



Planet Payment, Inc.
670 Long Beach Boulevard
Long Beach, New York 11561

December 16, 2011

Dear Stockholder:

As you are aware Planet Payment, Inc. (the "*Company*") has filed a registration statement with the United States Securities and Exchange Commission (the "*SEC*") for a proposed initial public offering of its shares of Common Stock ("*Offering*") and seeks admission for its Common Stock to trade on the NASDAQ Global Market ("*NASDAQ*") in the United States.

In connection with the Offering, you are cordially invited to attend a special meeting of Stockholders of Planet Payment, Inc. (the "*Meeting*"). We will hold the Meeting on January 18, 2012 at 10:00 a.m. New York time, in our offices at 670 Long Beach Blvd., Long Beach, NY 11561. We hope that you will be able to attend.

Enclosed you will find a notice setting forth the business expected to come before the meeting, the Proxy Statement and a form of proxy.

Your vote is very important to us. Whether or not you plan to attend the Meeting in person, you should complete the enclosed proxy so that your shares can be represented and voted.

Sincerely,

A handwritten signature in black ink, appearing to read "Ph", with a stylized flourish at the end.

Philip D. Beck
Chairman and Chief Executive Officer

A registration statement relating to the shares of Common Stock of the Company has been filed with the SEC but has not yet become effective. The securities which are the subject of the Offering may not be sold, nor may offers to buy be accepted, prior to the time the registration statement becomes effective. This notice of special meeting of stockholders and the materials enclosed herewith shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.



Planet Payment, Inc.
670 Long Beach Boulevard
Long Beach, New York 11561

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TIME AND DATE: 10:00 a.m. New York time, on January 18, 2012

PLACE: 670 Long Beach Blvd., Long Beach, NY 11561

ITEMS OF BUSINESS:

1. Approval of a reverse stock split of between 2:1 and 4:1;
2. Adoption of a Restated Certificate of Incorporation to be effective immediately after the closing of the Offering;
3. Adoption of amended and restated Bylaws to be effective immediately after the closing of the Offering;
4. Adoption of a 2012 Equity Incentive Plan to be effective upon the day prior to the effective date of the Offering;
5. Adoption of a 2012 Employee Stock Purchase Plan to be effective upon the effective date of the Offering; and
6. Such other matters as may properly come before the meeting or any adjournment thereof.

Please note that item 1 grants the Board the ability to implement a reverse stock split in connection with the Offering, and items 2, 3, 4 and 5 will be approved conditionally and will only become effective upon or around the time of the Offering.

Only stockholders of record at the close of business on December 2, 2011 (the "**Record Date**") are entitled to vote at the Meeting, or any adjournment thereof. Stockholders are reminded that shares cannot be voted unless (a) the signed proxy form is returned, (b) the stockholder votes electronically, (c) the stockholder attends the meeting in person, or (d) other arrangements are made to have the shares represented at the meeting in a manner allowed by Delaware General Corporation Law and our bylaws. **PLEASE SUBMIT YOUR PROXY OR ELECTRONIC VOTE AS SOON AS POSSIBLE IN ACCORDANCE WITH THE VOTING INSTRUCTIONS.**

For organizational purposes, all stockholders are requested to notify the Company not later than January 13, 2012, if they intend to attend the Meeting.

This Notice is being mailed and e-mailed beginning on or about December 16, 2011 to stockholders entitled to vote.

BY ORDER OF THE BOARD

DATE OF THIS NOTICE: December 16, 2011.

A handwritten signature in black ink, appearing to read "Graham N. Arad", is written over a light blue horizontal line.

Graham N. Arad,
Corporate Secretary

PLANET PAYMENT, INC.
PROXY STATEMENT
SPECIAL MEETING OF STOCKHOLDERS

January 18, 2012

RESOLUTIONS TO BE PROPOSED AT THE SPECIAL MEETING

PROPOSAL NO. 1

APPROVAL OF REVERSE STOCK SPLIT

At the Meeting, Stockholders will be asked to adopt an amendment to the Company's Amended and Restated Certificate of Incorporation substantially in the form enclosed (the "*Reverse Split Amendment*"). The purpose of the Reverse Split Amendment is to authorize the Company's Board, in its sole discretion at any time on or before December 31, 2012, to effect a reverse stock split within the range of 2 shares of Common Stock for 1 share of Common Stock (or 2-for-1) to 4 shares of Common Stock for 1 share of Common Stock (or 4-for-1) before the Offering. If this proposal is approved, and the Board determines to proceed with the reverse stock split within the range of 2-for-1 to 4-for-1, the reverse stock split would be effected by filing the Reverse Split Amendment (which assumes, for illustrative purposes only, that the Board approves a 4-for-1 reverse stock split). The Board is recommending that the Company's stockholders approve the reverse stock split and the Reverse Split Amendment in connection with the Offering to reduce the number of outstanding shares of Common Stock so that the anticipated offering price per share of the Company's Common Stock will be within a range more attractive to potential investors. If the Company's stockholders approve this proposal, the Board intends to effect the reverse stock split only if it anticipates that the Offering will be consummated.

If the reverse stock split is approved, each outstanding share of Common Stock will be adjusted based on the specific reverse stock split ratio approved by the Board. In determining whether or not to implement the reverse stock split, and establishing the appropriate exchange ratio, the Board will assess a variety of factors, including but not limited to, input from the Company's officers, the Company's legal advisors and the Company's underwriters of the Offering. As a result, the conversion price and conversion ratio of the Company's Series A Preferred Stock will be proportionally adjusted pursuant to its terms. In addition, each outstanding option and warrant to purchase shares of Common Stock, and the exercise price therefor, will also be proportionately adjusted pursuant to their terms. The number of shares reserved for issuance under the Company's 2006 Equity Incentive Plan will also be proportionately adjusted.

Effects on Ownership by Individual Stockholders. If the Company implements a reverse stock split, the number of shares of Common Stock held by each stockholder would be reduced by multiplying the number of shares held immediately before the reverse stock split by the split ratio, and then rounding down to the nearest whole share. Currently, the conversion price of the Company's outstanding 2,243,750 outstanding shares of Series A Preferred Stock is \$1.31, giving rise to a conversion ratio of 1 to 3.053435, which results in an aggregate conversion into 6,851,144 shares of Common Stock upon the

closing of the Offering. If the Company implements the reverse stock split, the conversion price of the Series A Preferred Stock will be proportionally increased pursuant to its terms, and the number of shares of Common Stock that the Series A Preferred Stock will convert into at the time of the Offering will be proportionately decreased. The Company would pay cash to each stockholder in lieu of any fractional interest in a share to which each stockholder would otherwise be entitled as a result of the reverse stock split, as described in further detail below. The reverse stock split would affect the Company's Common Stock and Preferred Stock uniformly and would not affect any stockholder's percentage ownership interests in the Company or proportionate voting power, except to the extent that interests in fractional shares would be paid in cash.

Effect on Stock, Options and Warrants. If the Company implements a reverse stock split, all outstanding options and warrants entitling their holders to purchase shares of Common Stock would be adjusted as a result of the reverse stock split, as required by the terms of these securities. In particular, the conversion ratio for each instrument would be reduced, and the exercise price, if applicable, would be increased, in accordance with the terms of each instrument and based on the split ratio of the reverse stock split. None of the rights currently accruing to holders of the Common Stock, Preferred Stock, options or warrants would be affected by the reverse stock split.

Other Effects on Outstanding Shares. If the Company implements a reverse stock split, the rights and preferences of the outstanding shares of Common Stock and Preferred Stock would remain the same after the reverse stock split. Each share of Common Stock issued pursuant to the reverse stock split would be fully paid and nonassessable. Stockholders holding certificates for their stock will be asked to return their certificates for cancellation and will receive replacement certificates some time after the reverse stock split. The old certificates will cease to be effective upon the date when the reverse stock split becomes effective.

Effect on Equity Incentive Plans. If the Company implements a reverse stock split, the number of shares of Common Stock reserved for issuance under the Company's 2006 Equity Incentive Plan would also be proportionally adjusted based on the split ratio of the reverse stock split.

The Board considers the proposal to be in the best interests of the Company and recommends that you vote **FOR** the resolution.

PROPOSAL NO. 2

ADOPTION OF RESTATED CERTIFICATE OF INCORPORATION

At the Meeting, Stockholders will be asked to adopt the Company's Restated Certificate of Incorporation substantially in the form enclosed (the "*Restated Certificate*"). The principal changes in the Restated Certificate are (a) an increase in the authorized stock from 80,000,000 to 250,000,000 shares of Common Stock, \$0.01 par value per share ("*Common Stock*"), and from 4,000,000 to 10,000,000 shares of undesignated Preferred Stock, \$0.01 par value per share ("*Preferred Stock*"), and (b) to conform the Company's corporate governance more closely to the practice of U.S. publicly traded corporations, as described in more detail below. The Restated Certificate will only become effective upon the closing of the Offering.

The Company's authorized and outstanding stock currently consists of the following:

- Common Stock – 80,000,000 shares authorized, of which 51,751,051 shares were outstanding as of the Record Date. 7,807,790 shares were subject to outstanding options to purchase Common Stock, 2,123,293 shares were subject to outstanding warrants to purchase Common Stock, and 2,295,024 shares were available for future issuance under the Company's 2006 Equity Incentive Plan.
- Preferred Stock – 4,000,000 shares authorized and designated as Series A Preferred Stock, of which 2,243,750 shares of Series A Preferred Stock were outstanding as of the Record Date which are convertible into 6,851,144 shares of Common Stock upon the closing of the Offering.

The primary reason for the increase in Common Stock is to provide the Company with a sufficient reserve of authorized shares to issue shares in the Offering and to provide the Company with the flexibility to issue shares for general corporate purposes that may be identified in the future. Such purposes may include, without limitation: (i) future equity and convertible debt financings; (ii) to make shares available for issuance under the 2012 Equity Incentive Plan and the 2012 Employee Stock Purchase Plan proposed for adoption at the Meeting, and to issue equity awards thereunder to employees, directors and consultants in the future; (iii) to fund the acquisition of other companies or assets, although we have no commitment with respect to any such acquisitions or investments at this time; and (iv) to issue equity in conjunction with general commercial agreements, loan arrangements, equipment leases, real estate leases, general commercial agreements and other similar transactions. The issuance of additional shares of Common Stock for any of these or other reasons would dilute the voting power and economic rights of existing holders of Common Stock.

Authorizing 10,000,000 shares of undesignated Preferred Stock provides the Board with flexibility to issue Preferred Stock in future transactions, and to determine the number of shares of Common Stock into which the Preferred Stock would be convertible, **without further approval of the Common Stockholders**. Our Board may authorize the issuance of Preferred Stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of Common Stock. The issuance of Preferred Stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change of control of our company and may adversely affect the market price of our Common Stock and the voting and other rights of the holders of Common Stock. We have no current plan to issue any shares of preferred stock.

Other changes in the Restated Certificate are to conform the Company's corporate governance more closely to the practice of U.S. publicly traded corporations. The following is a summary of the principal changes proposed. We encourage you to refer to the full version of the Restated Certificate, as this summary does not purport to cover every proposed change.

- Elimination of the ability of stockholders to call a special meeting of stockholders. Delaware law allows a corporation to provide that only the Board and those authorized in the corporation's certificate of incorporation or bylaws may call a special meeting of stockholders. As a result, by not authorizing stockholders to call a special meeting, the Company would deprive a stockholder of the right to call a special meeting of stockholders where the stockholder could try to replace the Company's Board or vote on a takeover proposal that has not been considered or approved by Company's Board.
- Elimination of the ability of stockholders to act by written consent. Many public Delaware corporations eliminate the right of its stockholders to take action by means of written consent, thus requiring that any action to be taken by stockholders must be at an annual or special meeting of stockholders. If, as discussed above, the Company eliminates the ability of stockholders to call special meetings, then only the Company's Board or officers specifically listed in its charter documents could call a special meeting at which stockholders could act.
- Requirement that, in certain cases, any future amendment to the Restated Certificate or Amended Bylaws (as defined below) be approved by at least two thirds (2/3) of the stockholders for such an amendment to be effective. This heightened threshold for approval would make it more difficult to successfully amend or repeal any of the defensive measures adopted in the Restated Certificate or Amended Bylaws. However, the vote required of the stockholders to approve any amendment to the Restated Certificate or Amended Bylaws is structured so as to require only a simple majority of stockholders if two thirds (2/3) of the members of the Board approve the amendment prior to submitting such amendment to the vote of the stockholders. This additional measure would give the Board the ability to adopt measures it believes are in the best interests of the Company and obtain the benefit of a relatively lower threshold for stockholder approval, making it more likely that such a measure will be adopted and implemented.
- Requirement that the Board assigns directors to three different classes having staggered terms of office. This requirement is currently provided for in the Company's existing bylaws.
- Authorize only the Board to fill vacant directorships. Currently, the Company's existing bylaws provide that the Board may fill vacancies. Delaware law does not require that vacancies on the Board be filled by a vote of the stockholders. Consequently, Delaware corporations often provide in their charter documents that the directors have the sole right to fill vacancies occurring on the Board. This right, when used in conjunction with the provision of Delaware law that allows the Board to set the authorized number of directors and divide the Board into classes, can be an effective takeover defense.
- Authorize only the Board to set the size of the Board. In addition, the number of directors constituting the Board will be set only by resolution adopted by a majority vote of the entire Board. These provisions prevent a stockholder from increasing the size of the Board and gaining control of the Board by filling the resulting vacancies with its own nominees.

The Board considers the proposal to be in the best interests of the Company and recommends that you vote **FOR** the resolution.

PROPOSAL NO. 3

ADOPTION OF AMENDED AND RESTATED BYLAWS

At the Meeting, Stockholders will be asked to adopt Amended and Restated Bylaws, substantially in the form enclosed (the “*Amended Bylaws*”). The Board has proposed these amendments to the Bylaws in order to adopt certain corporate governance provisions which are required or desirable once the Company’s securities become publicly traded on NASDAQ and to conform the Company’s corporate governance more closely to the practice of U.S. publicly traded corporations, as described in more detail below. The Amended Bylaws will only become effective upon the closing of the Offering.

The following is a summary of the principal changes proposed. We encourage you to refer to the full version of the Amended Bylaws, as this summary does not purport to cover every proposed change:

- Advance notice provision for stockholder proposals and Board nominees. The Amended Bylaws contain advance notice provisions for stockholder proposals to be considered at meetings of stockholders, which limits the ability of stockholders to make nominations for directors or submit proposals for approval by stockholders in annual meetings and special meetings without advance Board knowledge. Failure to deliver proper notice in a timely fashion prevents the nomination or proposal from being considered by stockholders at a meeting unless the Board determines to place the matter before the stockholders for a vote. The proxy solicitation rules under the Securities Exchange Act of 1934 also provide some measure of advance notice to the Board of solicitations for written consents or actions at meetings.
- Elimination of ability of stockholders to call a special meeting of stockholders and elimination of the ability of stockholders to act by written consent. As described in Proposal No. 2, Delaware law allows a corporation to provide that only the Board and others specified may call a special stockholder meeting and to allow the elimination of the ability of the stockholders to act by written consent.
- Defined the duties of the Lead Independent Director. Under the rules of the Securities and Exchange Commission, in certain instances a public company must disclose whether or not it has a lead independent director. Cameron McColl has been the lead independent director of the Company since July 2011. The Amended Bylaws define the meaning of “independence” and the duties of the lead independent director.
- Requirement that, in certain circumstances, future amendments to the Amended Bylaws be approved by at least two thirds (2/3) of the stockholders for such an amendment to be effective. Please refer to the discussion above in Proposal No. 2.

The Board considers the proposal to be in the best interests of the Company and recommends that you vote **FOR** the resolution.

PROPOSAL NO. 4

ADOPTION OF 2012 EQUITY INCENTIVE PLAN

At the Meeting, Stockholders will be asked to adopt the 2012 Equity Incentive Plan, substantially in the form enclosed (the “**2012 Plan**”). The 2012 Plan is intended to replace the Company’s 2006 Stock Incentive Plan (the “**2006 Plan**”) as the Company’s primary equity incentive plan. The 2012 Plan updates the 2006 Plan and provides for various types of equity awards that may be granted as compared to the 2006 Plan, as well as an increase in shares authorized for issuance, and therefore, will provide the Company with greater flexibility in rewarding employees and those other individuals who provide services to the Company. The 2012 Plan will become effective the day before the effective date of the Offering.

Summary of 2012 Equity Incentive Plan

Purpose. The purpose of the 2012 Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company and its subsidiaries by offering them an opportunity to participate in the Company’s future performance through awards of stock options, restricted stock, stock bonuses, stock appreciation rights, performance awards and restricted stock units.

Common Stock Authorized for Issuance. The 2012 Plan provides for an authorized pool of 5,000,000 shares of Common Stock (prior to the implementation of a reverse stock split pursuant to Proposal No. 1). This amount does not include approximately 2,295,024 shares currently available for issuance under the 2006 Plan that will be made available under the 2012 Plan, and therefore represents an increase of approximately 5,000,000 shares. During the first four years of the life of the 2012 Plan, the number of shares reserved for issuance will increase automatically on the first day of each January, starting with January 1, 2013, by the number of shares equal to four percent (4%) of our total outstanding shares as of the immediately preceding December 31st. The Board will be able to reduce the amount of the increase in any particular year.

After the Offering, no further options or other awards may be granted under the 2006 Plan, but options issued under the 2006 Plan that are outstanding will continue to be governed by the terms of the 2006 Plan. If any of those options are cancelled or forfeited, or expire, the shares subject to those options will become available for issuance under the 2012 Plan. In addition, if options or other awards granted under the 2000 Stock Incentive Plan (the “**2000 Plan**”) or the 2006 Plan are forfeited, repurchased at their original issue price, cancelled or expire, such shares will again be available for grant and issuance under the 2012 Plan. Under the 2012 Plan, the Company may substitute awards granted by another company in connection with an acquisition or otherwise, and such substitute awards shall not reduce the authorized share pool of the 2012 Plan. In the event such substitute awards are forfeited, repurchased at their original issue price, cancelled or expire, such shares will not again be available for grant and issuance under the 2012 Plan.

Under the 2006 Plan, in accordance with U.K. corporate practice guidelines, the number of shares of Common Stock issuable under grants of awards made after admission of the Company’s Common Stock to trading on the AIM market of the London Stock Exchange (“**Admission**”) (i.e., excluding options outstanding prior to March 20, 2006) should not exceed 10% of the Company’s issued Common Stock (as defined in the 2006 Plan) without further stockholder approval. No further options or other awards may be granted under the Company’s 2006 Plan after the Offering. The 2012 Plan will not have a similar

limitation, but rather the limitations set forth above, in accordance with the practice of U.S. publicly traded companies.

The following table shows the number of shares of Common Stock subject to the 2006 Plan and the 2012 Plan and the effect of the proposed increase, in relation to the above-referenced limit under the 2006 Plan (but not taking into account the effect of a reverse stock split pursuant to Proposal No. 1 or the issuance of shares of Common Stock pursuant to the Offering).

| | |
|---|------------|
| Total shares of Common Stock authorized for issuance pursuant to the 2006 Plan as of December 2, 2011: | 11,130,683 |
| Total shares of Common Stock available for grants under the 2006 Plan as of December 2, 2011: | 2,295,024 |
| Proposed increase in shares of Common Stock allocated to the 2012 Plan: | 5,000,000 |
| Total shares of Common Stock authorized for issuance under the 2012 Plan and the 2006 Plan following the adoption of this resolution: | 7,295,024 |
| Total shares of Common Stock issuable under option grants after Admission following the adoption of this resolution and the effectiveness of the 2012 Plan: | 12,845,871 |
| Percentage of issued share capital (prior to the Offering)*: | 18.7% |

*Since the 2012 Plan will not take effect until the Offering becomes effective, this percentage will be reduced by virtue of the shares to be issued in the Offering

At the Meeting, stockholders will vote on the adoption of the 2012 Plan, thereby authorizing the allocation of an additional 5,000,000 shares of Common Stock to the Company's equity incentive plans. The Board has determined that this increase is in the best interests of the Company and its stockholders. Authorization of additional shares of Common Stock under the 2012 Plan does not mean that awards in respect of all such Common Stock will be granted or that awards that have been or may be granted will be exercised in due course.

Administration. The Compensation Committee (the "**Committee**") will administer the 2012 Plan. The Committee will determine the persons who are to receive awards, the number of shares subject to each such award and the terms and conditions of such awards. The Committee also has the authority to interpret the provisions of the 2012 Plan and of any awards granted thereunder and to modify awards granted under the 2012 Plan. The 2012 Plan will terminate on the tenth anniversary of the effective date of the 2012 Plan, unless it is terminated earlier by the Board.

Eligibility. The Committee may grant awards under the 2012 Plan to employees, officers, directors, consultants, independent contractors and advisors of the Company or of any parent, subsidiary or affiliate of the Company.

Terms of Options. As discussed above, the Committee will determine many of the terms and conditions of awards granted under the 2012 Plan. Each option is evidenced by an agreement in such form as the Committee approves and is subject to the following conditions:

- *Vesting and Exercisability:* Options become vested and exercisable, as applicable, within such periods, or upon such events, as determined by the Committee and as set forth in the related stock

option agreement. To date, as a matter of practice, options have generally been subject to a three-year vesting period. The maximum term of each option is ten years from the date of grant.

- *Exercise Price:* Each stock option agreement states the exercise price, which may not be less than 100% of the fair market value of a share of Common Stock on the date of the grant.
- *Termination of Service:* Options cease vesting on the date of termination of service or the death or disability of the participant. Options granted under the plan generally expire three months after the termination of the participant's service to the Company, except in the case of death or disability, in which case the awards generally may be exercised up to twelve months following the date of death or termination of service for disability. However, if the participant is terminated for cause (e.g., for committing an alleged criminal act or intentional tort against the Company), the participant's options will expire upon termination. The Committee has the discretion to grant options with longer post-termination exercise periods.
- *Change of Control:* In the event of a Corporate Transaction (as defined in the 2012 Plan), the buyer may either assume the outstanding awards or substitute equivalent awards. In the event the buyer fails to assume or substitute awards issued under the 2012 Plan, all awards will immediately accelerate and vest as to 100% of the shares, and such awards will expire at the closing of the Corporate Transaction. Notwithstanding the foregoing, in the event of a Corporate Transaction, the vesting of all awards granted to non-employee directors shall immediately accelerate and vest as to 100% of the shares, and such shares will expire at the closing of the Corporate Transaction.

Other Types of Awards. Restricted stock, stock bonuses, stock appreciation rights, performance awards and restricted stock units may be issued either alone, in addition to or in tandem with options granted under the 2012 Plan or other awards made outside the 2012 Plan. The administrator determines the terms, conditions and restrictions related to restricted stock, stock bonuses, stock appreciation rights, performance awards and restricted stock units.

The Board considers the proposal to be in the best interests of the Company and recommends that you vote **FOR** the resolution.

PROPOSAL NO. 5

ADOPTION OF 2012 EMPLOYEE STOCK PURCHASE PLAN

At the meeting, Stockholders will be asked to adopt the 2012 Employee Stock Purchase Plan, substantially in the form enclosed (the “**2012 Stock Purchase Plan**”). The 2012 Stock Purchase Plan is intended to enable eligible employees to periodically purchase shares of our Common Stock at a discount. Purchases will be accomplished through participation in discrete offering periods. The 2012 Stock Purchase Plan will become effective upon the effective date of the Offering.

Share Reserve. The 2012 Stock Purchase Plan provides for an authorized pool of 800,000 shares of our Common Stock (prior to the implementation of a reverse stock split pursuant to Proposal No. 1). During the first seven years of the life of the 2012 Employee Stock Purchase Plan, the number of shares reserved for issuance will increase automatically on the first day of each January, starting with January 1, 2013, by the number of shares equal to one percent (1%) of our total outstanding shares as of the immediately preceding December 31st. The Company’s Board of Directors will be able to reduce the amount of the increase in any particular year. No more than 8,000,000 shares of Common Stock will be issued under the 2012 Stock Purchase Plan and no other shares may be added to this plan without the approval of our stockholders.

Administration. The Company’s Compensation Committee will administer the 2012 Stock Purchase Plan. Employees who are 5% stockholders, or would become 5% stockholders as a result of their participation in our 2012 Stock Purchase Plan, are ineligible to participate in the 2012 Stock Purchase Plan. Additionally, eligible employees will be able to acquire shares of Common Stock by accumulating funds through payroll deductions. Eligible employees will be able to select a rate of payroll deduction between 1% and 10% of their cash compensation. The Company also has the right to amend or terminate the 2012 Stock Purchase Plan, except that, subject to certain exceptions, no such action may adversely affect any outstanding rights to purchase stock under the plan. The 2012 Stock Purchase Plan will terminate on the tenth anniversary of the first offering date, unless it is terminated earlier by the Board of Directors.

Purchase Rights. When an offering period commences, employees of the Company who meet the eligibility requirements for participation in that offering period will be automatically granted a non-transferable option to purchase shares in that offering period. Each offering period may run for no more than 24 months and consist of up to five (5) purchase periods. An employee’s participation will automatically end upon termination of employment for any reason.

No participant will have the right to purchase shares at a rate which, when aggregated with purchase rights under all employee stock purchase plans that are also outstanding in the same calendar year(s), have a fair market value of more than \$25,000, determined as of the first day of the applicable offering period, for each calendar year in which such right is outstanding. The purchase price for shares of common stock purchased under our 2012 Stock Purchase Plan will be 85% of the lesser of the fair market value of the Company’s common stock on (i) the first trading day of the applicable offering period and (ii) the last trading day of each purchase period in the applicable offering period.

Change in Control. In the event of a Corporate Transaction (as defined in the 2012 Stock Purchase Plan), the successor company may assume or substitute the outstanding rights to purchase shares under the 2012 Stock Purchase Plan. If the successor company refuses to assume or substitute the outstanding rights, the offering period for such purchase rights will be shortened and end on a new purchase date on or prior to the consummation of the Corporate Transaction and no new offering period will commence.

The Board considers the proposal to be in the best interests of the Company and recommends that you vote **FOR** the resolution.

Other Matters of Business

The Board knows of no other matters that may properly be, or are likely to be, brought before the Meeting. If other proper matters are introduced at the meeting in accordance with the provisions of Delaware General Corporation Law and our bylaws, the individuals named as proxies on the enclosed proxy form are also authorized to vote upon such matters utilizing their own discretion.

The Resolutions

The Resolutions attached to this Notice are proposed in order to: (i) approve the up to 4:1 reverse stock split; (ii) adopt the Restated Certificate of Incorporation; (iii) adopt the amended and restated Bylaws; (iv) adopt the 2012 Equity Incentive Plan; and (v) adopt the 2012 Stock Purchase Plan.

Required Votes

The votes required to approve each proposal are as follows:

- *Proposal No. 1 and 2 – Adoption of the Amendment to the Certificate of Incorporation to implement the up to 4:1 Reverse Stock Split and Adoption of the Restated Certificate of Incorporation.* Approval of each of Proposals No. 1 and 2 requires the affirmative vote by holders of (a) at least 67% of the shares of Common Stock present in person or voting by proxy at the Meeting and entitled to vote and (b) at least a majority of the shares outstanding, including the Series A Preferred Stock, treated on an as-converted to Common Stock basis. **Please note that due to the requirement to obtain the votes of a majority of the shares outstanding for each of these resolutions, an abstention will be considered a vote against such resolution. All stockholders are therefore urged to cast their votes either in person or by submitting the enclosed proxy card.**
- *Proposals No. 3, 4 and 5 – Adoption of the Amended and Restated Bylaws, Adoption of 2012 Equity Incentive Plan and Adoption of 2012 Employee Stock Purchase Plan.* Approval of each of Proposals No. 3, 4 and 5 requires the affirmative vote by holders of at least a majority of the shares, including the Series A Preferred Stock, treated on an as-converted to Common Stock basis, present in person or voting by proxy at the Meeting and entitled to vote.

The Board recommends that all stockholders vote in favor of each of the Proposals. Each member of the Board intends to vote his own holdings in favor of each Proposal. These shares represent 6.9% of the voting power of the issued and outstanding shares as of the Record Date.

Voting Procedure

The Board welcomes all stockholders to attend the Meeting in person and requests those stockholders not planning to attend to please sign and return their proxy forms as soon as possible.

Stockholders who hold shares in their own name.

If you wish to vote by proxy, please follow the voting instructions on the enclosed proxy form or attached instructions for electronic voting, as soon as possible and **we urge you to complete your voting no later than January 16, 2012.**

Stockholders whose shares are held in their broker's name.

Please follow the voting instructions on the proxy form supplied by your broker and return the form as soon as possible, or otherwise vote electronically in accordance with your broker's instructions.

If you wish to attend the Meeting in person you must request an Admission Card, with evidence of your stock ownership which you can obtain from your broker.

If you have any questions regarding any of the matters referred to in this Notice, please do not hesitate to contact Graham N. Arad, by telephone at +1 (516) 670-3200, or by e-mail to garad@planetpayment.com.

PLANET PAYMENT, INC.

RESOLUTIONS OF THE STOCKHOLDERS TO BE PROPOSED
AT THE SPECIAL MEETING TO BE HELD ON JANUARY 18, 2012

PROPOSAL No. 1

Approval of a Reverse Stock Split of between 2:1 to 4:1

WHEREAS, Planet Payment, Inc., a Delaware corporation (the “*Company*”), proposes to issue and sell shares of its authorized but unissued common stock, \$0.01 par value per share (“*Common Stock*”), to a syndicate of underwriters in the Company’s proposed initial public offering (the “*Offering*”) and seeks admission to trade on the NASDAQ Global Market in the United States.

WHEREAS, in connection with the Offering, the Company’s Board of Directors (the “*Board*”) has determined that it is advisable and in the best interests of the Company to effect a reverse stock split in the range of two-for-one (2:1) to four-for-one (4:1) of the outstanding shares of Common Stock, \$0.01 par value per share (the “*Reverse Split*”), so that the anticipated offering price per share of the Company’s Common Stock will be within a range more attractive to potential investors.

WHEREAS, as a result of the Reverse Split, the conversion price of the Company’s Series A Preferred Stock would be proportionally increased pursuant to its terms, and the number of shares of Common Stock that the Series A Preferred Stock will convert into at the time of the Offering will be proportionately decreased.

WHEREAS, as a result of the Reverse Split, all outstanding shares subject to options and warrants entitling their holders to purchase shares of Common Stock would be adjusted as required by the terms of these securities, such that the conversion ratio for each instrument would be reduced proportionally, and the exercise price would be increased proportionally.

WHEREAS, as a result of the Reverse Split, the shares available for future issuance under the 2006 Equity Incentive Plan, the 2012 Plan (as defined below) and the 2012 Stock Purchase Plan (as defined below) would be proportionally reduced;

WHEREAS, the Board has determined that it is advisable and in the best interests of the Company to adopt and approve, and has unanimously approved the adoption of, the amendment to its amended and restated certificate of incorporation in substantially the form enclosed as **Exhibit 1** (the “*Amendment to Certificate*”), to effect the Reverse Split.

NOW, THEREFORE, BE IT RESOLVED, that the stockholders hereby approve the Reverse Split contingent upon the filing of the Amendment to Certificate to be implemented at the discretion of the Board on a day before the effectiveness of the Offering but no later than December 31, 2012.

RESOLVED FURTHER, that no fractional shares shall be issued in connection with the Reverse Split and the Company will pay in cash the fair value of such fractional shares.

RESOLVED FURTHER, that the officers of the Company be, and each of them with full authority to act without the others hereby is, authorized to do or cause to be done any and all such further acts and things and to execute and deliver any and all such additional documents as they may deem necessary or appropriate in order to carry into effect the purposes and intent of the foregoing resolutions.

PROPOSAL No. 2

Restated Certificate of Incorporation

WHEREAS, the Board has deemed it to be in the best interests of the Company and its stockholders to adopt and approve, and has unanimously approved the adoption of, a restated Certificate of Incorporation in substantially the form enclosed as **Exhibit 2** (the “*Restated Certificate*”), which, among other things, increases the post split authorized common stock and preferred stock, to be effective after the closing of the Offering.

NOW, THEREFORE IT IS RESOLVED, that the Company adopt the Restated Certificate to become effective upon the closing of the Offering (with such changes as are requested by the Delaware Secretary of State), which provides for an increase from 80,000,000 shares of authorized Common Stock to 250,000,000 shares of authorized Common Stock, an increase from 4,000,000 shares of Preferred Stock designated as Series A Preferred Stock to 10,000,000 shares of undesignated Preferred Stock and other changes as specified therein.

RESOLVED FURTHER, that commencing upon the closing of the Offering, the officers of the Company, and each of them with full authority to act without the others, are hereby authorized and directed to execute, verify and file the Restated Certificate with the Delaware Secretary of State (together with any changes thereto as may be required by the Delaware Secretary of State or shall be approved by the officers of the Company in consultation with legal counsel, their approval being conclusively presumed by their execution of the Restated Certificate).

RESOLVED FURTHER, that the officers of the Company be, and each of them with full authority to act without the others hereby is, authorized to do or cause to be done any and all such further acts and things and to execute and deliver any and all such additional documents as they may deem necessary or appropriate in order to carry into effect the purposes and intent of the foregoing resolutions.

PROPOSAL No. 3

Amended and Restated Bylaws

WHEREAS, the Board has deemed it to be in the best interests of the Company and its stockholders to adopt and approve, and has unanimously approved the adoption of, the Amended and Restated Bylaws in substantially the form enclosed as **Exhibit 3** (the “*Restated Bylaws*”).

WHEREAS, the Restated Bylaws will (i) include certain provisions substantially identical to the provisions of the Restated Certificate, (ii) further define the procedures for nominations of persons for election to the Board and the proposal of business by stockholders at annual meetings, (iii) define the position of a lead independent director and (iv) include other provisions that the Board deems advisable following the Offering.

NOW, THEREFORE, IT IS RESOLVED, that the adoption of the Restated Bylaws is hereby approved and the Restated Bylaws shall become effective upon the closing of the Offering.

RESOLVED FURTHER, that the officers of the Company be, and each of them with full authority to act without the others hereby is, authorized to do or cause to be done any and all such further acts and things and to execute and deliver any and all such additional documents as they may deem necessary or appropriate in order to carry into effect the purposes and intent of the foregoing resolutions.

PROPOSAL No. 4

Adoption of 2012 Equity Incentive Plan

WHEREAS, the Board has determined it is advisable and in the best interests of the Company and its stockholders to adopt, and has unanimously approved the adoption of, a 2012 Equity Incentive Plan in substantially the form enclosed as **Exhibit 4** (the “**2012 Plan**”), which authorizes the issuance of an aggregate of 5,000,000 shares before giving effect to the Reverse Split (plus (i) any shares available for issuance under the 2006 Equity Incentive Plan, which will be terminated upon the effective date of the 2012 Plan, and (ii) any shares subject to outstanding options under the 2000 Stock Incentive Plan and the 2006 Equity Incentive Plan which are forfeited, canceled or which expire).

WHEREAS, the number of shares of Common Stock reserved for issuance under the 2012 Plan will increase automatically on January 1 of each of 2013 through 2016 by an amount equal to 4% of the number of shares of Common Stock outstanding on the preceding December 31, unless the Board elects to authorize a lesser number of shares in any given year; and the limitation of 10% of issued capital as defined in the 2006 Equity Incentive Plan will not apply to the 2012 Plan;

WHEREAS, the 2012 Plan provides for awards of options, restricted stock awards, stock appreciation rights, restricted stock units, performance shares and stock bonuses to be made under the 2012 Plan pursuant to notices of awards and award agreements.

NOW, THEREFORE, IT IS RESOLVED, that the stockholders hereby adopt and approve the 2012 Plan to become effective on the day before the effective date of the Offering.

RESOLVED FURTHER, that the officers of the Company be, and each of them with full authority to act without the others hereby is, authorized to do or cause to be done any and all such further acts and things and to execute and deliver any and all such additional documents as they may deem necessary or appropriate in order to carry into effect the purposes and intent of the foregoing resolutions.

PROPOSAL No. 5

Adoption of 2012 Employee Stock Purchase Plan

WHEREAS, the Board has determined it is advisable and in the best interests of the Company and its stockholders to adopt, and has unanimously approved the adoption of, a new employee stock purchase plan in substantially the form enclosed as **Exhibit 5** (the “**2012 Stock Purchase Plan**”), which authorizes the issuance of an aggregate of 800,000 shares of Common Stock before giving effect to the Reverse Split.

WHEREAS, the number of shares of Common Stock reserved for issuance under the 2012 Stock Purchase Plan will increase automatically on January 1 of each of 2013 through 2019 by an

amount equal to 1% of the number of shares of Common Stock outstanding on the preceding December 31, unless the Board elects to authorize a lesser number of shares in any given year;

WHEREAS, the Stock Purchase Plan is intended to qualify under Section 423 of the Internal Revenue Code and will provide employees of the Company or of its parents or subsidiaries a means to acquire shares of the Common Stock through payroll deductions.

NOW, THEREFORE, IT IS RESOLVED, that the stockholders hereby adopt and approve the 2012 Stock Purchase Plan on the effective date of the Offering.

RESOLVED FURTHER, that the officers of the Company be, and each of them with full authority to act without the others hereby is, authorized to do or cause to be done any and all such further acts and things and to execute and deliver any and all such additional documents as they may deem necessary or appropriate in order to carry into effect the purposes and intent of the foregoing resolutions.