meeting, and base points will be granted to directors during the re-extended period.

(5) Shares to be vested to directors

The number of shares vested to directors is determined upon their retirement based on the number of applicable-period points.

The number of base points directors receive is individually determined at the end of September for each year during the trust period, based on their position and earnings achievement level for the business year ending on the day (hereinafter called "business year under appraisal"). Base points are granted every year during the trust period. The number of base points granted to directors is individually determined based on results versus consolidated operating profit target for the business year under appraisal and their individual position. Each director can receive up to 20,000 base points per business year.

Point (hereinafter called "applicable-period point") count is computed by multiplying the number of base points accumulated till retirement by a coefficient which depends on the years in office, and is used to determine the number of shares provided to directors upon retirement. One point equals one Company share*. However, each director can accumulate only up to a total of 100,000 applicable-period points.

*Proportional adjustment of applicable-period points due to stock splits, mergers, etc. can be made if such adjustment is deemed impartial.

(6) Contribution amount to the Trust and total number of shares to be acquired

The maximum contribution amount to the Trust and maximum total number of shares to be acquired are outlined below pending approval at 24th shareholders' meeting.

Maximum amount of funds for contribution to the Trust	700 million yen
Maximum number of shares for acquisition	100,000 shares

Maximum contribution to the Trust applies to the sum of share acquisition amount and trust fees and expenses for the Trust during the trust period, based on directors' present base compensation and bonus.

Upper limit of acquisition share count is set based on present share price, etc. as well as the maximum trust amount noted above.

(7) Method of acquisition of Company shares for the Trust

Acquisition of Company shares in the case of Trust's term extension is planned to be carried out from the stock market for at or below the maximum count specified under (6) as well as at or below the upper limit of contribution amount to the Trust.

Note that additional amount may be entrusted to the Trust within the trust amount specified under (6), in the event that the number of shares within the Trust is possibly insufficient for the number of shares in line with the applicable-period points to be granted to directors or that the fund in the Trust is insufficient to pay trust fees and expenses during the trust period.

(8) Period for shares to be transferred to directors

Retired directors who meet beneficiary requirements can receive shares from the Trust by taking set procedures in accordance with the number of applicable-period points accumulated by their retirement.

(9) Exercise of voting rights for the Company shares in the Trust

Voting rights of the Company stock in the Trust will not be exercised during the trust period to secure management neutrality.

(10) Dividends of the Company shares in the Trust

Dividends of the Company shares in the Trust will be received by the Trust to cover trust fees and expenses. Surplus at the termination of the Trust, if any, will be paid to directors.

(11) Trust period termination

Should there be remaining stock (excluding the stock planned to be transferred to directors who are incumbent at the time of trust period termination but potentially satisfy beneficiary requirements at the time of retirement) at the time of termination of the Trust (or at the termination of the extended trust period in the case of extension prescribed under (4)), the remaining shares are planned to be transferred from the Trust to the Company to be cancelled for shareholder return after approved at Board of Directors' meeting. Such scenario may occur when earnings target is not achieved under business years under appraisal or due to other factors.

(Reference)

【Trust agreement】

① Type of Trust	Money trust other than a specified money trust for separate investment (Third party benefit trust)
② Purpose of Trust	To grant incentives to the Company's directors
③ Trustor	The Company
④ Trustee	Mitsubishi UFJ Trust and Banking Corporation
⑤ Beneficiary	Retired directors of the Company who satisfy beneficiary requirements
⑥ Trust administrator	Third person who has no conflict of interest with the Company (certified public accountant)
⑦ Date of trust agreement	February 8, 2013 (planned to be revise dated February 9, 2018)
⑧ Trust period	February 8, 2013 to end of February 2018 (planned to extend to end of February, 2023 with the revision of trust agreement dated February 9, 2018)
⑨ Start of the Plan	February 8, 2013 (points awarded since end of September 2013)
⑩ Exercise of voting rights	Not to be exercised
⑪ Type of acquired shares	Common shares of the Company
⑫ Additionally entrusted amount	450 million yen (planned) (including trust fees and expenses)
⑬ Share acquisition period	March 2, 2018 (planned) to March 23, 2018 (planned)
⑭ Share acquisition method	To be acquired from the stock market
⑮ Vested rights holder	The Company
⑯ Residual assets	Residual properties that the Company, holder of vested rights, can receive are within the extent of allowances for trust

【Affairs related to the Trust and stock】

- ① Trust-related affairs: Mitsubishi UFJ Trust and Banking Corporation will be the Trustee of the Trust to handle trust-related affairs. (planned)
- ② Stock-related affairs: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will engage in affairs related to vesting Company shares to beneficiaries based on the agreement of the entrustment of affairs.