UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2016

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-33864

CARDTRONICS, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**76-0681190** (I.R.S. Employer Identification No.)
3250 Briarpark Drive, Suite 400 **Houston, Texas** (Address of principal executive offices)	**77042** (Zip Code)

Registrant's telephone number, including area code: **(832) 308-4000**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Common Stock, par value: $0.0001 per share. Shares outstanding on April 25, 2016: 45,220,304

CARDTRONICS, INC.

TABLE OF CONTENTS

When we refer to "us," "we," "our," or "ours," we are describing Cardtronics, Inc. and/or our subsidiaries, depending on the context in which the statements are made.

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CARDTRONICS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, excluding share and per share amounts)

	March 31, 2016	December 31, 2015
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 25,049	$ 26,297
Accounts and notes receivable, net of allowance of $2,401 and $2,079 as of March 31, 2016 and December 31, 2015, respectively	73,924	72,009
Inventory, net	9,652	10,675
Restricted cash	28,591	31,565
Current portion of deferred tax asset, net	—	16,300
Prepaid expenses, deferred costs, and other current assets	57,740	56,678
Total current assets	194,956	213,524
Property and equipment, net of accumulated depreciation of $376,050 and $360,722 as of March 31, 2016 and December 31, 2015, respectively	369,032	375,488
Intangible assets, net	140,508	150,780
Goodwill	546,392	548,936
Deferred tax asset, net	13,299	11,950
Prepaid expenses, deferred costs, and other noncurrent assets	22,989	19,257
Total assets	$ 1,287,176	$ 1,319,935
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of other long-term liabilities	$ 32,194	$ 32,732
Accounts payable	27,117	25,850
Accrued liabilities	217,096	219,058
Total current liabilities	276,407	277,640
Long-term liabilities:		
Long-term debt	540,314	568,331
Asset retirement obligations	52,009	51,685
Deferred tax liability, net	3,693	21,829
Other long-term liabilities	46,519	30,657
Total liabilities	918,942	950,142
Commitments and contingencies (See *Note 13*)		
Stockholders' equity:		
Common stock, $0.0001 par value; 125,000,000 shares authorized; 52,524,969 and 52,129,395 shares issued as of March 31, 2016 and December 31, 2015, respectively; 45,220,304 and 44,953,620 shares outstanding as of March 31, 2016 and December 31, 2015, respectively	5	5
Additional paid-in capital	377,564	374,564
Accumulated other comprehensive loss, net	(104,083)	(88,126)
Retained earnings	201,281	185,897
Treasury stock: 7,304,665 and 7,175,775 shares at cost as of March 31, 2016 and December 31, 2015, respectively	(106,529)	(102,566)
Total parent stockholders' equity	368,238	369,774
Noncontrolling interests	(4)	19
Total stockholders' equity	368,234	369,793
Total liabilities and stockholders' equity	$ 1,287,176	$ 1,319,935

The accompanying notes are an integral part of these consolidated financial statements.

CARDTRONICS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, excluding share and per share amounts)
(Unaudited)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Revenues:		
ATM operating revenues	$ 292,088	$ 260,023
ATM product sales and other revenues	11,159	21,878
Total revenues	303,247	281,901
Cost of revenues:		
Cost of ATM operating revenues (excludes depreciation, accretion, and amortization of intangible assets shown separately below. See *Note 1*)	185,940	168,508
Cost of ATM product sales and other revenues	9,933	19,292
Total cost of revenues	195,873	187,800
Gross profit	107,374	94,101
Operating expenses:		
Selling, general, and administrative expenses	37,399	30,880
Redomicile-related expense	6,036	—
Acquisition and divestiture-related expenses	1,584	2,358
Depreciation and accretion expense	22,677	20,112
Amortization of intangible assets	9,263	9,497
Loss (gain) on disposal of assets	382	(533)
Total operating expenses	77,341	62,314
Income from operations	30,033	31,787
Other expense:		
Interest expense, net	4,492	4,710
Amortization of deferred financing costs and note discount	2,782	2,779
Other (income) expense	(555)	1,060
Total other expense	6,719	8,549
Income before income taxes	23,314	23,238
Income tax expense	7,955	8,464
Net income	15,359	14,774
Net loss attributable to noncontrolling interests	(25)	(459)
Net income attributable to controlling interests and available to common stockholders	$ 15,384	$ 15,233
Net income per common share – basic	$ 0.34	$ 0.34
Net income per common share – diluted	$ 0.34	$ 0.34
Weighted average shares outstanding – basic	45,073,654	44,667,248
Weighted average shares outstanding – diluted	45,703,488	45,265,601

The accompanying notes are an integral part of these consolidated financial statements.

CARDTRONICS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2016	**2015**
Net income	$ 15,359	$ 14,774
Unrealized loss on interest rate swap contracts, net of deferred income tax benefit of $5,890 and $3,293 for the three months ended March 31, 2016 and 2015, respectively	(10,686)	(5,154)
Foreign currency translation adjustments, net of income tax benefit of $825 for the three months ended March 31, 2016	(5,271)	(10,916)
Other comprehensive loss	(15,957)	(16,070)
Total comprehensive loss	(598)	(1,296)
Less: comprehensive income (loss) attributable to noncontrolling interests	95	(396)
Comprehensive loss attributable to controlling interests	$ (693)	$ (900)

The accompanying notes are an integral part of these consolidated financial statements.

CARDTRONICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Cash flows from operating activities:		
Net income	$ 15,359	$ 14,774
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, accretion, and amortization of intangible assets	31,940	29,609
Amortization of deferred financing costs and note discount	2,782	2,779
Stock-based compensation expense	3,168	4,201
Deferred income taxes	3,076	(2,948)
Loss (gain) on disposal of assets	382	(533)
Other reserves and non-cash items	(768)	1,219
Changes in assets and liabilities:		
(Increase) decrease in accounts and note receivable, net	(2,014)	9,102
(Increase) decrease in prepaid, deferred costs, and other current assets	(2,103)	2,703
Decrease (increase) in inventory	1,222	(2,477)
Decrease (increase) in other assets	1,820	(1,720)
Decrease in accounts payable	(4,573)	(23,234)
Decrease in accrued liabilities	(3,830)	(2,175)
Decrease in other liabilities	(1,807)	(428)
Net cash provided by operating activities	44,654	30,872
Cash flows from investing activities:		
Additions to property and equipment	(16,451)	(31,678)
Acquisitions, net of cash acquired	(2,743)	(15,510)
Proceeds from sale of assets and businesses	7,438	7,376
Net cash used in investing activities	(11,756)	(39,812)
Cash flows from financing activities:		
Proceeds from borrowings under revolving credit facility	56,494	113,400
Repayments of borrowings under revolving credit facility	(86,418)	(114,087)
Proceeds from exercises of stock options	133	448
Additional tax (expense) benefit related to stock-based compensation	(400)	416
Repurchase of capital stock	(3,850)	(3,946)
Net cash used in financing activities	(34,041)	(3,769)
Effect of exchange rate changes on cash	(105)	(1,971)
Net decrease in cash and cash equivalents	(1,248)	(14,680)
Cash and cash equivalents as of beginning of period	26,297	31,875
Cash and cash equivalents as of end of period	$ 25,049	$ 17,195
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 6,904	$ 7,327
Cash paid for income taxes	$ 1,133	$ 1,955

The accompanying notes are an integral part of these consolidated financial statements.

CARDTRONICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(1) General and Basis of Presentation

General

Cardtronics, Inc., along with its wholly and majority-owned subsidiaries (collectively, the "Company"), provides convenient automated consumer financial services through its network of automated teller machines ("ATMs") and multi-function financial services kiosks. As of March 31, 2016, the Company provided services to approximately 195,000 devices across its portfolio, which included approximately 173,000 devices located in all 50 states of the United States (the "U.S.") (including the U.S. territory of Puerto Rico), approximately 16,000 devices throughout the United Kingdom (the "U.K."), approximately 1,100 devices throughout Germany and Poland, approximately 3,500 devices throughout Canada, and approximately 1,400 devices throughout Mexico. In the U.S., certain of the Company's devices are multi-function financial services kiosks that, in addition to traditional ATM functions such as cash dispensing and bank account balance inquiries, perform other consumer financial services, including bill payments, check cashing, remote deposit capture (which is deposit-taking at ATMs using electronic imaging), and money transfers. The total count of approximately 195,000 devices also includes devices for which the Company provides processing only services and various forms of managed services solutions, which may include transaction processing, monitoring, maintenance, cash management, communications, and customer service.

Through its network, the Company provides ATM management and equipment-related services (typically under multi-year contracts) to large retail merchants of varying sizes, as well as smaller retailers and operators of facilities such as shopping malls, airports, and train stations. In doing so, the Company provides its retail partners with a compelling automated financial services solution that helps attract and retain customers, and in turn, increases the likelihood that the devices placed at their facilities will be utilized.

In addition to its retail merchant relationships, the Company also partners with leading national financial institutions to brand selected ATMs and financial services kiosks within its network, including BBVA Compass Bancshares, Inc. ("BBVA"), Citibank, N.A. ("Citibank"), Citizens Financial Group, Inc. ("Citizens"), Cullen/Frost Bankers, Inc. ("Cullen/Frost"), Santander Bank, N.A. ("Santander"), TD Bank, N.A. ("TD Bank"), and PNC Bank, N.A. ("PNC Bank") in the U.S., The Bank of Nova Scotia ("Scotiabank") and Santander in Puerto Rico, and Scotiabank, TD Bank, and Canadian Imperial Bank of Commerce ("CIBC") in Canada. In Mexico, the Company operates Cardtronics Mexico, S.A. de C.V. ("Cardtronics Mexico") and partners with Grupo Financiero Banorte, S.A. de C.V. ("Banorte") and Scotiabank to place their brands on the Company's ATMs in exchange for certain services provided by them. As of March 31, 2016, approximately 22,000 of the Company's ATMs were under contract with approximately 500 financial institutions to place their logos on the machines and to provide convenient surcharge-free access for their banking customers.

The Company also owns and operates the Allpoint network ("Allpoint"), the largest surcharge-free ATM network within the U.S. (based on the number of participating ATMs). Allpoint, which has approximately 55,000 participating ATMs, provides surcharge-free ATM access to customers of approximately 1,300 participating financial institutions that may lack a significant ATM network in exchange for either a fixed monthly fee per cardholder or a set fee per transaction that is paid by the financial institutions who are members of the network. The Allpoint network includes a majority of the Company's ATMs in the U.S. and a portion of the Company's ATMs in the U.K., Canada, Puerto Rico, and Mexico. Allpoint also works with financial institutions that manage stored-value debit card programs on behalf of corporate entities and governmental agencies, including general purpose, payroll and electronic benefits transfer cards. Under these programs, the issuing financial institutions pay Allpoint a fee per issued stored-value card or per transaction in return for allowing the users of those cards surcharge-free access to Allpoint's participating ATM network.

Finally, the Company owns and operates an electronic funds transfer ("EFT") transaction processing platform that provides transaction processing services to its network of ATMs and financial services kiosks as well as other ATMs under managed services arrangements. Additionally, through its acquisition of Columbus Data Services, L.L.C. ("CDS") in 2015, the Company provides leading-edge ATM processing solutions to ATM sales and service organizations and financial institutions.

Basis of Presentation

This Quarterly Report on Form 10-Q (this "Form 10-Q") has been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") applicable to interim financial information. Because this is an interim period filing presented using a condensed format, it does not include all of the disclosures required by accounting principles generally accepted in the United States ("U.S. GAAP"), although the Company believes that the disclosures are adequate to make the information not misleading. You should read this Form 10-Q along with the Company's Annual Report on Form 10-K for the year ended December 31, 2015 (as amended, the "2015 Form 10-K"), which includes a summary of the Company's significant accounting policies and other disclosures.

The financial statements as of March 31, 2016 and for the three months ended March 31, 2016 and 2015 are unaudited. The Consolidated Balance Sheet as of December 31, 2015 was derived from the audited balance sheet filed in the 2015 Form 10-K with certain retroactive adjustments. We have adopted the provisions of ASU No. 2015-03, "*Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs"* ("ASU 2015-03") and ASU No. 2015-15, *"Interest - Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements - Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting"* ("ASU 2015-15"). These updates require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability instead of being presented as an asset and clarify the treatment of debt issuance costs related to a line-of-credit arrangement. As retrospective application is required by these standards updates, December 31, 2015 has been adjusted with no material impact. In addition, we have adopted early ASU No. 2015-17, *"Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes"* ("ASU 2015-17"), applying its provisions prospectively. ASU 2015-17 eliminates the requirement for organizations to present deferred tax liabilities and assets as current and noncurrent in a classified balance sheet and requires organizations to classify all deferred tax assets and liabilities as noncurrent.

In management's opinion, all normal recurring adjustments necessary for a fair presentation of the Company's interim and prior period results have been made. The results of operations for the three months ended March 31, 2016 and 2015 are not necessarily indicative of results that may be expected for any other interim period or for the full fiscal year.

The unaudited interim consolidated financial statements include the accounts of the Company and its wholly and majority-owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation. The Company owns a majority (95.7%) interest in, and realizes a majority of the earnings and/or losses of, Cardtronics Mexico, thus this entity is reflected as a consolidated subsidiary in the accompanying consolidated financial statements, with the remaining ownership interests not held by the Company being reflected as noncontrolling interests.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates, and these differences could be material to the financial statements.

Restricted Cash

The balance characterized as restricted cash consists of amounts collected on behalf of, but not yet remitted to, certain of the Company's merchant customers or third-party service providers. The amounts include deposits held by the Company for transactions processed by its customers, as well as surcharge and interchange fees earned by the Company's customers on transactions processed. These balances are classified as Restricted cash in the Current assets or Noncurrent assets line item on the Company's Consolidated Balance Sheets based on when the Company expects this cash to be paid. The Company held $28.6 million and $31.6 million of Restricted cash in the Current assets line items in the accompanying Consolidated Balance Sheets as of March 31, 2016 and December 31, 2015, respectively.

Inventory

Inventory consists principally of ATMs, ATM spare parts, and ATM supplies and is stated at the lower of cost or market. Cost is determined using the average cost method. The following table is a breakdown of the Company's primary inventory components:

	March 31, 2016	December 31, 2015
	(In thousands)	
ATMs	$ 1,863	$ 2,568
ATM parts and supplies	8,303	8,400
Total	10,166	10,968
Less: Inventory reserves	(514)	(293)
Inventory, net	$ 9,652	$ 10,675

Cost of ATM Operating Revenues and Gross Profit Presentation

The Company presents Cost of ATM operating revenues and Gross profit within its Consolidated Statements of Operations exclusive of depreciation, accretion, and amortization of intangible assets related to ATMs and ATM-related assets. The following table sets forth the amounts excluded from Cost of ATM operating revenues and Gross profit for the periods indicated:

	Three Months Ended March 31,	
	2016	2015
	(In thousands)	
Depreciation and accretion expenses related to ATMs and ATM-related assets	$ 18,123	$ 15,382
Amortization of intangible assets	9,263	9,497
Total depreciation, accretion, and amortization of intangible assets excluded from Cost of ATM operating revenues and Gross profit	$ 27,386	$ 24,879

(2) Acquisitions and Divestitures

On July 1, 2015, the Company completed the divestiture of its retail cash-in-transit operation in the U.K. This business was primarily engaged in the collection of cash from retail locations and was originally acquired through the Sunwin Services Group ("Sunwin") acquisition completed in November 2014. The Company recognized the divestiture proceeds at their estimated fair value of approximately $39 million in 2015. Of this amount, approximately $31 million was collected during the year ended December 31, 2015, and the remainder was collected during the three months ended March 31, 2016. The net pre-tax gain recognized on this transaction of $16.6 million was recognized entirely in 2015. During the three months ended March 31, 2016, there were no further adjustments to the estimated fair value of the consideration or the cumulative net pre-tax gain.

On July 1, 2015, the Company completed the acquisition of CDS for a total purchase price of approximately $80.6 million. CDS is a leading independent transaction processor for ATM deployers and payment card issuers, providing leading-edge solutions to ATM sales and service organizations and financial institutions.

The total purchase consideration for CDS was allocated to the assets acquired and liabilities assumed, including identifiable tangible and intangible assets, based on their respective fair values estimated at the date of acquisition. The estimated fair values of the intangible assets included the acquired customer relationships valued at $16.5 million, technology valued at $7.8 million, and other intangible assets valued at $1.7 million. Intangible values were estimated utilizing primarily a discounted cash flow approach, with the assistance of an independent appraisal firm. The fair values of the tangible assets acquired included property, plant, and equipment and were valued at $4.6 million and estimated utilizing the market and cost approaches. The purchase price allocation resulted in goodwill of $52.7 million. This goodwill has been assigned to the Company's North America reporting segment and is primarily attributable to expected synergies that will be realized by the North America segment. The Company completed the purchase accounting for CDS in January 2016 recognizing no additional adjustments to the preliminary opening balance sheet. All of the goodwill and intangible asset amounts are expected to be deductible for income tax purposes.

(3) Stock-Based Compensation

The Company accounts for its stock-based compensation by recognizing the grant date fair value of stock-based awards, net of estimated forfeitures, as compensation expense over the underlying requisite service periods of the related awards. The grant date fair value is based upon the Company's stock price on the date of grant. The following table reflects the total stock-based compensation expense amounts included in the accompanying Consolidated Statements of Operations:

	Three Months Ended March 31,	
	2016	2015
	(In thousands)	
Cost of ATM operating revenues	$ 117	$ 334
Selling, general, and administrative expenses	3,051	3,867
Total stock-based compensation expense	$ 3,168	$ 4,201

The comparative decrease in stock-based compensation expense was largely due to the timing and amount of grants made during preceding periods and adjustments in the forfeitures in the 2015 period. All grants during the periods above were made under the Company's Second Amended and Restated 2007 Stock Incentive Plan (the "2007 Plan").

Restricted Stock Awards. The number of the Company's outstanding Restricted Stock Awards ("RSAs") as of March 31, 2016, and changes during the three months ended March 31, 2016, are presented below:

	Number of Shares	Weighted Average Grant Date Fair Value
RSAs outstanding as of January 1, 2016	47,235	$ 27.36
Vested	(22,750)	$ 26.30
RSAs outstanding as of March 31, 2016	24,485	$ 28.35

As of March 31, 2016, the unrecognized compensation expense associated with all outstanding RSAs was $0.4 million, which will be recognized on a straight-line basis over a remaining weighted average vesting period of approximately 1 year.

Restricted Stock Units. The Company grants restricted stock units ("RSUs") under its Long-term Incentive Plan ("LTIP"), which is an annual equity award program under the 2007 Plan. The ultimate number of RSUs to be earned and outstanding are approved by the Compensation Committee of the Company's Board of Directors (the "Committee") on an annual basis, and are based on the Company's achievement of certain performance levels during the calendar year of its grant. The majority of these grants have both a performance-based and a service-based vesting schedule ("Performance-RSUs"), and the Company recognizes the related compensation expense based on the estimated performance levels that management believes will ultimately be met. A portion of the awards have only a service-based vesting schedule ("Time-RSUs"), for which the associated expense is recognized ratably over four years. Performance-RSUs and Time-RSUs are convertible into the Company's common stock after the passage of the vesting periods, which are 24, 36, and 48 months from January 31 of the grant year, at the rate of 50%, 25%, and 25%, respectively. Performance-RSUs will be earned only if the Company achieves certain performance levels. Although the Performance-RSUs are not considered to be earned and outstanding until at least the minimum performance metrics are met, the Company recognizes the related compensation expense over the requisite service period (or to an employee's qualified retirement date, if earlier) using a graded vesting methodology. RSUs are also granted outside of LTIPs, with or without performance-based vesting requirements.

The number of the Company's non-vested RSUs as of March 31, 2016, and changes during the three months ended March 31, 2016, are presented below:

	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested RSUs as of January 1, 2016	891,439	$ 37.85
Granted	466,528	$ 37.13
Vested	(382,964)	$ 34.97
Forfeited	(13,179)	$ 36.27
Non-vested RSUs as of March 31, 2016	961,824	$ 38.67

The above table only includes earned RSUs; therefore, the Performance-RSUs granted in 2016 but not yet earned are not included. The number of Performance-RSUs granted at target in 2016, net of forfeitures, was 189,815 units with a grant date fair value of $35.65 per unit. Time-RSUs are included as granted.

As of March 31, 2016, the unrecognized compensation expense associated with earned RSUs was $18.4 million, which will be recognized using a graded vesting schedule for Performance-RSUs and a straight-line vesting schedule for Time-RSUs, over a remaining weighted average vesting period of approximately 2.3 years.

Options. The number of the Company's outstanding stock options as of March 31, 2016, and changes during the three months ended March 31, 2016, are presented below:

	Number of Shares	Weighted Average Exercise Price
Options outstanding as of January 1, 2016	77,901	$ 10.11
Exercised	(12,610)	$ 10.55
Options outstanding as of March 31, 2016	65,291	$ 10.03
Options vested and exercisable as of March 31, 2016	65,291	$ 10.03

As of March 31, 2016, the Company had no unrecognized compensation expense associated with outstanding options.

(4) Earnings per Share

The Company reports its earnings per share under the two-class method. Under this method, potentially dilutive securities are excluded from the calculation of diluted earnings per share (as well as their related impact on the net income available to common stockholders) when their impact on net income available to common stockholders is anti-dilutive. Potentially dilutive securities for the three months ended March 31, 2016 and 2015 included all outstanding stock options, RSAs, and RSUs, which were included in the calculation of diluted earnings per share for these periods, if dilutive. The potentially dilutive effect of outstanding warrants and the underlying shares exercisable under the Company's $287.5 million of 1.00% convertible senior notes due December 2020 ("Convertible Notes") were excluded from diluted shares outstanding because the exercise price exceeded the average market price of the Company's common stock. The effect of the note hedge the Company purchased to offset the underlying conversion option embedded in its Convertible Notes was also excluded, as the effect is anti-dilutive.

Additionally, the shares of restricted stock issued by the Company under RSAs have a non-forfeitable right to cash dividends, if and when declared by the Company. Accordingly, restricted shares issued under RSAs are considered to be participating securities and, as such, the Company has allocated the undistributed earnings for the three months ended March 31, 2016 and 2015 among the Company's outstanding shares of common stock and issued but unvested restricted shares, as follows:

Earnings per Share (in thousands, excluding share and per share amounts):

	Three Months Ended March 31, 2016			Three Months Ended March 31, 2015		
	Income	Weighted Average Shares Outstanding	Earnings Per Share	Income	Weighted Average Shares Outstanding	Earnings Per Share
Basic:						
Net income attributable to controlling interests and available to common stockholders	$ 15,384			$ 15,233		
Less: Undistributed earnings allocated to unvested restricted shares	(12)			(25)		
Net income available to common stockholders	$ 15,372	45,073,654	$ 0.34	$ 15,208	44,667,248	$ 0.34
Diluted:						
Effect of dilutive securities:						
Add: Undistributed earnings allocated to restricted shares	$ 12			$ 25		
Stock options added to the denominator under the treasury stock method		33,691			78,795	
RSUs added to the denominator under the treasury stock method		596,143			519,558	
Less: Undistributed earnings reallocated to restricted shares	(12)			(25)		
Net income available to common stockholders and assumed conversions	$ 15,372	45,703,488	$ 0.34	$ 15,208	45,265,601	$ 0.34

The computation of diluted earnings per share excluded potentially dilutive common shares related to restricted stock issued by the Company under RSAs of 17,476 and 32,185 shares for the three months ended March 31, 2016 and 2015, respectively, because the effect of including these shares in the computation would have been anti-dilutive.

(5) Accumulated Other Comprehensive Loss, Net

Accumulated other comprehensive loss, net is displayed as a separate component of Stockholders' equity in the accompanying Consolidated Balance Sheets. The following tables present the changes in the balances of each component of Accumulated other comprehensive loss, net for the three months ended March 31, 2016:

	Foreign currency translation adjustments	Unrealized (losses) gains on interest rate swap contracts	Total
		(In thousands)	
Total accumulated other comprehensive loss, net as of January 1, 2016	$ (45,886) (1)	$ (42,240) (2)	$ (88,126)
Other comprehensive loss before reclassification	(5,271) (3)	(18,014) (4)	(23,285)
Amounts reclassified from accumulated other comprehensive loss, net	—	7,328 (4)	7,328
Net current period other comprehensive loss	(5,271)	(10,686)	(15,957)
Total accumulated other comprehensive loss, net as of March 31, 2016	$ (51,157) (1)	$ (52,926) (2)	$ (104,083)

(1) Net of income tax benefit of $2,390 and $1,565 as of March 31, 2016 and January 1, 2016, respectively.

(2) Net of deferred income tax benefit of $8,849 and $2,959 as of March 31, 2016 and January 1, 2016, respectively.

(3) Net of deferred income tax benefit of $825 as of March 31, 2016.

(4) Net of deferred income tax (benefit) expense of $(9,929) and $4,039 for Other Comprehensive Income (Loss) before reclassification and amounts reclassified from Accumulated other comprehensive loss, net, respectively. See *Note 11. Derivative Financial Instruments*.

The Company records unrealized gains and losses related to its interest rate swaps net of estimated taxes in the Accumulated other comprehensive loss, net line item in the accompanying Consolidated Balance Sheets since it is more likely than not that the Company will be able to realize the benefits associated with its net deferred tax asset positions in the future. The amounts reclassified from Accumulated other comprehensive loss, net are recognized in the Cost of ATM operating revenues line item on the accompanying Consolidated Statements of Operations.

The Company has elected the portfolio approach for the deferred tax asset of the unrealized losses related to the interest rate swaps in the Accumulated other comprehensive loss, net line item on the accompanying Consolidated Balance Sheets. Under the portfolio approach, the disproportionate tax effect created when the valuation allowance was appropriately released as a tax benefit into continuing operations in 2010, will reverse out of other comprehensive income and into continuing operations as a tax expense when the Company ceases to hold any interest rate swaps. As of March 31, 2016, the disproportionate tax effect is approximately $14.4 million.

The Company currently believes that the unremitted earnings of its foreign subsidiaries will be reinvested for an indefinite period of time. Accordingly, no deferred taxes have been provided for the differences between the Company's book basis and underlying tax basis in these subsidiaries or on the foreign currency translation adjustment amounts.

(6) Intangible Assets

Intangible Assets with Indefinite Lives

The following table presents the net carrying amount of the Company's intangible assets with indefinite lives as well as the changes in the net carrying amounts for the three months ended March 31, 2016, by segment:

	Goodwill		
	North America [(1)]	Europe [(2)]	Total
	(In thousands)		
Balance as of January 1, 2016:			
Gross balance	$ 452,270	$ 146,669	$ 598,939
Accumulated impairment loss	—	(50,003)	(50,003)
	$ 452,270	$ 96,666	$ 548,936
Foreign currency translation adjustments	142	(2,686)	(2,544)
Balance as of March 31, 2016:			
Gross balance	$ 452,412	$ 143,983	$ 596,395
Accumulated impairment loss	—	(50,003)	(50,003)
	$ 452,412	$ 93,980	$ 546,392

(1) The North America segment is comprised of the Company's operations in the U.S., Canada, Mexico, and Puerto Rico.

(2) The Europe segment is comprised of the Company's operations in the U.K., Germany, and Poland.

	Trade Name: indefinite-lived			
	North America [(1)]	Europe [(2)]	Corporate & Other [(3)]	Total
	(In thousands)			
Balance as of January 1, 2016:	$ 200	$ 416	$ 1,700	$ 2,316
Reclassification to definite-lived trade name	—	—	(1,700)	(1,700)
Foreign currency translation adjustments	—	72	—	72
Balance as of March 31, 2016	$ 200	$ 488	$ —	$ 688

(1) The North America segment is comprised of the Company's operations in the U.S., Canada, Mexico, and Puerto Rico.

(2) The Europe segment is comprised of the Company's operations in the U.K., Germany, and Poland.

(3) The Corporate & Other segment is comprised of the Company's transaction processing activities and the Company's corporate general and administrative functions.

Intangible Assets with Definite Lives

The following is a summary of the Company's intangible assets that were subject to amortization:

	March 31, 2016			December 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
		(In thousands)			*(In thousands)*	
Customer and branding contracts/relationships	$349,055	$ (227,274)	$121,781	$350,211	$ (219,498)	$130,713
Deferred financing costs	2,896	(1,745)	1,151	2,896	(1,452)	1,444
Non-compete agreements	4,464	(4,031)	433	4,454	(3,935)	519
Technology	10,742	(4,189)	6,553	10,751	(3,750)	7,001
Trade name: definite-lived	13,109	(3,207)	9,902	11,646	(2,859)	8,787
Total	$380,266	$ (240,446)	$139,820	$379,958	$ (231,494)	$148,464

(7) Accrued Liabilities

The Company’s accrued liabilities consisted of the following:

	March 31, 2016	December 31, 2015
	(In thousands)	
Accrued merchant settlement	$ 59,587	$ 60,218
Accrued merchant fees	45,618	43,005
Accrued taxes	33,809	29,372
Accrued cash management fees	9,930	8,780
Accrued maintenance	9,805	8,012
Accrued compensation	7,043	15,929
Accrued processing costs	6,942	7,636
Accrued armored	6,490	5,922
Accrued purchases	5,570	7,222
Accrued interest	3,611	6,094
Accrued interest on interest rate swaps	2,491	2,708
Accrued telecommunications costs	2,227	1,772
Other accrued expenses	23,973	22,388
Total	$ 217,096	$ 219,058

(8) Long-Term Debt

The carrying value of the Company's long-term debt consisted of the following:

	March 31, 2016	December 31, 2015
	(In thousands)	
Revolving credit facility, including swingline credit facility (weighted average combined interest rate of 2.3% and 2.0% as of March 31, 2016 and December 31, 2015, respectively)	$ 60,149	$ 90,835
5.125% Senior notes due August 2022, net of capitalized debt issuance costs	246,887	246,742
1.00% Convertible senior notes due December 2020, net of unamortized discount and capitalized debt issuance costs	233,278	230,754
Total long-term debt	$ 540,314	$ 568,331

As indicated in *Note 1. General and Basis of Presentation*, the Company has adopted the new accounting guidance applicable to the classification of capitalized debt issuance costs and now presents these costs as a direct deduction from the carrying amount of the related debt liabilities. As a result the 5.125% senior notes due 2022 (the "2022 Notes") with a face value of $250.0 million are presented net of capitalized debt issuance costs of $3.1 million and $3.3 million as of March 31, 2016 and December 31, 2015, respectively. The Convertible Notes with a face value of $287.5 million are presented net of unamortized discount and capitalized debt issuance costs of $54.2 million and $56.7 million as of March 31, 2016 and December 31, 2015, respectively.

Revolving Credit Facility

On May 26, 2015, the Company entered into a second amendment (the "Second Amendment") to its amended and restated credit agreement (the "Credit Agreement"). The Credit Agreement provides for a $375.0 million revolving credit facility and includes an accordion feature that will allow the Company to increase the available borrowings under the revolving credit facility to $500.0 million, subject to the approval of one or more existing lenders or one or more lenders that become party to the Credit Agreement. Under the Second Amendment, a new $75.0 million tranche (the "European Commitments") was created under which Cardtronics Europe Limited ("Cardtronics Europe"), a subsidiary of the Company, can borrow directly from the existing lenders in different currencies. The Second Amendment provides for sub-limits under the European Commitments of $15.0 million for swingline loans and $15.0 million for letters of credit. In addition, the Second Amendment reduces the commitments of the lending parties to make loans to the Company (the "U.S. Commitments") from $375.0 million to $300.0 million and reduced the alternative currency sub-limit to $75.0 million, from $125.0 million under the Credit Agreement. The letter of credit sub-limit and the swingline sub-limit under the U.S. Commitments remain at $30.0 million and $25.0 million, respectively, under the Second Amendment. The Credit Agreement expires in April 2019.

Borrowings (not including swingline loans and alternative currency loans) under the revolving credit facility accrue interest at the Company's option at either the Alternate Base Rate (as defined in the Credit Agreement) or the Adjusted LIBO Rate (as defined in the Credit Agreement) plus a margin depending on the Company's most recent Total Net Leverage Ratio (as defined in the Credit Agreement). The margin for Alternative Base Rate loans varies between 0% and 1.25% and the margin for Adjusted LIBO Rate loans varies between 1.00% and 2.25%. Swingline loans denominated in U.S. dollars bear interest at the Alternate Base Rate plus a margin as described above and swingline loans denominated in alternative currencies bear interest at the Overnight LIBO Rate (as defined in the Credit Agreement) plus the applicable margin for the Adjusted LIBO Rate. The alternative currency loans bear interest at the Adjusted LIBO Rate for the relevant currency as described above. Substantially all of the Company's domestic assets, including the stock of its wholly-owned domestic subsidiaries and 66.0% of the stock of the Company's first-tier foreign subsidiaries, are pledged as collateral to secure borrowings made under the revolving credit facility. Furthermore, each of the Company's material wholly-owned domestic subsidiaries has guaranteed the full and punctual payment of the obligations under the revolving credit facility. The European Commitments are also secured by the assets of the Company's foreign subsidiaries, which do not guarantee the obligations of the Company's domestic subsidiaries. There are currently no restrictions on the ability of the Company's subsidiaries to declare and pay dividends to the Company.

The Credit Agreement contains representations, warranties and covenants that are customary for similar credit arrangements, including, among other things, covenants relating to: (i) financial reporting and notification, (ii) payment of obligations, (iii) compliance with applicable laws, and (iv) notification of certain events. Financial covenants in the Credit Agreement require the Company to maintain: (i) as of the last day of any fiscal quarter, a Senior Secured Net Leverage Ratio (as defined in the Credit Agreement) of no more than 2.25 to 1.00; (ii) as of the last day of any fiscal quarter, a Total Net Leverage Ratio of no more than 4.00 to 1.00; and (iii) as of the last day of any fiscal quarter, a Fixed Charge Coverage Ratio (as defined in the Credit Agreement) of no less than 1.50 to 1.0. Additionally, the Company is limited on the amount of restricted payments, including dividends, which it can make pursuant to the terms of the Credit Agreement; however, the Company may generally make restricted payments so long as no event of default exists at the time of such payment and the total net leverage ratio is less than 3.0 to 1.0 at the time such restricted payment is made.

As of March 31, 2016, the Company was in compliance with all applicable covenants and ratios under the Credit Agreement.

As of March 31, 2016, the Company's outstanding balance on the revolving credit facility was $60.1 million, of which $59.0 million was outstanding under the U.S. Commitments and $1.1 million was outstanding under the European Commitments. The available borrowing capacity under the revolving credit facility totaled $314.9 million, of which $241.0 million is available to the U.S. and $73.9 million is available to Cardtronics Europe.

$250.0 Million 5.125% Senior Notes Due 2022

On July 28, 2014, in a private placement offering, the Company issued $250.0 million in aggregate principal amount of the 2022 Notes pursuant to an indenture dated July 28, 2014 (the "Indenture") among the Company, its subsidiary guarantors (the "Guarantors") and Wells Fargo Bank, National Association, as trustee. Interest on the 2022 Notes is payable semi-annually in cash in arrears on February 1 and August 1 of each year, and commenced on February 1, 2015.

The 2022 Notes and Guarantees (as defined in the Indenture) rank: (i) equally in right of payment with all of the Company's and the Guarantors' existing and future senior indebtedness, (ii) effectively junior to secured debt to the extent of the collateral securing such debt, including debt under the Company's revolving credit facility, and (iii) structurally junior to existing and future indebtedness of the Company's non-guarantor subsidiaries. The 2022 Notes and Guarantees rank senior in right of payment to any of the Company's and the Guarantors' existing and future subordinated indebtedness.

The 2022 Notes contain covenants that, among other things, limit the Company's ability and the ability of certain of its restricted subsidiaries to incur or guarantee additional indebtedness, make certain investments or pay dividends or distributions on the Company's capital stock or repurchase capital stock or make certain other restricted payments, consolidate or merge with or into other companies, conduct asset sales, restrict dividends or other payments by restricted subsidiaries, engage in transactions with affiliates or related persons, and create liens.

Obligations under its 2022 Notes are fully and unconditionally and jointly and severally guaranteed on a senior unsecured basis by the Company's current 100% owned domestic subsidiaries and certain of the Company's future domestic subsidiaries, with the exception of the Company's immaterial subsidiaries. There are no significant restrictions on the ability of the Company to obtain funds from the Guarantors by dividend or loan. None of the Guarantors' assets represent restricted assets pursuant to Rule 4-08(e)(3) of Regulation S-X. The 2022 Notes include registration rights, and as required under the terms of the Notes, the Company completed an exchange offer for these Notes in June 2015 whereby participating holders received registered Notes.

The 2022 Notes are subject to certain automatic customary releases, including the sale, disposition, or transfer of the capital stock or substantially all of the assets of a Guarantor, designation of a Guarantor as unrestricted in accordance with the Indenture, exercise of the legal defeasance option or the covenant defeasance option, liquidation or dissolution of the Guarantor and a Guarantor ceasing to both guarantee other Company debt and to be an obligor under the revolving credit facility. The Guarantors may not sell or otherwise dispose of all or substantially all of their properties or assets to, or consolidate with or merge into, another company if such a sale would cause a default under the Indenture.

$287.5 Million 1.00% Convertible Senior Notes Due 2020 and Related Equity Instruments

On November 19, 2013, the Company issued the Convertible Notes at par value. The Company received $254.2 million in net proceeds from the offering after deducting underwriting fees paid to the initial purchasers and a repurchase of 665,994 shares of its outstanding common stock concurrent with the offering. The Company used a portion of the net proceeds from the offering to fund the net cost of the convertible note hedge transaction, as described below. The convertible note hedge and warrant transactions were entered into concurrent with the pricing of the Convertible Notes. The Company pays interest semi-annually (payable in arrears) on June 1st and December 1st of each year. Under U.S. GAAP, certain convertible debt instruments that may be settled in cash (or other assets) upon conversion are required to be separately accounted for as liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer's non-convertible debt borrowing rate. The Company, with assistance from a valuation professional, determined that the fair value of the debt component was $215.8 million and the fair value of the embedded option was $71.7 million as of the issuance date. The Company recognizes effective interest expense on the debt component and that interest expense effectively accretes the debt component to the total principal amount due at maturity of $287.5 million. The effective rate of interest to accrete the debt balance is approximately 5.26%, which corresponded to the Company's estimated conventional debt instrument borrowing rate at the date of issuance.

The Convertible Notes have an initial conversion price of $52.35 per share, which equals an initial conversion rate of 19.1022 shares of common stock per $1,000 principal amount of notes, for a total of approximately 5.5 million shares of our common stock initially underlying the debt. The conversion rate, however, is subject to adjustment under certain circumstances. Conversion can occur: (i) any time on or after September 1, 2020, (ii) after March 31, 2014, during any calendar quarter that follows a calendar quarter in which the price of the Company's common stock exceeds 135% of the conversion price for at least 20 days during the 30 consecutive trading-day period ending on the last trading day of the quarter, (iii) during the ten consecutive trading-day period following any five consecutive trading-day period in which the trading price of the Convertible Notes is less than 98% of the closing price of the Company's common stock multiplied by the applicable conversion rate on each such trading day, (iv) upon specified distributions to the Company's shareholders upon recapitalizations, reclassifications or changes in stock, and (v) upon a make-whole fundamental change. A fundamental change is defined as any one of the following: (i) any person or group that acquires 50.0% or more of the total voting power of all classes of common equity that is entitled to vote generally in the election of the Company's directors, (ii) the Company engages in any recapitalization, reclassification or changes of common stock as a result of which the common stock would be converted into or exchanged for, stock, other securities, or other assets or property, (iii) the Company engages in any share exchange, consolidation or merger where the common stock is converted into cash, securities or other property, (iv) the Company engages in any sales, lease or other transfer of all or substantially all of the consolidated assets, or (v) the Company's stock is not listed for trading on any U.S. national securities exchange.

As of March 31, 2016, none of the contingent conversion thresholds described above were met in order for the Convertible Notes to be convertible at the option of the note holders. As a result, the Convertible Notes have been classified in the Long-term debt line item on the Company's Consolidated Balance Sheets at March 31, 2016. In future financial reporting periods, the classification of the Convertible Notes may change depending on whether any of the above contingent criteria have been subsequently satisfied.

Upon conversion, holders of the Convertible Notes are entitled to receive cash, shares of the Company's common stock or a combination of cash and common stock, at the Company's election. In the event of a change in control, as defined in the indenture under which the Convertible Notes have been issued, holders can require the Company to purchase all or a portion of their Convertible Notes for 100% of the notes' par value plus any accrued and unpaid interest.

Interest expense related to the Convertible Notes consisted of the following:

	Three Months Ended March 31,	
	2016	2015
	(In thousands)	
Cash interest per contractual coupon rate	$ 719	$ 719
Amortization of note discount	2,374	2,253
Amortization of deferred financing costs	150	134
Total interest expense related to Convertible Notes	$ 3,243	$ 3,106

The carrying value of the Convertible Notes consisted of the following:

	March 31, 2016	December 31, 2015
	(In thousands)	
Principal balance	$ 287,500	$ 287,500
Unamortized discount and capitalized debt issuance costs	(54,222)	(56,746)
Net carrying amount of Convertible Notes	$ 233,278	$ 230,754

In connection with the issuance of the Convertible Notes, the Company entered into separate convertible note hedge and warrant transactions to reduce the potential dilutive impact upon the conversion of the Convertible Notes. The net effect of these transactions effectively raised the price at which dilution would occur from the $52.35 initial conversion price of the Convertible Notes to $73.29. Pursuant to the convertible note hedge, the Company purchased call options granting to the Company the right to acquire up to approximately 5.5 million shares of its common stock with an initial strike price of $52.35. The call options automatically become exercisable upon conversion of the Convertible Notes, and will terminate on the second scheduled trading day immediately preceding December 1, 2020. The Company also sold to the initial purchasers warrants to acquire up to approximately 5.5 million shares of its common stock with a strike price of $73.29. The warrants will expire incrementally on a series of expiration dates subsequent to the maturity date of the Convertible Notes through August 30, 2021. If the conversion price of the Convertible Notes remains between the strike prices of the call options and warrants, the Company's shareholders will not experience any dilution in connection with the conversion of the Convertible Notes; however, to the extent that the price of the Company's common stock exceeds the strike price of the warrants on any or all of the series of related expiration dates of the warrants, the Company would be required to issue additional shares of its common stock to the warrant holders. The amounts allocated to both the note hedge and warrants were recorded in Stockholders' equity, in the accompanying Consolidated Balance Sheets.

(9) Asset Retirement Obligations

Asset retirement obligations consist primarily of costs to deinstall the Company's ATMs and restore the ATM sites to their original condition, which are estimated based on current market rates. In most cases, the Company is contractually required to perform this deinstallation and in some cases, site restoration work. For each group of similar ATM type, the Company has recognized the estimated fair value of the asset retirement obligation as a liability on its balance sheet and capitalized that cost as part of the cost basis of the related asset. The related assets are depreciated on a straight-line basis over five years, which is the estimated average time period that an ATM is installed in a location before being deinstalled, and the related liabilities are accreted to their full value over the same period of time.

The following table presents a summary of the changes in the Company's asset retirement obligation liability for the three months ended March 31, 2016 (in thousands):

Balance as of January 1, 2016	$ 54,727
Additional obligations	1,006
Accretion expense	469
Payments	(751)
Foreign currency translation adjustments	(429)
Balance as of March 31, 2016	55,022
Less: current portion	3,013
Balance as of March 31, 2016, excluding current portion	$ 52,009

See *Note 12. Fair Value Measurements* for additional disclosures on the Company's asset retirement obligations with respect to its fair value measurements.

(10) Other Liabilities

The following is a summary of the components of the Company's other liabilities:

	March 31, 2016	December 31, 2015
	(In thousands)	
Current Portion of Other Long-Term Liabilities:		
Interest rate swaps	$ 24,001	$ 23,327
Obligations associated with acquired unfavorable contracts	545	656
Deferred revenue	1,321	2,313
Asset retirement obligations	3,013	3,042
Other	3,314	3,394
Total	$ 32,194	$ 32,732
Other Long-Term Liabilities:		
Interest rate swaps	$ 37,773	$ 21,872
Obligations associated with acquired unfavorable contracts	767	882
Deferred revenue	1,270	1,217
Other	6,709	6,686
Total	$ 46,519	$ 30,657

(11) Derivative Financial Instruments

Cash Flow Hedging Strategy

The Company is exposed to certain risks relating to its ongoing business operations, including interest rate risk associated with its vault cash rental obligations and, to a lesser extent, borrowings under its revolving credit facility. The Company is also exposed to foreign currency exchange rate risk with respect to its investments in its foreign subsidiaries. While the Company does not currently utilize derivative instruments to hedge its foreign currency exchange rate risk, it does utilize interest rate swap contracts to manage the interest rate risk associated with its vault cash rental obligations in the U.S. and the U.K. The Company does not utilize derivative instruments to manage the interest rate risk associated with borrowings outstanding under its revolving credit facility.

The interest rate swap contracts entered into with respect to the Company's vault cash rental obligations serve to mitigate the Company's exposure to interest rate risk by converting a portion of the Company's monthly floating rate vault cash rental obligations to a fixed rate. The Company has contracts in varying notional amounts through December 31, 2020 for the Company's U.S. and U.K. vault cash rental obligations. By converting such amounts to a fixed rate, the impact of future interest rate changes (both favorable and unfavorable) on the Company's monthly vault cash rental expense amounts has been reduced. The interest rate swap contracts typically involve the receipt of floating rate amounts from the Company's counterparties that match, in all material respects, the floating rate amounts required to be paid by the Company to its vault cash providers for the portions of the Company's outstanding vault cash obligations that have been hedged. In return, the Company typically pays the interest rate swap counterparties a fixed rate amount per month based on the same notional amounts outstanding. At no point is there an exchange of the underlying principal or notional amounts associated with the interest rate swaps. Additionally, none of the Company's existing interest rate swap contracts contain credit-risk-related contingent features.

For each derivative instrument that is designated and qualifies as a cash flow hedge (i.e., hedging the exposure to variability in expected future cash flows attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of Accumulated other comprehensive loss ("OCI") and reclassified into earnings in the same line item associated with the forecasted transaction and in the same period or periods during which the hedge transaction affects earnings. Gains and losses on the derivative instrument representing either hedge ineffectiveness or hedge components that are excluded from the assessment of effectiveness are recognized in earnings. However, because the Company currently only utilizes fixed-for-floating interest rate swaps in which the underlying pricing terms agree, in all material respects, with the pricing terms of the Company's vault cash rental obligations, the amount of ineffectiveness associated with such interest rate swap contracts has historically been immaterial. For derivative instruments not designated as hedging instruments, the gain or loss is recognized in the Consolidated Statements of Operations during the current period.

During the three months ended March 31, 2016, the Company entered into new forward-starting interest rate swap agreements with an aggregate notional amount of £550.0 million. These swap agreements begin on January 1, 2017, with £250.0 million terminating December 31, 2019 and £300.0 million terminating December 31, 2020. The notional amounts, weighted average fixed rates, and terms associated with the Company's interest rate swap contracts accounted for as cash flow hedges that are currently in place (as of the date of the issuance of these financial statements) are as follows:

Notional Amounts U.S.	Weighted Average Fixed Rate U.S.	Notional Amounts U.K.	Weighted Average Fixed Rate U.K.	Term
(In millions)		*(In millions)*		
$ 1,300	2.74 %	£ —	— %	April 1, 2016 – December 31, 2016
$ 1,000	2.53 %	£ 550	0.82 %	January 1, 2017 – December 31, 2017
$ 750	2.54 %	£ 550	0.82 %	January 1, 2018 – December 31, 2018
$ 600	2.42 %	£ 300	0.86 %	January 1, 2019 – December 31, 2019
$ 600	2.42 %	£ —	— %	January 1, 2020 – December 31, 2020

Accounting Policy

The Company recognizes all of its derivative instruments as either assets or liabilities in the accompanying Consolidated Balance Sheets at fair value. The accounting for changes in the fair value (i.e., gains or losses) of those derivative instruments depends on: (i) whether these instruments have been designated (and qualify) as part of a hedging relationship and (ii) the type of hedging relationship actually designated. For derivative instruments that are designated and qualify as hedging instruments, the Company designates the hedging instrument, based upon the exposure being hedged, as a cash flow hedge, a fair value hedge, or a hedge of a net investment in a foreign operation.

The Company has designated all of its interest rate swap contracts as cash flow hedges of the Company's forecasted vault cash rental obligations. Accordingly, changes in the fair values of the related interest rate swap contracts have been reported in the Accumulated other comprehensive loss, net line item in the accompanying Consolidated Balance Sheets.

The Company believes that it is more likely than not that it will be able to realize the benefits associated with its domestic net deferred tax asset positions in the future. Therefore, the Company records the unrealized losses related to its interest rate swaps net of estimated tax benefits in the Accumulated other comprehensive loss, net line item in the accompanying Consolidated Balance Sheets.

Tabular Disclosures

The following tables depict the effects of the use of the Company's derivative contracts on its accompanying Consolidated Balance Sheets and Consolidated Statements of Operations.

Balance Sheet Data

Liability Derivative Instruments	March 31, 2016 Balance Sheet Location	March 31, 2016 Fair Value	December 31, 2015 Balance Sheet Location	December 31, 2015 Fair Value
		(In thousands)		*(In thousands)*
Derivatives Designated as Hedging Instruments:				
Interest rate swap contracts	Current portion of other long-term liabilities	$ 24,001	Current portion of other long-term liabilities	$ 23,327
Interest rate swap contracts	Other long-term liabilities	37,773	Other long-term liabilities	21,872
Total Derivatives		$ 61,774		$ 45,199

Statements of Operations Data

Derivatives in Cash Flow Hedging Relationship	Three Months Ended March 31, Amount of Loss Recognized in OCI on Derivative Instruments (Effective Portion) 2016	2015	Location of Loss Reclassed from Accumulated OCI Into Income (Effective Portion)	Amount of Loss Reclassified from Accumulated OCI into Income (Effective Portion) 2016	2015
	(In thousands)			*(In thousands)*	
Interest rate swap contracts	$ (18,014)	$ (13,725)	Cost of ATM operating revenues	$ (7,328)	$ (8,571)

The Company does not currently have any derivative instruments that have been designated as fair value or net investment hedges. The Company has not historically, and does not currently anticipate terminating its existing derivative instruments prior to their expiration dates. If the Company concludes that it is no longer probable that the anticipated future vault cash rental obligations that have been hedged will occur, or if changes are made to the underlying terms and conditions of the Company's vault cash rental agreements, thus creating some amount of ineffectiveness associated with the Company's current interest rate swap contracts, any resulting gains or losses will be recognized within the Other (income) expense line item of the accompanying Consolidated Statements of Operations.

As of March 31, 2016, the Company expects to reclassify $24.0 million of net derivative-related losses contained within OCI into earnings during the next twelve months concurrent with the recording of the related vault cash rental expense amounts.

See *Note 12. Fair Value Measurements* for additional disclosures on the Company's interest rate swap contracts in respect to its fair value measurements.

(12) Fair Value Measurements

The following table provides the financial assets and liabilities carried at fair value measured on a recurring basis as of March 31, 2016 and December 31, 2015 using the fair value hierarchy prescribed by U.S. GAAP. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. Level 1 refers to fair values determined based on quoted prices in active markets for identical assets. Level 2 refers to fair values estimated using significant other observable inputs, and Level 3 includes fair values estimated using significant non-observable inputs. An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

	Fair Value Measurements at March 31, 2016			
	Total	Level 1	Level 2	Level 3
	(In thousands)			
Liabilities				
Liabilities associated with interest rate swaps	$ 61,774	$ —	$ 61,774	$ —

	Fair Value Measurements at December 31, 2015			
	Total	Level 1	Level 2	Level 3
	(In thousands)			
Liabilities				
Liabilities associated with interest rate swaps	$ 45,199	$ —	$ 45,199	$ —

Interest rate swaps. The fair value of the Company's interest rate swaps liability was $61.8 million as of March 31, 2016. These financial instruments are carried at fair value, calculated as the present value of amounts estimated to be received or paid to a marketplace participant in a selling transaction. These derivatives are valued using pricing models based on significant other observable inputs (Level 2 inputs), while taking into account the creditworthiness of the party that is in the liability position with respect to each trade. See *Note 11. Derivative Financial Instruments* for additional disclosures on the valuation process of this liability.

Below are descriptions of the Company's valuation methodologies for assets and liabilities measured at fair value. The methods described below may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Cash and cash equivalents, accounts and notes receivable, net of the allowance for doubtful accounts, prepaid expenses, deferred costs, and other current assets, accounts payable, accrued liabilities, and other current liabilities. These financial instruments are not carried at fair value, but are carried at amounts that approximate fair value due to their short-term nature and generally negligible credit risk.

Acquisition-related intangible assets. The estimated fair values of acquisition-related intangible assets are valued based on a discounted cash flows analysis using significant non-observable inputs (Level 3 inputs). The Company tests intangible assets for impairment on a quarterly basis by measuring the related carrying amounts against the estimated undiscounted future cash flows associated with the related contract or portfolio of contracts.

Long-term debt. The carrying amount of the long-term debt balance related to borrowings under the Company's revolving credit facility approximates fair value due to the fact that any borrowings are subject to short-term floating interest rates. As of March 31, 2016, the fair value of the Company's 2022 Notes and the Convertible Notes (see *Note 8. Long-Term Debt*) totaled $249.1 million and $278.8 million, respectively, based on the quoted prices in markets that are not active (Level 2 input) for these notes as of that date.

Additions to asset retirement obligation liability. The Company estimates the fair value of additions to its asset retirement obligation liability using expected future cash outflows discounted at the Company’s credit-adjusted risk-free interest rate. Liabilities added to the Asset retirement obligations line item in the accompanying Consolidated Balance Sheets are measured at fair value at the time of the asset installations using Level 3 inputs, and are only reevaluated periodically based on estimated current fair value. Amounts added to the asset retirement obligation liability during the three months ended March 31, 2016 and 2015 totaled $1.0 million and $2.0 million, respectively.

(13) Commitments and Contingencies

Legal Matters

The Company is subject to various legal proceedings and claims arising in the ordinary course of its business. The Company has provided reserves where necessary for all claims and the Company's management does not expect the outcome in any legal proceedings, individually or collectively, to have a material adverse impact on the Company's financial condition or results of operations. Additionally, the Company currently expenses all legal costs as they are incurred.

Other Commitments

Asset Retirement Obligations. The Company's asset retirement obligations consist primarily of deinstallation costs of the ATM and costs to restore the ATM site to its original condition. In most cases, the Company is legally required to perform this deinstallation and restoration work. The Company had $55.0 million accrued for these liabilities as of March 31, 2016. For additional information, see *Note 9. Asset Retirement Obligations*.

(14) Income Taxes

Income tax expense based on the Company's income before income taxes was as follows:

	Three Months Ended March 31,	
	2016	**2015**
	(In thousands, excluding percentages)	
Income tax expense	$ 7,955	$ 8,464
Effective tax rate	34.1 %	36.4 %

The decrease in the effective tax rate during the three months ended March 31, 2016 compared to the same period in 2015 is attributable to the change in the mix of earnings across jurisdictions.

The Company assesses deferred tax asset valuation allowances at the end of each reporting period. The determination of whether a valuation allowance for deferred tax assets is needed is subject to considerable judgment and requires an evaluation of all available positive and negative evidence. Based on the assessment at March 31, 2016, and the weight of all available evidence, the Company concluded that maintaining the deferred tax asset valuation allowance for certain entities was appropriate, as the Company currently believes that it is more likely than not that these tax assets will not be realized. However, with increased recent profitability and increasing visibility into projected profitability in the U.K., the Company believes it is possible that the valuation allowance associated with certain U.K. entities could be reduced or removed in future periods.

The deferred tax benefits associated with the Company's net unrealized gains and losses on derivative instruments and foreign currency translation adjustments have been reflected within the Accumulated other comprehensive loss, net line item in the accompanying Consolidated Balance Sheets.

As indicated in *Note 1. General and Basis of Presentation*, the Company adopted the new accounting guidance applicable to the balance sheet classification of deferred taxes, eliminating the requirement for organizations to present deferred tax liabilities and assets as current and noncurrent in a classified balance sheet. The adoption of this standard resulted in a decrease of $16.3 million in the Current deferred tax assets line item on the accompanying Consolidated Balance Sheets, an increase of $1.4 million in Noncurrent deferred tax assets line item on the accompanying Consolidated Balance Sheets, and a decrease of $14.9 million in Noncurrent deferred tax liabilities line item on the accompanying Consolidated Balance Sheets.

(15) Segment Information

As of March 31, 2016, the Company's operations consisted of its North America, Europe, and Corporate & Other segments. The Company's operations in the U.S., Canada, Mexico, and Puerto Rico are included in its North America segment. The Company’s operations in the U.K., Germany, and Poland are included in its Europe segment. The Company’s transaction processing operations, which service its North American and European operations along with external customers, are included with the Company’s corporate general and administrative functions as the Corporate & Other segment. In 2016, the Company reorganized and created the Corporate & Other segment to aggregate and isolate transaction processing from the regional ATM operations and present the corporate general and administrative functions separate from the North America segment. While both regional reporting segments provide similar kiosk-based and/or ATM-related services, each of the regional segments is managed separately and requires different marketing and business strategies. Similarly, the transaction processing and corporate general and administrative functions are also managed separately. Segment information presented for prior periods has been revised to reflect this change in segments.

Management uses Adjusted EBITDA and Adjusted EBITA along with U.S. GAAP-based measures, to assess the operating results and effectiveness of its segments. Management believes Adjusted EBITDA and Adjusted EBITA are useful measures because they allow management to more effectively evaluate operating performance and compare its results of operations from period to period without regard to financing method or capital structure. Additionally, Adjusted EBITDA and Adjusted EBITA do not reflect acquisition and divestiture-related expenses and the Company's obligations for the payment of income taxes, amortization expense, loss on disposal of assets, interest expense, certain other non-operating and nonrecurring items or other obligations such as capital expenditures. Additionally, Adjusted EBITDA excludes depreciation and accretion expense.

Adjusted EBITDA and Adjusted EBITA, as defined by the Company, may not be comparable to similarly titled measures employed by other companies and is not a measure of performance calculated in accordance with U.S. GAAP. In evaluating the Company's performance as measured by Adjusted EBITDA and Adjusted EBITA, management recognizes and considers the limitations of these measurements. Accordingly, Adjusted EBITDA and Adjusted EBITA are only two of the measurements that management utilizes. Therefore, Adjusted EBITDA and Adjusted EBITA should not be considered in isolation or as a substitute for operating income, net income, cash flows from operating, investing, and financing activities or other income or cash flow statement data prepared in accordance with U.S. GAAP.

Below is a reconciliation of Adjusted EBITDA and Adjusted EBITA to Net income attributable to controlling interests and available to common stockholders:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
	(In thousands)	
Adjusted EBITA	$ 50,481	$ 47,397
Add back:		
Depreciation and accretion expense [(1)]	22,669	20,055
Adjusted EBITDA	$ 73,150	$ 67,452
Less:		
Loss (gain) on disposal of assets	382	(533)
Other (income) expense	(555)	1,060
Noncontrolling interests [(2)]	(18)	(425)
Stock-based compensation expense [(3)]	3,168	4,197
Acquisition and divestiture-related expenses [(4)]	1,584	2,358
Redomicile-related expense [(5)]	6,036	—
EBITDA	$ 62,553	$ 60,795
Less:		
Interest expense, net, including amortization of deferred financing costs and note discount	7,274	7,489
Income tax expense	7,955	8,464
Depreciation and accretion expense	22,677	20,112
Amortization of intangible assets	9,263	9,497
Net income attributable to controlling interests and available to common stockholders	$ 15,384	$ 15,233

(1) Amounts exclude a portion of the expenses incurred by the Company’s Mexico subsidiary to account for the amounts allocable to the noncontrolling interest stockholders. In December 2015, the Company increased its ownership interest in its Mexico subsidiary.
(2) Noncontrolling interest adjustment made such that Adjusted EBITDA includes only the Company's ownership interest in the Adjusted EBITDA of its Mexico subsidiary. In December 2015, the Company increased its ownership interest in its Mexico subsidiary from 51.0% to 95.7%.
(3) For the three months ended March 31, 2015, amounts exclude a portion of the expenses incurred by the Company’s Mexico subsidiary to account for the amounts allocable to the noncontrolling interest stockholders.
(4) Acquisition and divestiture-related expenses include nonrecurring costs incurred for professional and legal fees and certain transition and integration-related costs, including employee-related severance costs.
(5) For the three months ended March 31, 2016, the Company incurred $6.0 million in expenses associated with its plan to redomicile to the U.K.

The following tables reflect certain financial information for each of the Company's reporting segments for the three months ended March 31, 2016 and 2015.

	Three Months Ended March 31, 2016				
	North America	Europe	Corporate & Other	Eliminations	Total
			(In thousands)		
Revenue from external customers	$210,092	$ 87,647	$ 5,508	$ —	$303,247
Intersegment revenues	—	333	5,630	(5,963)	—
Cost of revenues	136,138	57,865	7,833	(5,963)	195,873
Selling, general, and administrative expenses	15,207	9,144	13,048	—	37,399
Redomicile-related expense	—	12	6,024	—	6,036
Acquisition and divestiture-related expenses	523	566	495	—	1,584
Loss on disposal of assets	344	38	—	—	382
Adjusted EBITDA	58,756	20,976	(6,582)	—	73,150
Depreciation and accretion expense	11,996	9,096	1,585	—	22,677
Adjusted EBITA	46,758	11,880	(8,157)	—	50,481
Capital expenditures (1)	$ 7,461	$ 8,685	$ 305	$ —	$ 16,451

	Three Months Ended March 31, 2015				
	North America	Europe	Corporate & Other	Eliminations	Total
			(In thousands)		
Revenue from external customers	$196,277	$ 85,624	$ —	$ —	$281,901
Intersegment revenues	—	342	4,801	(5,143)	—
Cost of revenues	126,576	62,029	4,338	(5,143)	187,800
Selling, general, and administrative expenses	13,877	7,519	9,484	—	30,880
Acquisition and divestiture-related expenses	566	1,735	57	—	2,358
Loss (gain) on disposal of assets	1,052	(1,585)	—		(533)
Adjusted EBITDA	55,862	16,426	(4,836)	—	67,452
Depreciation and accretion expense	12,101	8,011	—	—	20,112
Adjusted EBITA	43,761	8,415	(4,779)	—	47,397
Capital expenditures (1)	$ 13,014	$ 18,664	$ —	$ —	$ 31,678

(1) Capital expenditure amounts include payments made for exclusive license agreements, site acquisition costs, and other intangible assets. Additionally, capital expenditure amounts for Mexico (included in the North America segment) are reflected gross of any noncontrolling interest amounts.

Identifiable Assets:

	March 31, 2016	December 31, 2015
	(In thousands)	
North America	$ 858,355	$ 884,509
Europe	371,172	382,920
Corporate & Other	57,649	52,506
Total	$ 1,287,176	$ 1,319,935

(16) Supplemental Guarantor Financial Information

The 2022 Notes are fully and unconditionally guaranteed, subject to certain customary release provisions, on a joint and several basis by certain wholly owned domestic subsidiaries. The guarantees of the 2022 Notes by any Guarantor are subject to automatic and customary releases upon: (i) the sale or disposition of all or substantially all of the assets of the Guarantor; (ii) the disposition of sufficient capital stock of the Guarantor so that it no longer qualifies under the Indenture as a restricted subsidiary of the Company; (iii) the designation of the Guarantor as unrestricted in accordance with the Indenture; (iv) the legal or covenant defeasance of the notes or the satisfaction and discharge of the Indenture; (v) the liquidation or dissolution of the Guarantor; or (vi) provided the Guarantor is not wholly owned by the Company, its ceasing to guarantee other debt of the Company or another Guarantor. A Guarantor may not sell or otherwise dispose of all or substantially all of its properties or assets to, or consolidate with or merge with or into, another company (other than the Company or another Guarantor), unless no default under the Indenture exists and either the successor to the Guarantor assumes its guarantee of the 2022 Notes or the disposition, consolidation, or merger complies with the “Asset Sales” covenant in the Indenture.

The following information sets forth the Condensed Consolidating Statements of Comprehensive Income and Condensed Consolidating Statement of Cash Flows for the three months ended March 31, 2016 and 2015 and the Condensed Consolidating Balance Sheets as of March 31, 2016 and December 31, 2015 of: (i) Cardtronics, Inc., the parent company and issuer of the 2022 Notes (“Parent”), (ii) the Guarantors, and (iii) the Non-Guarantors:

Condensed Consolidating Statements of Comprehensive Income

	Three Months Ended March 31, 2016				
	Parent	Guarantors	Non-Guarantors	Eliminations	Total
			(In thousands)		
Revenues	$ —	$211,975	$ 97,268	$ (5,996)	$303,247
Operating costs and expenses	7,502	183,643	88,065	(5,996)	273,214
(Loss) income from operations	(7,502)	28,332	9,203	—	30,033
Interest expense, net, including amortization of deferred financing costs and note discount	6,368	358	548	—	7,274
Equity in (earnings) losses of subsidiaries	(23,609)	3,825	—	19,784	—
Other (income) expense	(345)	(1,109)	899	—	(555)
Income before income taxes	10,084	25,258	7,756	(19,784)	23,314
Income tax (benefit) expense	(5,275)	11,466	1,764	—	7,955
Net income	15,359	13,792	5,992	(19,784)	15,359
Net loss attributable to noncontrolling interests	—	—	—	(25)	(25)
Net income attributable to controlling interests and available to common stockholders	15,359	13,792	5,992	(19,759)	15,384
Other comprehensive (loss) income attributable to controlling interests	(1,287)	(8,745)	2,513	(8,558)	(16,077)
Comprehensive income (loss) attributable to controlling interests	$ 14,072	$ 5,047	$ 8,505	$ (28,317)	$ (693)

	Three Months Ended March 31, 2015				
	Parent	Guarantors	Non-Guarantors	Eliminations	Total
			(In thousands)		
Revenues	$ —	$191,700	$ 95,371	$ (5,170)	$281,901
Operating costs and expenses	9,879	155,642	89,763	(5,170)	250,114
(Loss) income from operations	(9,879)	36,058	5,608	—	31,787
Interest expense, net, including amortization of deferred financing costs and note discount	5,271	1,747	471	—	7,489
Equity in (earnings) losses of subsidiaries	(35,637)	2,123	—	33,514	—
Other (income) expense	(3,215)	(767)	5,042	—	1,060
Income before income taxes	23,702	32,955	95	(33,514)	23,238
Income tax expense (benefit)	8,929	1,565	(2,030)	—	8,464
Net income	14,773	31,390	2,125	(33,514)	14,774
Net loss attributable to noncontrolling interests	—	—	—	(459)	(459)
Net income attributable to controlling interests and available to common stockholders	14,773	31,390	2,125	(33,055)	15,233
Other comprehensive income (loss) attributable to controlling interests	1,759	(8,146)	10,140	(19,886)	(16,133)
Comprehensive income (loss) attributable to controlling interests	$ 16,532	$ 23,244	$ 12,265	$ (52,941)	$ (900)

Condensed Consolidating Balance Sheets

	As of March 31, 2016				
	Parent	Guarantors	Non-Guarantors	Eliminations	Total
	(In thousands)				
Assets					
Cash and cash equivalents	$ 6	$ 9,605	$ 15,438	$ —	$ 25,049
Accounts and notes receivable, net	—	45,064	28,860	—	73,924
Other current assets	1,374	34,086	60,523	—	95,983
Total current assets	1,380	88,755	104,821	—	194,956
Property and equipment, net	—	228,855	140,177	—	369,032
Intangible assets, net	1,111	99,993	39,404	—	140,508
Goodwill	—	449,658	96,734	—	546,392
Investments in and advances to subsidiaries	524,174	284,151	—	(808,325)	—
Intercompany receivable	371,810	151,334	—	(523,144)	—
Deferred tax asset, net	—	1,948	11,351	—	13,299
Prepaid expenses, deferred costs, and other noncurrent assets	293	9,688	13,008	—	22,989
Total assets	$898,768	$1,314,382	$405,495	$(1,331,469)	$1,287,176
Liabilities and Stockholders' Equity					
Current portion of other long-term liabilities	—	30,281	1,913	—	32,194
Accounts payable and accrued liabilities	11,461	140,011	92,741	—	244,213
Total current liabilities	11,461	170,292	94,654	—	276,407
Long-term debt	518,780	—	21,534	—	540,314
Intercompany payable	—	297,292	225,852	(523,144)	—
Asset retirement obligations	—	25,770	26,239	—	52,009
Deferred tax liability, net	—	1,849	1,844	—	3,693
Other long-term liabilities	293	42,657	3,569	—	46,519
Total liabilities	530,534	537,860	373,692	(523,144)	918,942
Stockholders' equity	368,234	776,522	31,803	(808,325)	368,234
Total liabilities and stockholders' equity	$898,768	$1,314,382	$405,495	$(1,331,469)	$1,287,176

	As of December 31, 2015				
	Parent	Guarantors	Non-Guarantors	Eliminations	Total
			(In thousands)		
Assets					
Cash and cash equivalents	$ 782	$ 6,200	$ 19,315	$ —	$ 26,297
Accounts and notes receivable, net	—	41,809	30,200	—	72,009
Current portion of deferred tax asset, net	—	16,169	131	—	16,300
Other current assets	1,878	47,398	49,642	—	98,918
Total current assets	2,660	111,576	99,288	—	213,524
Property and equipment, net	—	231,970	143,912	(394)	375,488
Intangible assets, net	1,396	106,863	42,521	—	150,780
Goodwill	—	449,658	99,278	—	548,936
Investments in and advances to subsidiaries	628,651	284,153	—	(912,804)	—
Intercompany receivable	407,697	197,277	6,217	(611,191)	—
Deferred tax asset, net	—	—	11,950	—	11,950
Prepaid expenses, deferred costs, and other noncurrent assets	200	6,863	12,194	—	19,257
Total assets	$1,040,604	$1,388,360	$415,360	$(1,524,389)	$1,319,935
Liabilities and Stockholders' Equity					
Current portion of other long-term liabilities	—	30,552	2,180	—	32,732
Accounts payable and accrued liabilities	12,109	198,996	33,803	—	244,908
Total current liabilities	12,109	229,548	35,983	—	277,640
Long-term debt	548,496	—	19,835	—	568,331
Intercompany payable	110,006	236,283	264,902	(611,191)	—
Asset retirement obligations	—	25,360	26,325	—	51,685
Deferred tax liability, net	—	19,884	1,945	—	21,829
Other long-term liabilities	200	28,751	1,706	—	30,657
Total liabilities	670,811	539,826	350,696	(611,191)	950,142
Stockholders' equity	369,793	848,534	64,664	(913,198)	369,793
Total liabilities and stockholders' equity	$1,040,604	$1,388,360	$415,360	$(1,524,389)	$1,319,935

Condensed Consolidating Statement of Cash Flows

	Three Months Ended March 31, 2016				
	Parent	Guarantors	Non-Guarantors	Eliminations	Total
			(In thousands)		
Net cash provided by operating activities	$ 15,341	$ 14,553	$ 14,760	$ —	$ 44,654
Additions to property and equipment	—	(8,405)	(8,046)	—	(16,451)
Acquisitions, net of cash acquired	—	(2,743)	—	—	(2,743)
Proceeds from sale of assets and businesses	—	—	7,438	—	7,438
Net cash used in investing activities	—	(11,148)	(608)	—	(11,756)
Proceeds from borrowings under revolving credit facility	45,500	—	10,994	—	56,494
Repayments of borrowings under revolving credit facility	(57,500)	—	(28,918)	—	(86,418)
Proceeds from exercises of stock options	133	—	—	—	133
Additional tax expense related to stock-based compensation	(400)	—	—	—	(400)
Repurchase of capital stock	(3,850)	—	—	—	(3,850)
Net cash used in financing activities	(16,117)	—	(17,924)	—	(34,041)
Effect of exchange rate changes on cash	—	—	(105)	—	(105)
Net (decrease) increase in cash and cash equivalents	(776)	3,405	(3,877)	—	(1,248)
Cash and cash equivalents as of beginning of period	782	6,200	19,315	—	26,297
Cash and cash equivalents as of end of period	$ 6	$ 9,605	$ 15,438	$ —	$ 25,049

	Three Months Ended March 31, 2015				
	Parent	Guarantors	Non-Guarantors	Eliminations	Total
	(In thousands)				
Net cash provided by operating activities	$ 3,686	$ 5,396	$ 21,414	$ 376	$ 30,872
Additions to property and equipment	—	(12,354)	(18,948)	(376)	(31,678)
Acquisitions, net of cash acquired	—	—	(15,510)	—	(15,510)
Proceeds from sale of assets and businesses	—	—	7,376	—	7,376
Net cash used in investing activities	—	(12,354)	(27,082)	(376)	(39,812)
Proceeds from borrowings under revolving credit facility	113,400	—	—	—	113,400
Repayments of borrowings under revolving credit facility	(114,000)	—	(87)	—	(114,087)
Proceeds from exercises of stock options	448	—	—	—	448
Additional tax benefit related to stock-based compensation	416	—	—	—	416
Repurchase of capital stock	(3,946)	—	—	—	(3,946)
Net cash used in financing activities	(3,682)	—	(87)	—	(3,769)
Effect of exchange rate changes on cash	—	—	(1,971)	—	(1,971)
Net increase (decrease) in cash and cash equivalents	4	(6,958)	(7,726)	—	(14,680)
Cash and cash equivalents as of beginning of period	—	9,391	22,484	—	31,875
Cash and cash equivalents as of end of period	$ 4	$ 2,433	$ 14,758	$ —	$ 17,195

(17) Concentration Risk

Significant Customers. 7-Eleven, Inc. ("7-Eleven") in the U.S. represents the largest merchant customer in the Company's portfolio, and comprised approximately 18% and 17.5% of the Company's pro forma total revenues for the years ended December 31, 2015 and 2014, respectively. In July 2015, the Company received notification from 7-Eleven that they do not intend on renewing the ATM placement agreement with the Company upon expiration. The existing agreement between the Company and 7-Eleven remains in effect until mid-2017, and calls for a transition period that, at 7-Eleven's request, could extend the Company's contract in part for up to six months.

(18) New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the "FASB") issued FASB Accounting Standards Updates ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") 605, Revenue Recognition.

The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides a five-step process to achieve that core principle. ASU 2014-09 requires disclosures enabling users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required about contracts with customers, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract.

ASU 2014-09 was originally effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period, using one of two retrospective application methods. However, in July 2015, the FASB approved the deferral of the effective date of ASU 2015-09 to interim and annual periods beginning after December 15, 2017. Early application is not permitted. In May 2015, the FASB issued proposed amendments to clarify and simplify accounting for licenses of intellectual property and the identification of performance obligations. The Company is currently evaluating the provisions of this guidance and assessing its impact on the Company's financial statements and disclosures.

In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2016-08"): Principal versus Agent Considerations (Reporting Revenue Gross versus Net), which clarify the implementation guidance on principal versus agent considerations. ASU 2016-08 is effective for effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2017. Early application is permitted for annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is currently evaluating the provisions of this guidance and assessing its impact on the Company's financial statements and disclosures.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* (“ASU 2016-01”). ASU 2016-01 addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. This standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, and early adoption is not permitted. The Company is currently evaluating the impact that the standard will have on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (“ASU 2016-02”) in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under previous GAAP. ASU 2016-02 requires that a lessee should recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term on the balance sheet. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018 and interim periods within those periods using a modified retrospective approach and early adoption is permitted. The Company is currently evaluating the impact the standard will have on its consolidated financial statements.

Also in March 2016, the FASB issued ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting* (“ASU 2016-09”), which amends ASC *Topic 718, Compensation - Stock Compensation*. ASU 2016-09 is intended to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years and early adoption is permitted. The Company is currently evaluating the impact the standard will have on its consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, “*Inventory (Topic 330): Simplifying the Measurement of Inventory*” (“ASU 2015-11”). ASU 2015-11 applies to inventory that is measured using either the first-in, first-out or average cost methods and requires entities to measure their inventory at the lower of cost and net realizable value. ASU 2015-11 defines net realizable value as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. ASU 2015-11 is effective for annual periods beginning after December 15, 2016, and interim periods therein. The Company does not expect ASU 2015-11 to have a material effect on the Company’s results of operations.

See *Note 1. General and Basis of Presentation* for a discussion of the ASUs adopted this period.

(19) Subsequent Event

On April 27, 2016 the Company announced a plan to redomicile to the U.K., subject to stockholder approval. If approved by the stockholders, the Company currently anticipates that the change of jurisdiction of incorporation for its parent company will become effective early in the third quarter of 2016. Additional details of the Company’s plan to redomicile to the U.K., including the associated benefits and risks, can be found in other documents that have been, or will be filed, with the SEC.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements and information in this Form 10-Q may constitute “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words “project,” “believe,” “estimate,” “expect,” “future,” “anticipate,” “intend,” “contemplate,” “foresee,” “would,” “could,” “plan,” and similar expressions that are intended to identify forward-looking statements, which are generally not historical in nature. These forward-looking statements are based on management’s current expectations and beliefs concerning future developments and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that are anticipated. All comments concerning our expectations for future revenues and operating results are based on our estimates for its existing operations and do not include the potential impact of any future acquisitions. Our forward-looking statements involve significant risks and uncertainties (some of which are beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and present expectations or projections. Known material factors that could cause actual results to differ materially from those in the forward-looking statements include:

- our financial outlook and the financial outlook of the ATM industry and the continued usage of cash by consumers at rates near historical patterns;
- our ability to respond to recent and future network and regulatory changes, including forthcoming requirements surrounding Europay, MasterCard, and Visa (“EMV”) security standards;
- our ability to renew our existing customer relationships on comparable economic terms and add new customers;
- our ability to pursue and successfully integrate acquisitions;
- changes in interest rates and foreign currency rates;
- our ability to successfully manage our existing international operations and to continue to expand internationally;
- our ability to manage concentration risks with key customers, vendors and service providers;
- our ability to prevent thefts of cash;
- our ability to manage cybersecurity risks and prevent data breaches;
- our ability to respond to potential reductions in the amount of net interchange fees that we receive from global and regional debit networks for transactions conducted on our ATMs due to pricing changes implemented by those networks as well as changes in how issuers route their ATM transactions over those networks;
- our ability to provide new ATM solutions to retailers and financial institutions including placing additional banks’ brands on ATMs currently deployed;
- our ATM vault cash rental needs, including potential liquidity issues with our vault cash providers and our ability to continue to secure vault cash rental agreements in the future;
- our ability to manage the risks associated with our third-party service providers failing to perform their contractual obligations;
- our ability to successfully implement and evolve our corporate strategy;
- our ability to compete successfully with new and existing competitors;
- our ability to meet the service levels required by our service level agreements with our customers;
- the additional risks we are exposed to in our U.K. armored transport business;
- our ability to retain our key employees and maintain good relations with our employees.

For additional information regarding known material factors that could cause our actual results to differ from our projected results, please see: (i) *Part II. Other Information, Item 1A. Risk Factors* in this Form 10-Q and (ii) *Part I. Item 1A. Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2015 (as amended, the “2015 Form 10-K”).

Readers are cautioned not to place undue reliance on forward-looking statements contained in this document, which speak only as of the date of this Form 10-Q. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Cardtronics, Inc. provides convenient automated consumer financial services through its network of automated teller machines ("ATMs") and multi-function financial services kiosks. As of March 31, 2016, we were the world's largest retail ATM owner, providing services to approximately 195,000 devices throughout the United States (the "U.S.") (including the U.S. territory of Puerto Rico), the United Kingdom (the "U.K."), Germany, Poland, Canada, and Mexico. In the U.S., certain of our devices are multi-function financial services kiosks that, in addition to traditional ATM functions such as cash dispensing and bank account balance inquiries, perform other consumer financial services including bill payments, check cashing, remote deposit capture (which is deposit-taking at ATMs using electronic imaging), and money transfers. Included in the number of devices in our network as of March 31, 2016 were approximately 118,000 ATMs to which we provided processing only services or various forms of managed services solutions. Under a managed services arrangement, retailers, financial institutions, and ATM distributors rely on us to handle some or all of the operational aspects associated with operating and maintaining ATMs, typically in exchange for a monthly service fee, fee per transaction, or fee per service provided.

We often partner with large retail merchants of varying sizes under multi-year contracts to place our ATMs and kiosks within their store locations. In doing so, we provide our retail partners with a compelling automated financial services solution that helps attract and retain customers, and in turn, increases the likelihood that our devices will be utilized. We also own and operate electronic funds transfer ("EFT") transaction processing platforms that provide transaction processing services to our network of ATMs and financial services kiosks, as well as to other ATMs owned and operated by third parties.

We also own and operate the Allpoint network ("Allpoint"), the largest surcharge-free ATM network within the U.S. (based on the number of participating ATMs). Allpoint, which has approximately 55,000 participating ATMs, provides surcharge-free ATM access to customers of approximately 1,300 participating financial institutions that lack a significant ATM network in exchange for either a fixed monthly fee per cardholder or a set fee per transaction that is paid by the financial institutions who are members of the network. The Allpoint network includes a majority of our ATMs in the U.S. and a portion of our ATMs in the U.K., Canada, Puerto Rico, and Mexico. Allpoint also works with financial institutions that manage stored-value debit card programs on behalf of corporate entities and governmental agencies, including general purpose, payroll and electronic benefits transfer cards. Under these programs, the issuing financial institutions pay Allpoint a fee per issued stored-value card or per transaction in return for allowing the users of those cards surcharge-free access to Allpoint's participating ATM network.

For additional discussion of our operations and the manner in which we derive revenues, refer to our 2015 Form 10-K.

Strategic Outlook

Over the past several years, we have expanded our operations both domestically and internationally through acquisitions, continued to deploy ATMs in high-traffic locations under contracts with well-known retailers, expanded our relationships with leading financial institutions through growth of the Allpoint surcharge-free ATM network and bank-branding programs, and made strategic acquisitions and investments to expand new product offerings and capabilities of our ATMs.

We have completed several acquisitions since 2011, including the acquisitions of: (i) eight domestic ATM operators, expanding our fleet in both multi-unit regional retail chains and individual merchant ATM locations in the U.S., (ii) two Canadian ATM operators which allowed us to enter into and expand our international presence in Canada, (iii) Cardpoint Limited in August 2013, which further expanded our U.K. ATM operations and also allowed us to enter into the German market, and (iv) Sunwin Services Group ("Sunwin") in November of 2014, which further expanded our cash-in-transit and maintenance servicing capabilities in the U.K. and allowed us to acquire and operate ATMs located at the Co-operative ("Co-op") Food stores. In addition to ATM acquisitions, we have also made strategic acquisitions including: (i) LocatorSearch in August 2011, a domestic leading provider of location search technology deployed by financial institutions to help customers and members find the nearest, most appropriate and convenient ATM location based on the service they seek, (ii) i-design group plc ("i-design") in March 2013, which is a Scotland-based provider and developer of marketing and advertising software and services for ATM operators, and (iii) Columbus Data Services, L.L.C. ("CDS") in July 2015, a leading independent transaction processor for ATM deployers and payment card issuers, providing leading-edge solutions to ATM sales and service organizations and financial institutions

While we will continue to explore potential acquisition opportunities in the future as a way to grow our business, we also expect to continue to expand our ATM footprint organically and launch new products and services that will allow us to further leverage our existing ATM and financial services kiosk network. We see opportunities to expand our operations through the following efforts:

- increasing the number of deployed devices with existing as well as new merchant relationships;
- expanding our relationships with leading financial institutions;
- working with non-traditional financial institutions and card issuers to further leverage our extensive ATM and financial services kiosk network;
- increasing transaction levels at our existing locations;
- developing and providing additional services at our existing ATMs;
- pursuing additional managed services opportunities; and
- pursuing international growth opportunities.

For additional discussion of each of the strategic points above, see *Part I. Item1. Business - Our Strategy* in our 2015 Form 10-K.

Recent Events and Trends

Over the last several years, we have grown our business through a combination of organic growth and acquisitions. During the three months ended March 31, 2016, total revenues, on a constant-currency basis, grew by approximately 10% over the prior year, reflecting approximately 1% growth from acquisitions (net of recently divested businesses) and 9% from organic growth.

Withdrawal Transaction and Revenue Trends - U.S. Many banks are reducing the number of branches they operate to reduce their operating costs, giving rise to a desire for automated banking solutions, such as ATMs. Bank-branding of our ATMs and participation in our surcharge-free network allow financial institutions to rapidly increase and maintain surcharge-free ATM access for their customers at a substantially lower cost than building and maintaining their own ATM network. We also believe there is an opportunity for a large non-bank ATM and financial services kiosk operator such as ourselves, with lower costs and an established operating history, to contract with financial institutions and retailers to manage their ATM networks. Such an outsourcing arrangement could reduce a financial institution's operating costs while extending its customer service. Furthermore, we believe there are opportunities to provide selected services on an outsourced basis, such as transaction processing services, to other independent owners and operators of ATMs and financial services kiosks. These factors have led to an increase in bank-branding, participation in surcharge-free networks, and managed services arrangements, and we believe that there will be continued growth in such arrangements.

In 2014, we received notice from one of our largest branding partners, JPMorgan Chase & Co ("Chase"), of their intention not to renew or extend a number of ATM branding contracts with us. While this action had a moderately negative impact on 2015 results, we do not believe that it will have a long-term adverse impact on our financial results or our ability to continue offering bank-branding solutions to financial institutions. We have already reached agreements with several financial institutions and are in advanced discussions with multiple other financial institutions to replace the branding on a significant number of the ATMs previously branded by Chase.

Total same-store cash withdrawal transactions conducted on our U.S. ATMs, inclusive of the locations previously branded by Chase, decreased for the three months ended March 31, 2016 by 2%, compared to the prior year. The decline was due to a number of our ATMs having the Chase brand removed during 2015 and 2016. This debranding activity caused a shift in consumer behavior at some of our ATMs, as ATMs that were previously free-to-use to Chase cardholders, now charge convenience fees to those cardholders. Chase may also charge its customers an out of network fee, making the

ATM less attractive for Chase cardholders to use them. As we are able to partially offset the lost branding revenues from Chase with surcharge fees to their customers, our same-store revenues were up approximately 5% during the first quarter.

Excluding locations that were impacted by the Chase debranding activity, the remainder of our U.S. fleet produced same-store withdrawals that were up 3% for the three months ended March 31, 2016. Our same-store revenues for our U.S. ATMs were up almost 7% for the three months ended March 31, 2016, driven by new branding and re-branding of certain locations, incremental Allpoint related revenues, and rate increases at certain locations. Excluding ATM locations that have been recently debranded, we expect an approximately flat withdrawal transaction growth rate on a same-store basis on our domestic ATMs in the near-term.

In July 2015, we received notification from 7-Eleven Inc. ("7-Eleven") that they do not intend on renewing their ATM placement agreement in the U.S. with us upon expiration of the agreement in July 2017. 7-Eleven announced that it has selected a related entity of 7-Eleven's parent company as its next ATM provider. 7-Eleven in the U.S. represents the single largest merchant customer in our portfolio, and comprised approximately 18% of our pro forma total revenue for the year ended December 31, 2015. Our existing agreement with 7-Eleven remains in effect until July 2017. At this time, we do not expect a significant change in our revenues and earnings associated with this contract through July 2017 as a result of this notification.

Withdrawal Transaction and Revenue Trends - U.K. In recent periods, we have installed more free-to-use ATMs as compared to surcharging pay-to-use ATMs in the U.K., which is our largest operation in Europe, due in part to adding major corporate customers who tend to operate primarily in high traffic locations where free-to-use ATMs are more prevalent. Although we earn less revenue per cash withdrawal transaction on a free-to-use machine, the significantly higher volume of transactions conducted on free-to-use machines have generally translated into higher overall revenues. Our same-store withdrawal transactions have been slightly negative, approximately (-1% to -4%), in recent periods in the U.K. In the current quarter, our organic revenue growth rate in the U.K. was over 10% on a constant-currency basis, as we have been able to secure several ATM placement agreements with new and existing relationships and we also benefited from a higher interchange rate. Additionally, through our significant operating scale in this market, we have been able to grow our profit margins with the additional revenues from the expanded ATM estate.

Europay, MasterCard, Visa ("EMV") Standard in the U.S. The EMV standard provides for the security and processing of information contained on microchips embedded in certain debit and credit cards, known as "chip cards." This standard has already been adopted in the U.K., Germany, Poland, Mexico, and Canada, and our ATMs in those markets are in compliance. In the U.S., MasterCard Inc. ("MasterCard") has announced plans for a liability shift from the issuers of these cards to the party that has not made the investment in EMV equipment (acquirer) on various dates. Under this liability shift, transactions may still occur on a non-EMV-compliant ATM, but the operator of that ATM would be liable for any fraudulent transactions. MasterCard's liability shift on International Maestro (MasterCard) transactions occurred in April 2013, and while the majority of our U.S. ATMs are not currently EMV-compliant, to date, we have not experienced and do not expect this liability shift to have a significant impact on our business or results as International Maestro transactions currently comprise less than 1% of our U.S. transaction volume. As of the Maestro liability shift date of April 2013, we implemented additional fraud monitoring methods to minimize fraud losses. To date, we have seen minimal fraud losses from Maestro transactions in the U.S. MasterCard has also announced that liability shift for its domestic ATM transactions on EMV-issued cards will occur starting in October 2016. In February 2013, Visa Inc. ("Visa") announced plans for a liability shift to occur in October 2017 for all transaction types on domestic or international EMV-issued cards. At this time, neither MasterCard nor Visa are requiring mandatory upgrades to ATM equipment; however, all of our recent ATM deployments have been with ATMs that are EMV-ready, and we plan to upgrade the significant majority of our U.S. Company-owned fleet in advance of the October 2016 MasterCard liability shift date for domestic transactions. We are currently executing a plan whereby we are scheduled to visit the significant majority of our Company-owned ATMs over the next nine months to enable most of the U.S. fleet to be EMV-compliant and also enhance security and enable other features. During 2015, we procured the majority of the ATMs and upgrade kits required to enable EMV on our Company-owned fleet. The remaining capital cost required to enable the majority of our Company-owned ATM fleet to be EMV-compliant has been contemplated in our 2016 capital expenditure plan and is projected to be approximately $10 million to $15 million. Due to the significant operational challenges of enabling EMV and other hardware and software enhancements across the majority of our U.S. ATM fleet, which comprises many types and models of ATMs, along with potential compatibility issues with various software and processing platforms, we could experience increased downtime in our U.S.

fleet over the course of the next year. As a result of this potential downtime, we could suffer lost revenues or incur penalties with certain of our contracts. We also may incur increased charges from networks associated with actual or potentially fraudulent transactions and may also incur additional administrative overhead costs to support the handling of an increased volume of disputed transactions. We also may experience a higher rate of unit count or transaction attrition for our merchant-owned ATMs and ATMs for which we process transactions, as a result of this standard, as we may elect to entirely block certain ATMs or certain transaction types for merchant-owned ATMs that are not EMV-enabled in the future. However, we are currently offering programs to make EMV upgrades attractive to merchants that own their own ATMs. At this time, we do not expect the U.S. EMV standard, being driven by MasterCard- and Visa-announced liability shifts, to have a major impact on our operating results in 2016.

Financial Regulatory Reform in the U.K. and the E.U. In March 2013, the U.K. Treasury department issued a formal recommendation to further regulate the U.K. payments industry, including LINK, the nation's formal ATM scheme. In October 2013, the U.K. government responded by establishing the new Payment Systems Regulator ("PSR") to oversee any payment system operating in the U.K. and its participants. The PSR went live in April 2015 and to date there has been no significant immediate effect on us or our operations.

In July 2013, the European Commission put forward a new draft directive to regulate payment service providers operating in the E.U. ("PSD2"). Broadly, PSD2 sought to harmonize rules for the licensing of payment institutions and introduce certain common rules applicable to all Payment Service Providers ("PSPs") throughout the E.U. PSD2 set out the rights and obligations of payment service users and PSPs together with transparency and security requirements to facilitate safe, efficient payment transactions. PSD2 was finalized on October 8, 2015, carrying forward the exemption related to independent ATM operators that was present in the prior directive.

Capital Investments. We anticipate an elevated level of capital investment during 2016 to support the EMV requirements discussed above and other factors discussed in greater detail below, but we do not expect that this temporary increased level of capital investment will continue past 2016. We expect capital expenditures in 2016 to be similar to or slightly above what we invested during 2015. The higher levels of capital spending in 2016 are being driven by the upcoming EMV requirements, coupled with many other factors including: (i) our strategic initiatives to enhance the consumer experience at our ATMs and drive transaction growth, (ii) increased demand from merchants and financial institutions for multi-function ATMs, (iii) competition for new merchant and customer contracts and a significant number of long-term renewals of existing merchant contracts, (iv) certain software and hardware enhancements required to facilitate our strategic initiatives, enhance security, and to continue running supported versions, and (v) other compliance related matters. As a result of the increased capital investments being planned, we are working to optimize our existing assets, but it is possible that as a result of this activity we could incur some asset write-offs or impairments and increased depreciation expense as we seek to optimize our investments. However, we project, in many cases, that the long-term revenue benefits of the investments will drive increased profitability in future periods and allow us to expand our position as the leading ATM operator of non-bank branch locations.

Divestitures. On July 1, 2015, the Company completed the divestiture of its retail cash-in-transit operation in the U.K. This business was primarily engaged in the collection of cash from retail locations and was originally acquired through the Sunwin acquisition completed in November 2014. The Company recognized the divestiture proceeds at their estimated fair value of approximately $39 million in 2015. Of this amount approximately $31 million was collected during the year ended December 31, 2015, and the remainder was collected during the three months ended March 31, 2016. The net pre-tax gain of $16.6 million recognized on this transaction was recorded entirely in 2015. During the three months ended March 31, 2016, there were no further adjustments to the estimated fair value of the consideration or the cumulative net pre-tax gain. In the second half of 2015, we also recorded approximately $15.3 million in costs associated with the sale of the assets and costs to close facilities in the U.K. that were no longer profitable to operate as a result of the sale of the non-core retail cash-in-transit operation. During the three months ended March 31, 2016, we completed the exit plan and recognized additional employee severance costs of less than $1 million. These costs are recorded in the Acquisition and divestiture-related expense line item in the accompanying Consolidated Statements of Operations.

For additional discussion related to the acquisition and divestiture discussions above, see *Item 1. Financial Statements, Note 2. Acquisitions and Divestitures*.

Factors Impacting Comparability Between Periods

- *Foreign Currency Exchange Rates*. Our reported financial results are subject to fluctuations in exchange rates. We estimate that the year-over-year strengthening in the U.S. dollar relative to the currencies in the foreign markets in which we operated caused our reported revenues to be lower by approximately $6.2 million, or 2.1%, for the three months ended March 31, 2016. As the U.S. dollar has continued to generally gain strength relative to the foreign currencies where we operate our international businesses, we expect that the remainder of our 2016 results may also be somewhat adversely impacted.

- *Acquisitions and Divestitures*. The results of operations for any acquired entities during a particular year have been included in our consolidated results for that year since the respective dates of acquisition. Similarly, the results of operations for any divested operations have been excluded from our consolidated results since the dates of divestiture. We do not believe these effects are material in the periods presented.

Results of Operations

The following table sets forth line items from our Consolidated Statements of Operations as a percentage of total revenues for the periods indicated. Percentages may not add due to rounding.

	Three Months Ended March 31,	
	2016	2015
Revenues:		
ATM operating revenues	96.3 %	92.2 %
ATM product sales and other revenues	3.7	7.8
Total revenues	100.0	100.0
Cost of revenues:		
Cost of ATM operating revenues (excludes depreciation, accretion, and amortization of intangible assets shown separately below) (1)	61.3	59.8
Cost of ATM product sales and other revenues	3.3	6.8
Total cost of revenues	64.6	66.6
Gross profit	35.4	33.4
Operating expenses:		
Selling, general, and administrative expenses (2)	12.3	11.0
Redomicile-related expense (3)	2.0	—
Acquisition and divestiture-related expenses	0.5	0.8
Depreciation and accretion expense	7.5	7.1
Amortization of intangible assets	3.1	3.4
Loss (gain) on disposal of assets	0.1	(0.2)
Total operating expenses	25.5	22.1
Income from operations	9.9	11.3
Other expense:		
Interest expense, net	1.5	1.7
Amortization of deferred financing costs and note discount	0.9	1.0
Other (income) expense	(0.2)	0.4
Total other expense	2.2	3.0
Income before income taxes	7.7	8.2
Income tax expense	2.6	3.0
Net income	5.1	5.2
Net loss attributable to noncontrolling interests	—	(0.2)
Net income attributable to controlling interests and available to common stockholders	5.1 %	5.4 %

(1) Excludes effects of depreciation, accretion, and amortization of intangible assets of $27.4 million and $24.9 million for the three months ended March 31, 2016 and 2015, respectively. The inclusion of this depreciation, accretion, and amortization of intangible assets in Cost of ATM operating revenues would have increased our Cost of ATM operating revenues as a percentage of total revenues by 9.0% and 8.8% for the three months ended March 31, 2016 and 2015, respectively.

(2) Includes stock-based compensation expense of $3.1 million and $3.9 million for the three months ended March 31, 2016 and 2015, respectively.

(3) For the three months ended March 31, 2016, we incurred $6.0 million in expenses associated with our plan to redomicile to the U.K.

Key Operating Metrics

We rely on certain key measures to gauge our operating performance, including total transactions, total cash withdrawal transactions, ATM operating revenues per ATM per month, and ATM operating gross profit margin. The following table sets forth information regarding certain of these key measures for the periods indicated, including the effect of the acquisitions.

	Three Months Ended March 31, 2016	% Change	Three Months Ended March 31, 2015
Average number of transacting ATMs:			
United States: Company-owned	39,295		38,055
United Kingdom	15,808		13,731
Mexico	1,391		1,746
Canada	1,853		1,574
Germany and Poland	1,127		927
Subtotal	59,474		56,033
United States: Merchant-owned (1)	17,455		21,002
Average number of transacting ATMs – ATM operations	76,929		77,035
Managed Services and Processing			
United States: Managed services – Turnkey	2,204		2,168
United States: Managed services – Processing Plus and Processing operations, net (2)	110,925		30,432
Canada: Managed services	1,524		920
Average number of transacting ATMs – Managed services and processing	114,653		33,520
Total average number of transacting ATMs	191,582		110,555
Total transactions *(in thousands)*:			
ATM operations	313,131		278,358
Managed services and processing, net (2)	170,879		33,270
Total transactions	484,010		311,628
Cash withdrawal transactions *(in thousands)*:			
ATM operations	192,086		169,469
Per ATM per month amounts (excludes managed services and processing):		**% Change**	
Cash withdrawal transactions	832	*13.5%*	733
ATM operating revenues	$ 1,216	*10.1%*	$ 1,104
Cost of ATM operating revenues (3)	790	*9.1%*	724
ATM operating gross profit (3) (4)	$ 426	*12.1%*	$ 380
ATM operating gross profit margin (3) (4)	35.0 %		34.4 %

(1) Certain ATMs previously reported in this category are now included in the United States: Managed services – Processing Plus and Processing, net category below.
(2) The notable increase in the United States: Managed services – Processing Plus and Processing operations, net category is primarily attributable to the July 1, 2015 acquisition of CDS and the incremental number of transacting ATMs for which CDS provides processing services.
(3) Amounts presented exclude the effect of depreciation, accretion, and amortization of intangible assets, which is presented separately in our Consolidated Statements of Operations.
(4) Revenues and expenses relating to managed services, processing, ATM equipment sales, and other ATM-related services are not included in this calculation.

Revenues

	Three Months Ended March 31, 2016	2015	% Change
	(In thousands)		
ATM operating revenues			
North America	$ 200,454	$ 188,243	6.5 %
Europe	86,585	72,122	20.1
Corporate & Other	11,012	4,801	129.4
Eliminations	(5,963)	(5,143)	15.9
Total ATM operating revenues	292,088	260,023	12.3
ATM product sales and other revenues			
North America	9,638	8,034	20.0
Europe	1,395	13,844	(89.9)
Corporate & Other	126	—	n/m
Total ATM product sales and other revenues	11,159	21,878	(49.0)
Total revenues	$ 303,247	$ 281,901	7.6 %

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015

ATM operating revenues. ATM operating revenues generated during the three months ended March 31, 2016 increased $32.1 million, or 12.3%, from the three months ended March 31, 2015. The following table presents the detail, by segment, of the changes in the various components of ATM operating revenues:

	Three Months Ended March 31, 2016	2015	Change	% Change
	(In thousands)			
North America				
Surcharge revenues	$ 92,945	$ 86,975	$ 5,970	6.9 %
Interchange revenues	46,704	45,842	862	1.9
Bank-branding and surcharge-free network revenues	47,209	41,884	5,325	12.7
Managed services revenues	8,839	8,428	411	4.9
Other revenues	4,757	5,114	(357)	(7.0)
Total ATM operating revenues	200,454	188,243	12,211	6.5
Europe				
Surcharge revenues	23,901	23,458	443	1.9
Interchange revenues	60,326	46,816	13,510	28.9
Other revenues	2,358	1,848	510	27.6
Total ATM operating revenues	86,585	72,122	14,463	20.1
Corporate & Other				
Other revenues	11,012	4,801	6,211	129.4
Total ATM operating revenues	11,012	4,801	6,211	129.4
Eliminations	(5,963)	(5,143)	(820)	15.9
Total ATM operating revenues	$292,088	$260,023	$ 32,065	12.3 %

North America. For the three months ended March 31, 2016, ATM operating revenues in our North American operations, which include our operations in the U.S., Canada, Mexico, and Puerto Rico, increased $12.2 million, or 6.5%, compared to the same period in 2015. This increase was primarily driven by the U.S. and (i) increased surcharge and interchange revenues resulting from a higher withdrawal transaction count, (ii) slightly higher per transaction surcharge and interchange rates, and (iii) an increase in bank branding and surcharge-free network revenues resulting from the continued growth of participating banks and other financial institutions in our bank branding program and our Allpoint network. Our Canadian operations also contributed revenue growth, with an increase in the number of transacting ATMs and the related transactions. The growth in our Canada operation was partially offset by a decline in Mexico, primarily driven by a lower ATM count.

Europe. For the three months ended March 31, 2016, ATM operating revenues in our European operations, which include our operations in the U.K., Germany, and Poland, increased $14.5 million, or 20.1%, compared to the same period in 2015. The ATM operating revenues for the three months ended March 31, 2016 would have been higher by $4.9 million, or an additional 5.6%, absent adverse foreign currency exchange rate movements from the prior year. The majority of the increase is attributable to organic ATM operating revenue growth , driven by an increase in the number of transacting ATMs and from recent ATM placements with new merchants. The remainder of the increase is attributable to the acquisition of a new ATM placement agreement with Co-op Food that commenced in November 2014 and began operating during the first three months of 2015. For additional information relating to our constant-currency calculations, see the *Non-GAAP Financial Measures* section that follows.

Corporate & Other. For the three months ended March 31, 2016, ATM operating revenues in our Corporate & Other segment, which include our transaction processing businesses and corporate functions, increased $6.2 million, compared to the same period in 2015. The CDS acquisition completed during the third quarter of 2015 accounted for the majority of the increase.

ATM product sales and other revenues. For the three months ended March 31, 2016, ATM product sales and other revenues decreased $10.7 million compared to the same period in 2015. This decrease was primarily attributable to our 2015 divestiture of certain U.K. non-core operations which were acquired as part of the Sunwin acquisition in 2014. The impact of the Sunwin divestiture was partially offset by higher ATM product sales in the U.S. to merchants and distributors.

Cost of Revenues

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	% Change
	(In thousands)		
Cost of ATM operating revenues (1)			
North America	$ 126,967	$ 119,050	6.7 %
Europe	57,224	50,263	13.8
Corporate & Other	7,712	4,338	77.8
Eliminations	(5,963)	(5,143)	15.9
Total cost of ATM operating revenues	185,940	168,508	10.3
Cost of ATM product sales and other revenues			
North America	9,171	7,526	21.9
Europe	641	11,766	(94.6)
Corporate & Other	121	—	n/m
Total cost of ATM product sales and other revenues	9,933	19,292	(48.5)
Total cost of revenues (1)	$ 195,873	$ 187,800	4.3 %

(1) Exclusive of depreciation, accretion, and amortization of intangible assets.

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015

Cost of ATM operating revenues (exclusive of depreciation, accretion, and amortization of intangible assets). Cost of ATM operating revenues (exclusive of depreciation, accretion, and amortization of intangibles assets) for the three months ended March 31, 2016 increased $17.4 million, or 10.3%, compared to the same period in 2015. The following table presents the detail, by segment, of changes in the various components of the cost of ATM operating revenues (exclusive of depreciation, accretion, and amortization of intangible assets):

	Three Months Ended March 31,			
	2016	2015	Change	% Change
	(In thousands)			
Cost of ATM operating revenues				
North America				
Merchant commissions	$ 64,452	$ 58,932	$ 5,520	9.4 %
Vault cash rental	14,201	14,189	12	0.1
Other costs of cash	15,252	14,124	1,128	8.0
Repairs and maintenance	12,994	12,601	393	3.1
Communications	5,220	4,718	502	10.6
Transaction processing	4,799	4,845	(46)	(0.9)
Employee costs	4,776	4,363	413	9.5
Other expenses	5,273	5,278	(5)	(0.1)
Total cost of ATM operating revenues	126,967	119,050	7,917	6.7
Europe				
Merchant commissions	23,943	20,417	3,526	17.3
Vault cash rental	3,072	2,586	486	18.8
Other costs of cash	5,017	4,000	1,017	25.4
Repairs and maintenance	4,309	4,898	(589)	(12.0)
Communications	2,427	2,566	(139)	(5.4)
Transaction processing	4,314	3,698	616	16.7
Employee costs	10,303	5,627	4,676	83.1
Other expenses	3,839	6,471	(2,632)	(40.7)
Total cost of ATM operating revenues	57,224	50,263	6,961	13.8
Corporate & Other				
Stock-based compensation	117	336	(219)	(65.2)
Employee costs	2,527	1,439	1,088	75.6
Other expenses	5,068	2,563	2,505	97.7
Total cost of ATM operating revenues	7,712	4,338	3,374	77.8
Eliminations	(5,963)	(5,143)	(820)	15.9
Total cost of ATM operating revenues	$185,940	$168,508	$ 17,432	10.3 %

North America. For the three months ended March 31, 2016, our cost of ATM operating revenues (exclusive of depreciation, accretion, and amortization of intangible assets) increased $7.9 million, or 6.7%, compared to the same period in 2015. The increase was primarily driven by organic revenue growth resulting from ATM unit growth and higher transaction volumes compared to the prior year.

Europe. For the three months ended March 31, 2016, our cost of ATM operating revenues (exclusive of depreciation, accretion, and amortization of intangibles assets) increased $7.0 million, or 13.8%, compared to the same period in 2015. The increase was primarily driven by the acquisition of the ATM placement agreement with Co-op Food and the costs associated with operating these ATMs as we commenced operating them throughout the first few months of 2015.

Corporate & Other. For the three months ended March 31, 2016, our cost of ATM operating revenues (exclusive of depreciation, accretion, and amortization of intangibles assets) increased $3.4 million compared to the same period in

2015. Costs associated with the CDS business acquired in July 2015 accounted for the majority of the increase during the period.

Cost of ATM product sales and other revenues. For the three months ended March 31, 2016, our cost of ATM product sales and other revenues decreased $9.4 million compared to the same period in 2015. This decrease is consistent with the decrease in related revenues, as discussed above, and is primarily related to our divestiture of certain non-core operations in the U.K. in 2015.

Gross Profit Margin

	Three Months Ended March 31,	
	2016	2015
ATM operating gross profit margin:		
Exclusive of depreciation, accretion, and amortization of intangible assets	36.3 %	35.2 %
Inclusive of depreciation, accretion, and amortization of intangible assets	27.0 %	25.6 %
ATM product sales and other revenues gross profit margin	11.0 %	11.8 %
Total gross profit margin:		
Exclusive of depreciation, accretion, and amortization of intangible assets.	35.4 %	33.4 %
Inclusive of depreciation, accretion, and amortization of intangible assets	26.4 %	24.6 %

ATM operating gross profit margin. For the three months ended March 31, 2016, our ATM operating gross profit margin exclusive of depreciation, accretion, and amortization of intangible assets increased by 110 basis points compared to the same period in 2015. The margin increase is primarily the result of our revenue growth.

ATM product sales and other revenues gross profit margin. For the three months ended March 31, 2016, our gross profit margin on ATM product sales and other revenues decreased by 80 basis points compared to the same period in 2015. This decrease is primarily as a result of the divestiture of certain U.K. non-core operations in 2015, which generated higher gross profit margins than our U.S. ATM product sales, which makes up the majority of the result in this category in the current period.

Selling, General, and Administrative Expenses

	Three Months Ended March 31,		
	2016	2015	% Change
	(In thousands)		
Selling, general, and administrative expenses	$ 34,348	$ 27,013	27.2 %
Stock-based compensation	3,051	3,867	(21.1)
Total selling, general, and administrative expenses	$ 37,399	$ 30,880	21.1 %
Percentage of total revenues:			
Selling, general, and administrative expenses	11.3 %	9.6 %	
Stock-based compensation	1.0 %	1.4 %	
Total selling, general, and administrative expenses	12.3 %	11.0 %	

Selling, general, and administrative expenses ("SG&A expenses"), excluding stock-based compensation. For the three months ended March 31, 2016, SG&A expenses, excluding stock-based compensation, increased $7.3 million, or 27.2%, compared to the same period in 2015. This increase was due to the following: (i) higher payroll-related costs compared to the same period in 2015 due to increased headcount, including employees added from our acquisitions completed during 2015, (ii) higher legal and professional expenses, primarily associated with business growth initiatives, and (iii) increased costs related to strengthening our information technology and product development organizations.

Stock-based compensation. For the three months ended March 31, 2016, stock-based compensation decreased

$0.8 million, or 21.1%, compared to the same period in 2015. This decrease was primarily attributable to the timing and amounts of grants made during the preceding periods and adjustments in forfeitures in the 2015 period. For additional details on equity awards, see *Item 1. Financial Statements, Note 3. Stock-Based Compensation*.

Selling, General, & Administrative – Redomicile-related Expense

	Three Months Ended March 31, 2016	2015	% Change
	(In thousands)		
Redomicile-related expense	$ 6,036	$ —	n/m %
Percentage of total revenues	2.0 %	— %	

Redomicile-related expense. Consistent with the presentation in our Consolidated Statements of Operations, we have presented Redomicile-related expense separately. These costs consist primarily of professional services associated with our plan to relocate our parent company to the U.K.

Selling, General, and Administrative – Acquisition and Divestiture-related Expenses

	Three Months Ended March 31, 2016	2015	% Change
	(In thousands)		
Acquisition and divestiture-related expenses	$ 1,584	$ 2,358	(32.8)%
Percentage of total revenues	0.5 %	0.8 %	

Acquisition and divestiture-related expenses. Acquisition and divestiture-related expenses consist of the following major components: (i) legal and professional costs incurred to complete acquisitions, (ii) certain nonrecurring integration and transition and integration-related costs, (iii) contract termination and facility exit costs for certain acquired businesses, (iv) employee-related severance costs, and (v) other costs.

For the three months ended March 31, 2016, acquisition and divestiture-related expenses decreased $0.8 million, or 32.8%, compared to the same period in 2015. This decrease is driven by higher transition costs in the prior year, related to our late 2014 acquisitions of Welch ATM and Sunwin.

Depreciation and Accretion Expense

	Three Months Ended March 31, 2016	2015	% Change
	(In thousands)		
Depreciation expense	$ 22,208	$ 19,582	13.4 %
Accretion expense	469	530	(11.5)
Depreciation and accretion expense	$ 22,677	$ 20,112	12.8 %
Percentage of total revenues:			
Depreciation expense	7.3 %	6.9 %	
Accretion expense	0.2 %	0.2 %	
Depreciation and accretion expense	7.5 %	7.1 %	

Depreciation expense. For the three months ended March 31, 2016, depreciation expense increased $2.6 million, or 13.4%, compared to the same period in 2015. This increase was primarily a result of increased depreciation expense associated with assets obtained from acquisitions during 2015 and the deployment of new and replacement Company-owned ATMs in recent years.

Amortization of Intangible Assets

	Three Months Ended March 31,		
	2016	2015	% Change
	(In thousands)		
Amortization of intangible assets	$ 9,263	$ 9,497	(2.5)%
Percentage of total revenues	3.1 %	3.4 %	

Amortization of intangible assets. Amortization of intangible assets relates primarily to merchant contracts and relationships recorded in connection with purchase price accounting valuations for completed acquisitions. The decrease in amortization of intangible assets of $0.2 million, or 2.5%, for the three months ended March 31, 2016 compared to the same period in 2015 was primarily due to a minor change in purchase accounting allocation related to our Sunwin acquisition.

Interest Expense, Net

	Three Months Ended March 31,		
	2016	2015	% Change
	(In thousands)		
Interest expense, net	$ 4,492	$ 4,710	(4.6)%
Amortization of deferred financing costs and note discount	2,782	2,779	0.1
Total interest expense, net	$ 7,274	$ 7,489	(2.9)%
Percentage of total revenues	2.4 %	2.7 %	

Interest expense, net. For the three months ended March 31, 2016, interest expense, net, decreased $0.2 million, or 4.6%, compared to the same period in 2015. This decrease was primarily attributable to a decrease in the average outstanding balance under our revolving credit facility. For additional details, see *Item 1. Financial Statements, Note 8. Long-Term Debt.*

Amortization of deferred financing costs and note discount. For the three months ended March 31, 2016, amortization of deferred financing costs and note discount were consistent with the same period in 2015.

Income Tax Expense

	Three Months Ended March 31,		
	2016	2015	% Change
	(In thousands)		
Income tax expense	$ 7,955	$ 8,464	(6.0)%
Effective tax rate	34.1 %	36.4 %	

The decrease in the effective tax rate during the three months ended March 31, 2016 compared to the same period in 2015 is attributable to the change in the mix of earnings across jurisdictions.

Non-GAAP Financial Measures

Included below are certain non-GAAP financial measures that we use to evaluate the performance of our business. We believe that the presentation of these measures and the identification of unusual or certain nonrecurring adjustments and non-cash items enhance an investor's understanding of the underlying trends in our business and provide for better comparability between periods in different years. EBITDA, Adjusted EBITDA, Adjusted EBITA, Adjusted Net Income, Free Cash Flow, and Revenue and Expense on a constant-currency basis are non-GAAP financial measures provided as a complement to results prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP") and may not be comparable to similarly-titled measures reported by other companies.

Adjusted EBITDA excludes depreciation, accretion, and amortization of intangible assets as these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures, and the method by which the assets were acquired. Adjusted EBITDA also excludes stock-based compensation, acquisition and divestiture-related expenses, certain other non-operating and nonrecurring items, gains or losses on disposal of assets, our obligations for the payment of income taxes, interest expense and other obligations such as capital expenditures, and includes an adjustment for noncontrolling interests. Adjusted Net Income represents net income computed in accordance with U.S. GAAP, before amortization of intangible assets, gains or losses on disposal of assets, stock-based compensation expense, certain other (income) expense amounts, nonrecurring expenses, and acquisition and divestiture-related expenses, and using an assumed tax rate of 32.0% for the three months ended March 31, 2016 and 2015, with certain adjustments for noncontrolling interests. Adjusted EBITDA % is calculated by taking Adjusted EBITDA over U.S. GAAP total revenues. Adjusted Net Income per diluted share is calculated by dividing Adjusted Net Income by weighted average diluted shares outstanding. Free Cash Flow is defined as cash provided by operating activities less payments for capital expenditures, including those financed through direct debt but excluding acquisitions. The Free Cash Flow measure does not take into consideration certain other non-discretionary cash requirements such as, for example, mandatory principal payments on portions of our long-term debt. Management calculates Revenue and Expense on a constant-currency basis by using the average foreign exchange rates applicable in the corresponding period of the previous year and applying these rates to foreign-denominated revenue or expense of the current period. The difference between revenue and expense calculated based on these foreign exchange rates and revenue and expense calculated in accordance with U.S. GAAP is referred to as the foreign exchange impact on revenue. Management uses Revenue and Expense on a constant-currency basis to eliminate the effect foreign currency has on comparability between periods.

The non-GAAP financial measures presented herein should not be considered in isolation or as a substitute for operating income, net income, cash flows from operating, investing, or financing activities, or other income or cash flow measures prepared in accordance with U.S. GAAP.

A reconciliation of EBITDA, Adjusted EBITDA, Adjusted EBITA, and Adjusted Net Income to Net Income Attributable to Controlling Interests and Available to Common Stockholders, their most comparable U.S. GAAP financial measure, and a reconciliation of Free Cash Flow to cash provided by operating activities, the most comparable U.S. GAAP financial measure, are presented as follows:

Reconciliation of Net Income Attributable to Controlling Interests and Available to Common Stockholders to EBITDA, Adjusted EBITDA, Adjusted EBITA, and Adjusted Net Income, (in thousands, excluding share and per share amounts):

	Three Months Ended March 31,	
	2016	**2015**
Net income attributable to controlling interests and available to common stockholders	**$ 15,384**	**$ 15,233**
Adjustments:		
Interest expense, net	4,492	4,710
Amortization of deferred financing costs and note discount	2,782	2,779
Income tax expense	7,955	8,464
Depreciation and accretion expense	22,677	20,112
Amortization of intangible assets	9,263	9,497
EBITDA	**$ 62,553**	**$ 60,795**
Add back:		
Loss (gain) on disposal of assets	382	(533)
Other (income) expense	(555)	1,060
Noncontrolling interests [(1)]	(18)	(425)
Stock-based compensation expense [(2)]	3,168	4,197
Acquisition and divestiture-related expenses [(3)]	1,584	2,358
Redomicile-related expense [(4)]	6,036	—
Adjusted EBITDA	**$ 73,150**	**$ 67,452**
Less:		
Depreciation and accretion expense [(5)]	22,669	20,055
Adjusted EBITA	**$ 50,481**	**$ 47,397**
Less:		
Interest expense, net [(2)]	4,492	4,707
Adjusted pre-tax income	45,989	42,690
Income tax expense [(6)]	14,716	13,660
Adjusted Net Income	**$ 31,273**	**$ 29,030**
Adjusted Net Income per share	**$ 0.69**	**$ 0.65**
Adjusted Net Income per diluted share	**$ 0.68**	**$ 0.64**
Weighted average shares outstanding – basic	45,073,654	44,667,248
Weighted average shares outstanding – diluted	45,703,488	45,265,601

(1) Noncontrolling interest adjustment made such that Adjusted EBITDA includes only the Company's ownership interest in the Adjusted EBITDA of its Mexico subsidiary. In December 2015, the Company increased its ownership interest in its Mexico subsidiary from 51.0% to 95.7%.

(2) For the three months ended March 31, 2015, amounts exclude a portion of the expenses incurred by our Mexico subsidiary to account for the amounts allocable to the noncontrolling interest stockholders.

(3) Acquisition and divestiture-related expenses include nonrecurring costs incurred for professional and legal fees and certain transition and integration-related costs, including employee-related severance costs.

(4) For the three months ended March 31, 2016, we incurred $6.0 million in expenses associated with our plan to redomicile to the U.K.

(5) Amounts exclude a portion of the expenses incurred by our Mexico subsidiary to account for the amounts allocable to the noncontrolling interest stockholders. In December 2015, the Company increased its ownership interest in its Mexico subsidiary.

(6) Calculated using our estimated long-term, cross-jurisdictional effective cash tax rate of 32.0%.

Reconciliation of Free Cash Flow

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
	(In thousands)	
Cash provided by operating activities	$ 44,654	$ 30,872
Payments for capital expenditures:		
Cash used in investing activities, excluding acquisitions and divestitures	(16,451)	(31,678)
Free cash flow	$ 28,203	$ (806)

Liquidity and Capital Resources

Overview

As of March 31, 2016, we had $25.0 million in cash and cash equivalents and $540.3 million in outstanding long-term debt.

We have historically funded our operations primarily through cash flows from operations, borrowings under our revolving credit facilities, and the issuance of debt and equity securities. We have historically used a portion of our cash flows to invest in additional ATMs, either through the acquisition of ATM networks or through organically-generated growth. We have also used cash to fund increases in working capital and to pay interest and principal amounts outstanding under our borrowings. Because we collect a sizable portion of our cash from sales on a daily basis but generally pay our vendors on 30-day terms and are not required to pay certain of our merchants until 20 days after the end of each calendar month, we are able to utilize the excess available cash flow to reduce borrowings made under our revolving credit facility and to fund capital expenditures. Accordingly, it is not uncommon for us to reflect a working capital deficit position on our Consolidated Balance Sheets.

We believe that our cash on hand and our current revolving credit facility will be sufficient to meet our working capital requirements and contractual commitments for the next 12 months. We expect to fund our working capital needs from cash flows generated from our operations and borrowings under our revolving credit facility, to the extent needed. As we expect to continue to generate positive free cash flow during 2016, we expect to repay the amounts outstanding under our revolving credit facility absent any acquisitions. See additional discussion under *Financing Facilities* below.

Operating Activities

Net cash provided by operating activities totaled $44.7 million during the three months ended March 31, 2016, compared to $30.9 million during the same period in 2015. The increase in net cash provided by operating activities is primarily attributable to changes in working capital and the impact of non-cash expenses.

Investing Activities

Net cash used in investing activities totaled $11.8 million during the three months ended March 31, 2016, compared to $39.8 million during the same period in 2015. The change in net cash used in investing activities is primarily related to a lower level of capital expenditures compared to the same period in 2015.

Anticipated Future Capital Expenditures. We currently anticipate that the majority of our capital expenditures for the foreseeable future will be driven by organic growth projects, including the purchase of ATMs for existing as well as new ATM management agreements and various compliance requirements as discussed in *Recent Events and Trends - Capital Investments.* We expect that our capital expenditures for 2016 will total approximately $150 million to $160 million, the majority of which is expected to be utilized to support new business growth, along with technology and compliance upgrades to enhance our existing ATM equipment with additional functionalities. We expect such expenditures to be funded primarily through cash generated from our operations and should be able to fund all capital expenditures internally.

Acquisitions. We continue to evaluate acquisition opportunities that complement our existing business. We believe that expansion opportunities continue to exist in all of our current markets, as well as in other international markets, and we will continue to pursue those opportunities as they arise. Such acquisition opportunities, individually or in the aggregate, could be material and may be funded by additional borrowing under our revolving credit facility or other financial sources that may be available to us.

Financing Activities

Net cash used in financing activities totaled $34.0 million during the three months ended March 31, 2016, compared to $3.8 million for the same period in 2015. The cash used in financing activities during the three months ended March 31, 2016 was primarily attributable to repayments of borrowings on our revolving credit facility.

Financing Facilities

As of March 31, 2016, we had approximately $540.3 million in outstanding long-term debt, which was primarily comprised of: (i) $287.5 million of the 1.00% convertible senior notes due December 2020 ("Convertible Notes") of which $233.3 million was recorded on our Consolidated Balance Sheets, net of the unamortized discount and capitalized debt issuance costs, (ii) $250.0 million of the 5.125% senior notes due 2022 (the "2022 Notes") of which $246.9 million was recorded on our Consolidated Balance Sheets, net of capitalized debt issuance costs, and (iii) $60.1 million in borrowings under our revolving credit facility.

Revolving Credit Facility. As of March 31, 2016, we had a $375.0 million revolving credit facility that was led by a syndicate of banks including JPMorgan Chase, N.A. and Bank of America, N.A. This revolving credit facility provides us with $375.0 million in available borrowings and letters of credit (subject to the covenants contained within the credit agreement (the "Credit Agreement") governing the revolving credit facility) and can be increased up to $500.0 million under certain conditions and subject to additional commitments from the lender group. On May 26, 2015, we entered into a second amendment (the "Second Amendment") to our amended and restated the Credit Agreement. Under the Second Amendment, a new $75.0 million tranche (the "European Commitments") was created under which Cardtronics Europe Limited ("Cardtronics Europe"), a subsidiary of Cardtronics, Inc. can borrow directly from the existing lenders in different currencies. The Second Amendment provides for sub-limits under the European Commitments of $15.0 million for swingline loans and $15.0 million for letters of credit. In addition, the Second Amendment reduces the commitments of the lending parties to make loans to us (the "U.S. Commitments") from $375.0 million to $300.0 million and reduced the alternative currency sub-limit to $75.0 million, from $125.0 million under the Credit Agreement. The letter of credit sub-limit and the swingline sub-limit under the U.S. Commitments remain at $30.0 million and $25.0 million, respectively, under the Second Amendment. The Credit Agreement expires in April 2019.

Borrowings (not including swingline loans and alternative currency loans) under the revolving credit facility accrue interest at our option at either the Alternate Base Rate (as defined in the Credit Agreement) or the Adjusted LIBO Rate (as defined in the Credit Agreement) plus a margin depending on the our most recent Total Net Leverage Ratio (as defined in the Credit Agreement). The margin for Alternative Base Rate loans varies between 0% and 1.25% and the margin for Adjusted LIBO Rate loans varies between 1.00% and 2.25%. Swingline loans denominated in U.S. dollars bear interest at the Alternate Base Rate plus a margin as described above and swingline loans denominated in alternative currencies bear interest at the Overnight LIBO Rate (as defined in the Credit Agreement) plus the applicable margin for the Adjusted LIBO Rate. Substantially all of our domestic assets, including the stock of our wholly-owned domestic subsidiaries and 66.0% of the stock of our first-tier foreign subsidiaries, are pledged as collateral to secure borrowings made under the revolving credit facility. Furthermore, each of our material wholly-owned domestic subsidiaries has guaranteed the full and punctual payment of the obligations under the revolving credit facility. The European Commitments are also secured by the assets of our foreign subsidiaries, which do not guarantee the obligations of our domestic subsidiaries. There are currently no restrictions on the ability of our subsidiaries to declare and pay dividends to us.

The Credit Agreement contains representations, warranties and covenants that are customary for similar credit arrangements, including, among other things, covenants relating to: (i) financial reporting and notification, (ii) payment of obligations, (iii) compliance with applicable laws, and (iv) notification of certain events. Financial covenants in the Credit Agreement require us to maintain: (i) as of the last day of any fiscal quarter, a Senior Secured Net Leverage Ratio (as defined in the Credit Agreement) of no more than 2.25 to 1.00; (ii) as of the last day of any fiscal quarter, a Total Net Leverage Ratio of no more than 4.00 to 1.00; and (iii) as of the last day of any fiscal quarter, a Fixed Charge Coverage Ratio (as defined in the Credit Agreement) of no less than 1.50 to 1.0. Additionally, we are limited on the amount of restricted payments, including dividends, which we can make pursuant to the terms of the Credit Agreement; however, we may generally make restricted payments so long as no event of default exists at the time of such payment and our total net leverage ratio is less than 3.0 to 1.0 at the time such restricted payment is made.

As of March 31, 2016, the weighted average interest rate on our outstanding revolving credit facility borrowings was approximately 2.3%. Additionally, as of March 31, 2016, we were in compliance with all the covenants contained within the revolving credit facility and would continue to be in compliance even in the event of substantially higher borrowings or substantially lower earnings.

As of March 31, 2016, the outstanding balance on the revolving credit facility was $60.1 million, of which $59.0 million was outstanding under the U.S. Commitments and $1.1 million was outstanding under the European Commitments. The available borrowing capacity under the revolving credit facility totaled $314.9 million, of which $241.0 million is available to the U.S. and $73.9 million is available to Cardtronics Europe.

$250.0 Million 5.125% Senior Notes due 2022. On July 28, 2014, we issued the 2022 Notes pursuant to an indenture dated July 28, 2014 among us, our subsidiary guarantors and Wells Fargo Bank, National Association, as trustee. Interest on the 2022 Notes is payable semi-annually in cash in arrears on February 1 and August 1 of each year, and commenced on February 1, 2015. As of March 31, 2016, we were in compliance with all applicable covenants required under the 2022 Notes.

$287.5 Million 1.00% Convertible Senior Notes due 2020. In November 2013, we completed a private placement of the Convertible Notes that pay interest semi-annually at a rate of 1.00% per annum and mature on December 1, 2020. There are no restrictive covenants associated with these Convertible Notes. We are required to pay interest semi-annually on June 1st and December 1st, and to make principal payments on the Convertible Notes at maturity or upon conversion. We are permitted to settle any conversion obligation under the Convertible Notes, in excess of the principal balance, in cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. We intend to satisfy any conversion premium by issuing shares of our common stock. For additional details, see *Item 1. Financial Statements, Note 8. Long-Term Debt*.

New Accounting Standards

See *Item 1. Financial Statements, Note 18. New Accounting Pronouncements.*

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The following market risk disclosures should be read in conjunction with the quantitative and qualitative disclosures about market risk contained in the 2015 Form 10-K.

We are exposed to a variety of market risks, including interest rate risk and foreign currency exchange rate risk. The following quantitative and qualitative information is provided about financial instruments to which we were a party at March 31, 2016, and from which we may incur future gains or losses from changes in market interest rates or foreign currency exchange prices. We do not enter into derivative or other financial instruments for speculative or trading purposes.

Hypothetical changes in interest rates and foreign currencies chosen for the following estimated sensitivity analysis are considered to be reasonably possible near-term changes generally based on consideration of past fluctuations for each risk category. However, since it is not possible to accurately predict future changes in interest rates and foreign currencies, these hypothetical changes may not necessarily be an indicator of probable future fluctuations.

Interest Rate Risk

Vault cash rental expense. Because our ATM vault cash rental expense is based on market rates of interest, it is sensitive to changes in the general level of interest rates in the respective countries in which we operate. In the U.S., the U.K., and Germany we pay a monthly fee to our vault cash providers on the average amount of vault cash outstanding under a formula based on the respective market's London Interbank Offered Rates. In Mexico we pay a monthly fee to our vault cash provider under a formula based on the Interbank Equilibrium Interest Rate (commonly referred to as the "TIIE"). In Canada we pay interest to our vault cash providers based on the average amount of vault cash outstanding under a formula based on the Bank of Canada's bankers' acceptance rate.

As a result of the significant sensitivity surrounding our vault cash rental expense, we have entered into a number of interest rate swaps to effectively fix the rate we pay on the amounts of our current and anticipated outstanding vault cash balances. During the three months ended March 31, 2016, we entered into new forward-starting interest rate swap agreements with an aggregate notional amount of £550.0 million. These swap agreements begin on January 1, 2017, with £250.0 million terminating December 31, 2019 and £300.0 million terminating December 31, 2020. The following swaps currently in place serve to fix the rate utilized for our vault cash rental agreements in the U.S. and the U.K. for the following notional amounts and periods:

Notional Amounts U.S.	Weighted Average Fixed Rate U.S.	Notional Amounts U.K.	Weighted Average Fixed Rate U.K.	Term
(In millions)		*(In millions)*		
$ 1,300	2.74 %	£ —	— %	April 1, 2016 – December 31, 2016
$ 1,000	2.53 %	£ 550	0.82 %	January 1, 2017 – December 31, 2017
$ 750	2.54 %	£ 550	0.82 %	January 1, 2018 – December 31, 2018
$ 600	2.42 %	£ 300	0.86 %	January 1, 2019 – December 31, 2019
$ 600	2.42 %	£ —	— %	January 1, 2020 – December 31, 2020

The following table presents a hypothetical sensitivity analysis of our annual vault cash rental expense in North America based on our average outstanding vault cash balances for the three months ended March 31, 2016 and assuming a 100 basis point increase in interest rates:

Summary of interest rate exposure on average vault cash outstanding in North America (in millions):

Average vault cash balance	$ 2,295
Interest rate swap fixed notional amount	(1,300)
Residual unhedged vault cash balance	$ 995
Additional annual interest incurred on 100 basis point increase	$ 9.95

We also have terms in certain of our North America contracts with merchants and financial institution partners where we can decrease fees paid to merchants or effectively increase the fees paid to us by financial institutions if vault cash rental costs increase. Such protection will serve to reduce but not eliminate the exposure calculated above. Furthermore, we have the ability in North America to partially mitigate our interest rate exposure through our operations. We believe we can reduce the average outstanding vault cash balance as interest rates rise by visiting ATMs more frequently with lower cash amounts. This ability to reduce outstanding vault cash balances is partially constrained by the incremental cost of more frequent ATM visits. Our contractual protections with merchants and financial institution partners and our ability to reduce outstanding cash balances will serve to reduce but not eliminate interest rate exposure.

Our sensitivity to changes in interest rates in Europe is partially mitigated by the interchange rate setting methodology that impacts our U.K. interchange revenue. Effectively, expected interest rate costs are utilized to determine the interchange rate that is set on an annual basis. As a result of this structure, should interest rates rise in the U.K., causing our operating expenses to rise, we would expect to see a rise in interchange rates (and our revenues), albeit with some time lag. As discussed above, we entered into new forward-starting interest rate swaps that commence on January 1, 2017. As a result, our exposure to floating interest rates in Europe will significantly decrease at that time.

As of March 31, 2016, we had a total liability of $61.8 million recorded on our Consolidated Balance Sheets related to our interest rate swaps, which represented the fair value liability of the agreements, as derivative instruments are required to be carried at fair value. The fair value estimate was calculated as the present value of amounts estimated to be received or paid to a marketplace participant in a selling transaction. These swaps are valued using pricing models based on significant other observable inputs (Level 2 inputs under the fair value hierarchy established by U.S. GAAP), while taking into account the nonperformance risk of the party that is in the liability position with respect to each trade. These swaps are accounted for as cash flow hedges; accordingly, the changes in the fair values of the swaps and the resulting unrealized loss (net of estimated taxes) have been reported in Accumulated other comprehensive loss, net line item in the accompanying Consolidated Balance Sheets. We record the unrealized loss amounts related to our interest rate swaps net of estimated taxes in the Accumulated other comprehensive loss, net line item in the accompanying Consolidated Balance Sheets.

Interest expense. Our interest expense is also sensitive to changes in interest rates as borrowings under our revolving credit facility accrue interest at floating rates. Based on the $60.1 million outstanding under our revolving credit facility as of March 31, 2016, an increase of 100 basis points in the underlying interest rate would have had a $0.2 million impact on our interest expense in the three months ended March 31, 2016. However, there is no guarantee that we will not borrow additional amounts under our revolving credit facility in the future, and, in the event we borrow amounts and interest rates significantly increase, the interest that we would be required to pay would be more significant. We have not entered into interest rate hedging arrangements in the past to hedge our interest rate risk for our borrowings, and have no plans to do so. Due to fluctuating balances in the amount outstanding under our revolving credit facility, we do not believe such arrangements to be cost effective.

Outlook. If we continue to experience low short-term interest rates in the countries in which we operate, it will be beneficial to the amount of interest expense we incur under our revolving credit facility and our vault cash rental expense. Although we currently hedge a substantial portion of our vault cash interest rate risk in the U.S. and future vault cash interest rate risk in the U.K., we may not be able to enter into similar arrangements for similar amounts in the future, and any significant increase in interest rates in the future could have an adverse impact on our business, financial condition and results of operations by increasing our operating costs and expenses. However, we expect that the impact on our financial statements from a significant increase in interest rates would be partially mitigated by the interest rate swaps that we currently have in place associated with our vault cash balances in the U.S. and the U.K. and other protective measures we have put in place.

Foreign Currency Exchange Rate Risk

As a result of our operations in the U.K., Germany, Poland, Mexico, and Canada, we are exposed to market risk from changes in foreign currency exchange rates, specifically with respect to changes in the U.S. dollar relative to the British pound, Euro, Polish zloty, Mexican peso, and the Canadian dollar. All of our international subsidiaries are consolidated into our financial results and are subject to risks typical of international businesses including, but not limited to, differing economic conditions, changes in political climate, differing tax structures, other regulations and restrictions, and foreign exchange rate volatility. Furthermore, we are required to translate the financial condition and results of our international operations into U.S. dollars, with any corresponding translation gains or losses being recorded in the Accumulated other comprehensive loss, net line item in our Consolidated Balance Sheets. As of March 31, 2016, this accumulated translation loss totaled $51.2 million compared to $45.9 million as of December 31, 2015.

Our consolidated financial results were impacted by changes in foreign currency exchange rates during the three months ended March 31, 2016 compared to the same period in 2015. Our total revenues during the three months ended March 31, 2016 would have been higher by approximately $6.2 million had the currency exchange rates from the three months ended March 31, 2015 remained unchanged. A sensitivity analysis indicates that, if the U.S. dollar uniformly strengthened or weakened 10.0% against the British pound, Euro, Polish zloty, Mexican peso, or Canadian dollar the effect upon our consolidated operating income would have been approximately $1 million, for the three months ended March 31, 2016.

Certain intercompany balances are designated as short-term in nature. The changes in these balances related to currency exchange rates have been recorded in our Consolidated Statements of Operations and we are exposed to foreign currency exchange risk as it relates to these intercompany balances.

We do not hold derivative commodity instruments, and all of our cash and cash equivalents are held in money market and checking funds.

Item 4. Controls and Procedures

Management's Quarterly Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-Q. Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2016 at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There have been no changes in our system of internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For a description of our material pending legal and regulatory proceedings and settlements, see *Part I. Financial Information, Item 1. Financial Statements, Note 13. Commitments and Contingencies.*

Item 1A. Risk Factors

In addition to the information below and the other information set forth in the Form 10-Q, you should carefully consider the risks discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 (as amended, the "2015 Form 10-K") under *Part I. Item 1A. Risk Factors*. These risks could materially affect our business, financial condition or future results. There have been no material changes to our risk factors since the filing of the 2015 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Issuer and Affiliated Purchasers. The following table provides information about purchases of equity securities that are registered by us pursuant to Section 12 of the Exchange Act during the three months ended March 31, 2016:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share (2)	Total Number of Shares Purchased as Part of a Publicly Announced Plan or Program	Approximate Dollar Value of Shares that may Yet be Purchased Under the Plan or Program (3)
January 1 - January 31, 2016	111,827	$ 30.51	—	$ —
February 1 – February 29, 2016	7,686	$ 29.59	—	$ —
March 1 - March 31, 2016	6,108	$ 34.42	—	$ —

(1) Represents shares surrendered to us by participants in our Second Amended and Restated 2007 Stock Incentive Plan (the "2007 Plan") to settle the participants' personal tax liabilities that resulted from the lapsing of restrictions on shares awarded to the participants under the 2007 Plan.

(2) The price paid per share was based on the trading prices of our common stock on the dates on which we repurchased shares from the participants under our 2007 Plan.

(3) In connection with the lapsing of the forfeiture restrictions on restricted shares granted by us under our 2007 Plan, which was adopted in December 2007 and expires in December 2017, we permitted employees to sell a portion of their shares to us in order to satisfy their tax liabilities that arose as a consequence of the lapsing of the forfeiture restrictions. In future periods, we may not permit individuals to sell their shares to us in order to satisfy such tax liabilities. Since the number of restricted shares that will become unrestricted each year is dependent upon the continued employment of the award recipients, we cannot forecast either the total amount of such securities or the approximate dollar value of those securities that we might purchase in future years as the forfeiture restrictions on such shares lapse.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The exhibits required to be filed or furnished pursuant to the requirements of Item 601 of Regulation S-K are set forth in the Index to Exhibits accompanying this Form 10-Q, and such Index to Exhibits is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CARDTRONICS, INC.

April 28, 2016	*/s/ Edward H. West* Edward H. West *Chief Financial Officer* *(Duly Authorized Officer and Principal Financial Officer)*
April 28, 2016	*/s/ E. Brad Conrad* E. Brad Conrad *Chief Accounting Officer* *(Duly Authorized Officer and Principal Accounting Officer)*

INDEX TO EXHIBITS

Each exhibit identified below is part of this Form 10-Q.

Exhibit Number	Description
10.1†*	Cardtronics, Inc. 2016 Annual Pool Allocation Plan.
10.2†*	Cardtronics, Inc. 2016 Annual Executive Cash Incentive Plan.
10.3†*	Cardtronics, Inc. 2016 Long Term Incentive Plan.
10.4†*	Amended and Restated Employment Agreement by and between Cardtronics USA, Inc. and J. Chris Brewster, dated as of February 22, 2016.
10.5†	Employment Agreement by and between Cardtronics USA, Inc. and Edward H. West, dated as of January 11, 2016 (incorporated herein by reference to Exhibit 10.59 of the Annual Report on Form 10-K for the year ended December 31, 2015 filed by Cardtronics, Inc. on February 22, 2016, SEC File No. 001-33864).
31.1*	Certification of the Chief Executive Officer of Cardtronics, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer of Cardtronics, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Chief Executive Officer and Chief Financial Officer of Cardtronics, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith.

† Management contract or compensatory plan or arrangement.

** Furnished herewith.

Exhibit 10.1

Cardtronics, Inc.
2016 Annual Bonus Pool Allocation Plan

The stockholders of Cardtronics, Inc. (the "Company") have approved the Second Amended and Restated 2007 Stock Incentive Plan (the "Plan"). The principal objectives of the Plan were to provide a means through which the Company can: (i) attract able persons to serve as employees or directors of the Company; and (ii) provide such individuals with incentive and reward opportunities designed to enhance the long term profitable growth of the Company and its Affiliates. In furtherance of those objectives, the Compensation Committee (the "Committee") has adopted by resolution the following 2016 Annual Bonus Pool Allocation Plan (this "Pool Plan") consistent with the Plan to provide funding of and limits to awards granted to certain participants of the 2016 Annual Executive Cash Incentive Plan (the "AECIP"). This Pool Plan is not intended to provide additional compensation to participants but simply to ensure incentives paid to certain participants are qualified performance-based compensation under Code Section 162(m).

All capitalized terms used herein that are not otherwise defined shall have the meanings ascribed to such terms in the Plan. Members of the Company's executive leadership team that are designated in Exhibit "A" of this Pool Plan are the participants.

I. Performance Metrics

This Pool Plan rewards the achievement of a key performance metric that is critical to the Company's continued success as follows:

A. Adjusted EBITA: Defined as Adjusted EBITDA less depreciation expenses as adjusted for non-controlling interests, both of which are reported in the Company's 10-K for the 2016 fiscal year as adjusted in accordance with the AECIP.

II. Calculation of Earned Incentives

A. The calculation of incentive funding under this Pool Plan shall not infer or otherwise guarantee any participant's right to an incentive award for 2016. Rather, this Pool Plan provides only the funding for the participants awards which will be determined by the results of the AECIP per the terms and conditions of the AECIP.

III. Effective Date

This Pool Plan is effective as of January 1, 2016. Pool Plan funding will be based on audited financial results for the Company's fiscal year ended December 31, 2016.

Exhibit 10.2

Cardtronics, Inc.
2016 Annual Executive Cash Incentive Plan

The stockholders of Cardtronics, Inc. (the "Company") have approved the Cardtronics, Inc. Second Amended and Restated 2007 Stock Incentive Plan (the "Plan"). The principal objectives of the Plan are to provide a means through which the Company can: (i) attract able persons to serve as employees or directors of the Company; and (ii) provide such individuals with incentive and reward opportunities designed to enhance the long term profitable growth of the Company and its Affiliates. In furtherance of those objectives, the Compensation Committee (the "Committee") has adopted the following 2016 Annual Executive Cash Incentive Plan (this "AECIP") to provide for annual incentive awards pursuant to the Plan.

All capitalized terms used herein that are not otherwise defined shall have the meanings ascribed to such terms in the Plan.

I. Performance Qualifiers

For any AECIP to be payable, both of the following performance qualifiers must be met:

A. The Company must be compliant with all material public company regulations and reporting requirements for its fiscal year.

B. The Participant (as defined below) must achieve the minimum performance standards established by his superior and/or the Board and must have completed required corporate and compliance training as assigned.

Upon attainment of these qualifiers, each AECIP metric is then evaluated independently for achievement and earnings under this AECIP.

II. Participants & Groupings

Members of the Company's executive leadership team that are designated as Section 16 Officers are eligible to participate in this AECIP ("Participants"). In addition, designated executives who are Participants in the 2016 Annual Bonus Pool Allocation Plan ("Pool Plan") shall have their AECIP incentives funded by and limited to the funding allocation of such Pool Plan. For purposes of this AECIP, "Section 16 Officers" shall mean the executive officers that have been designated by the Company as subject to section 16 of the Exchange Act, including any successor section to the same or similar effect.

Eligibility for, or participation in, this AECIP shall in no way guarantee an individual's eligibility for, or participation in, any subsequent year cash incentive plan, if any.

The AECIP has been designed to include certain performance thresholds and metrics focused on the Company, Divisions of the Company[1], and individual performance to ensure that the Company is measuring and rewarding its executive leadership team on critical business drivers over which they have influence.

[1] The Company currently has two "Divisions": (i) North American Business and (ii) Europe Business.

Accordingly, AECIP Participants have been placed into one of three groups, which reflect their ability to control the results of the metrics assigned to each group. The three participant groups are:

A. Global Only. These metrics represent the consolidated fiscal year results of the Company as per the Company's public reporting.

   i. Metrics for this group are "Adjusted EBITA" (as defined below) (50% weight), and "Global Total Revenues" (as defined below) (50% weight).

B. Global/Division. These metrics represent global results and designated Division results.

   i. Division Management: Metrics for this group will be equally weighted between global results (50% weight), and designated Division results (50% weight).

C. For other Participants, metrics will be weighted 70% global results and 30% individual goals/objectives.

III. Performance Metrics

The AECIP rewards the achievement of performance on key metrics that are critical to the Company's continued success. For this AECIP, metrics are:

A. Global Metrics:

   i. Global Total Revenues: Defined as "Total Revenues" per US GAAP as reported in the Company's 10-K for the 2016 fiscal year as adjusted per Section VII of this AECIP.

   ii. Adjusted EBITA: Defined as Adjusted EBITDA less depreciation expenses as adjusted for non-controlling interests, both of which are reported in the Company's 10-K for the 2016 fiscal year as adjusted per Section VII of this AECIP.

B. Division Metrics:

   i. Division Total Revenues: Defined as "Total Revenues" per US GAAP as reported in the divisional financial statements for the fiscal year, calculated in the same fashion as in the consolidated financial statements in the Company's 10-K for the 2016 fiscal year as adjusted by Section VII of this AECIP.

   ii. Division Adjusted Pre-Tax Earnings: Defined as Adjusted EBITA and calculated in the same manner and with the same adjustments as used in the Adjusted EBITA metric, less Division depreciation expense.

C. Individual Goals - Measurable performance based objectives contributing to overall business performance.

IV. Performance Achievement Levels

A. Global Metrics:

i. Each metric is expressed in terms of “Threshold”, “Target” and “Maximum” performance levels. Performance level results shall be as follows:

a. performance below the Threshold level will result in no incentive earned for that metric;
b. performance at Threshold will result in 50% of the designated incentive to be earned for that metric;

c. performance at Target will result in 100% of incentive to be earned for that metric; and

d. performance at Maximum achievement will result 150% or 200% of incentive to be earned for that metric depending on the Participant.

B. Division Metrics:

i. Each Division metric is expressed in terms of “Threshold”, “Target Range”, “Overachieve Target” and “Maximum” performance achievement levels. Award triggers for the various performance levels shall be as follows:

a. performance below the Threshold level will result in no incentive earned for that metric;

b. performance at Threshold will result in 50% of the designated incentive to be earned for that metric;

c. performance within the Target Range will result in 100% of incentive to be earned for that metric;

d. performance at Overachieve Target will result in 120% of incentive to be earned for the Division Total Revenues metric, and 110% of incentive to be earned for the Division Adjusted Pre-Tax Earnings metric; and

e. performance at Maximum will result in 150% or 200% of incentive to be earned for that metric depending on the Participant.

ii. If the Global metric has not been achieved at the Target level, then the payout for the corresponding Division metric will be interpolated between Threshold, Upper Target Range and Maximum only, without the benefit of the Lower Target Range or Overachievement Target.

C. Results will be interpolated between performance levels.

D. Exhibit “A” attached hereto sets forth each of the above.

V. Recoupment of Incentive Compensation Policy a/k/a Clawback policy

The Board has adopted a Recoupment of Incentive Compensation Policy a/k/a the "Clawback" Policy (as may be amended from time to time, the "Policy"). This Policy applies to any incentive earned under this AECIP and all Participants will be provided a copy of the current Policy and agree in writing (i) to be bound by the Policy and (ii) not to seek indemnification or contribution from the Company for any amounts reimbursed or clawed back pursuant to the Policy.

VI. Discretion and Administrative Authority

While the intent is to determine bonuses in accordance with the calculations defined by this AECIP, the Committee retains the discretion to adjust the bonus determinations for the performance period relative to the performance targets. However, with respect to persons determined to be Covered Employees (as defined in Code Section 162(m)), the Committee shall have the authority to use negative discretion to reduce final payouts based on other factors such as total individual performance but the Committee may not exercise discretion to increase the amount payable to a Covered Employee (in excess of the amount payable in accordance with the calculations defined by this AECIP) with the exception of using upward discretion in the event of a significant management action, whereby in the opinion of the Committee the impact of such action will be beneficial to the long term interests of the shareholders but nonetheless causes material adverse impact to the current year's financial performance (*e.g.*, a major client renewal.) Furthermore, final incentive awards will be determined based on the funds available.

The Committee shall generally oversee the administration of this AECIP. The Committee shall have complete control and authority to determine the rights and benefits of all claims, demands and actions arising out of the provisions of this AECIP of any Participant, deceased Participant, or other person having or claiming to have any interest under this AECIP. The Committee shall have complete discretion to interpret this AECIP and to decide all matters under this AECIP. Such interpretation and decision shall be final, conclusive and binding on all Participants and any person claiming under or through any Participant, in the absence of clear and convincing evidence that the Committee acted arbitrarily and capriciously. Any individual serving as a member of the Committee who is a Participant will not vote or act on any matter pertaining solely to himself. When making a determination or calculation, the Committee shall be entitled to rely on information furnished by a Participant, a Participant's estate, or the Company.

VII. Performance Level Achievement Calculation

The performance levels described in this AECIP represent the Company's business as of January 1, 2016. The Committee has approved the following categories of adjustments to actual performance for the purpose of calculating performance under this AECIP. However, the Committee will review and approve all adjustments to actual performance prior to the completion of the calculation of incentives earned under this AECIP. Certain adjustments may already be incorporated in Adjusted EBITA, and it is not intended that the same adjustment be made twice.

A. Currency Exchange Rate Adjustments—Currency Exchange Rate Adjustments will be applied to actual results having the effect of neutralizing changes (*i.e.*, no positive or negative impact) in exchange or income rates when results are determined as compared to exchange rates in effect when Targets (budgets) were established. Adjustments will be applied as required to both Total Revenues and Adjusted EBITA metrics.

B. Acquisition and Strategic Investment, Corporate Transaction and Reorganization Performance Adjustments—Actual results relative to any acquisitions involving annual revenues in excess of 1% of prior year consolidated revenues, or strategic investments involving capital expenditures in excess of 10% of the current year capital budget, or other strategic acquisitions, corporate transactions and reorganizations or other investments as approved by the Board, will be adjusted by subtracting the Board approved business case for each acquisition/investment under procedures approved by the Committee, thus rewarding management for better than business case performance and holding management accountable for less than business case performance in calculating incentives earned. Adjustments will be applied as required to both Total Revenues and Adjusted EBITA metrics. Transaction costs and other non-recurring costs associated with such acquisitions and strategic investments, corporation transactions and reorganizations and other investments will be considered as an add-back to profitability.

C. Divestiture Adjustments—Actual Company results relative to any divestiture approved by the Board will be adjusted by adding back the Board approved business case for each divestiture under procedures approved by the Committee, thus not penalizing management for completing divestitures that are in the best interest of the Company. Adjustments will be applied as required to Total Revenues and Adjusted EBITA at both the Division and Global levels as applicable. If the divestiture was already considered in establishing Targets, no adjustment will be made (*i.e.*, no adjustment will be made twice). Transaction costs and other non-recurring costs associated with such divestitures will be considered an add-back to profitability. The Committee reserves the right to review and approve any gain/loss made on the sale and its impact to the Company's results.

D. Unbudgeted acquisition, transaction or reorganization-related costs and other non-recurring costs, inclusive of costs incurred to review and/or complete an acquisition such as legal, advisory, accounting, tax, other professional costs, and other expenses associated with recently completed/considered acquisitions will be considered add-backs to profitability consistent with the Company's public reporting of such costs in its periodic earnings reports and filings with the Securities and Exchange Commission.

E. Employee termination related costs will only be considered an add-back to profitability in the case of the termination of a current Named Executive Officer (as defined in Item 402 of Regulation S-K) or employee designated as such in the past three years or due to a broader reduction-in-force plan involving the termination of multiple employees with prior Committee approval. The add-back will only include amounts in excess of the annual budget for the current year for the specific position/employee.

F. To the extent there is a change in accounting presentation during the year, the effect of which changes the measurement of achievement of results under this AECIP, either positively or negatively, the Committee shall neutralize the impact of such changes.

G. Other adjustments that the Committee deems appropriate. Any specific adjustment to the Company's performance for the purpose of determining earned incentives under this AECIP must be approved by the Committee.

This AECIP constitutes a mere promise by the Company to make payments in accordance with the terms of this AECIP, and Participants and beneficiaries shall have the status of general unsecured creditors of the Company. Nothing in this AECIP will be construed to give any employee or any other person rights to any specific assets of the Company or of any other person.

VIII. Taxation

The Company may, in its discretion, require the Participant to pay in cash to the Company the amount that the Company deems necessary to satisfy its current or future obligation to withhold federal, state or local income or other taxes that the Participant incurs as a result of a bonus payout pursuant to this AECIP. With respect to any required tax withholding, the Company may withhold from the Participant's payment the amount necessary to satisfy its obligation to withhold taxes.

IX. Limitation of Employee's Rights

Nothing contained in this AECIP shall (A) confer upon any person a right to be employed or to continue in the employ of the Company, (B) interfere in any way with the right of the Company to terminate the employment of a Participant at any time, with or without cause and with or without prior notice, without regard to the effect such discharge would have on the Participant's interest in this AECIP, or (C) confer upon any Participant any of the rights of a member or manager of the Company.

X. Release

Any payment to any Participant in accordance with the provisions of this AECIP shall, to the extent thereof, be in full satisfaction of all claims against the Company and the Committee under this AECIP, and the Committee may require such Participant, as a condition precedent to such payment, to execute a receipt and release to such effect.

XI. Effective Date

This AECIP is effective as of January 1, 2016. If bonuses are paid, audited financial results for the year ended will be used to calculate the bonus payout. As a result, any payment of bonuses will be made after the results of the Company's audit are substantially finalized, but no later than March 15th of the following year to meet corporate expense deductibility requirements, if applicable and in order for the payments to qualify for the short-term exemption under Code Section 409A. Participants are required to be employed by the Company or any of its affiliates through December 31st of the calendar year in order to be eligible for payment.

Exhibit 10.3

Cardtronics, Inc.
2016 Long Term Incentive Plan

The stockholders of Cardtronics, Inc. (the "Company") have approved the Second Amended and Restated 2007 Stock Incentive Plan (the "Plan"). The principal objectives of the Plan are to provide a means through which the Company can: (i) attract able persons to serve as employees or directors of the Company; and (ii) provide such individuals with incentive and reward opportunities designed to enhance the long term profitable growth of the Company and its Affiliates. In furtherance of those objectives, the Compensation Committee (the "Committee") has adopted the following 2016 Long Term Incentive Plan (this "LTIP") for calendar year 2016 (the "Performance Period") to provide for long term incentive awards, a portion of which are Performance Awards, under the Plan.

All capitalized terms used herein that are not otherwise defined shall have the meanings ascribed to such terms in the Plan.

Pursuant to this LTIP and subject to its discretion, the Committee, or the Chief Executive Officer ("CEO") with respect to employees who are not Section 16 Officers (subject to review by the Committee), will make annual equity grants equity to eligible employees ("Participants"). Save and except for the CEO Pool (as defined herein) or other Committee approved grants, it is intended that in the current Plan year the Company will make equity grants pursuant only to this LTIP. For purposes of this LTIP, "Section 16 Officers" shall mean the executive officers that have been designated by the Company as subject to section 16 of the Exchange Act, including any successor section to the same or similar effect.

The terms and conditions of this LTIP are set forth below; provided, however, that prior to any grant, the Committee reserves the right to change any or all terms or conditions.

I. Participants:

Participants will include designated employees, including the senior management team and other key contributors, as selected annually by the Committee as to executive officers and by the CEO as to all others. No employee shall have a "right" to be a Participant; but shall be selected for participation based upon merit and performance. Accordingly, it is possible that a Participant in this LTIP this year will not be a Participant in any subsequent long term incentive plan.

II. Performance Qualifiers:

For any Award to be payable under this LTIP, both of the following performance qualifiers must be met:

A. The Company must be compliant with all material public company regulations and reporting requirements for its fiscal year.

B. The Participant must achieve the minimum performance standards established by his or her superior and/or the Board and must have completed the required corporate and compliance training as assigned.

Upon attainment of these qualifiers, each LTIP metric is then evaluated independently for achievement and earnings under this LTIP.

III. Design: All awards granted pursuant to this LTIP during the Plan year will comprise of 25% Time Based Restricted Stock Units and 75% Performance Based Restricted Stock Units. In any given Plan year, the Committee in its sole discretion may elect to grant any one or more types of Awards permitted under this LTIP.

A. **Time Based Restricted Stock Units** granted under this LTIP will vest at the end of each Vesting Periods (defined in Section V below).

B. **Performance Based Restricted Stock Units** granted under this LTIP will be earned only if the Company achieves certain minimum Performance Targets (as defined in Section III.E below) during the Performance Period that are established by the Committee prior to the grant date of the Award.

C. **Metrics**: Consistent with its desire to reward long term performance objectives, the Committee has selected:

i. Revenue, defined as Global Total Revenues ("Total Revenue") per US GAAP as reported in the Company's 10-K for the 2016 fiscal year, as adjusted in Section IV of this LTIP.

ii. Global Adjusted Net Income Per Share ("Adjusted EPS"), as reported in the Reconciliation of Non-GAAP Measures in the Company's 10-K for the 2016 fiscal year as the metrics that will be used to measure performance over the Performance Period, as adjusted in Section IV of this LTIP.

D. **Weighting**: Each of the above metrics (Total Revenue and Adjusted EPS) will be equally weighted to determine the "payout multiple".

i. Each metric will be evaluated independently and, as such, an Award may be earned for one metric even if the threshold is not achieved for the other metric.

E. **Performance Targets**: In order to promote the desired activity on the part of the Participants in this LTIP, prior to March 31 of the Plan year, the Committee will establish the Performance Targets applicable only to the performance-restricted component, including the Threshold, Target and Maximum performance levels and corresponding earn-out schedule, the Total Pool available to be awarded to Participants and the allocation methodology for that Performance Period.

i. **Payout Multiples**: Under this LTIP, the number of Performance Based Restricted Stock Units earned will be a function of the level of performance achieved by the Company. The Committee will establish the total value of the pool as well as the Threshold, Target, and Maximum performance levels (the "Performance Targets") for each performance metric selected. The Committee has also determined the payout multiples to be used for Threshold, Target and Maximum performance achievement. The pool size, metrics and associated payout multiples are set forth on Exhibit "A" attached hereto. If the Threshold level of performance is not achieved for a given Performance Period for a particular metric, the Performance Based Restricted Stock Units granted for that metric will be forfeited and the recipients advised thereof. Results will be interpolated between achievement levels.

ii. **Vesting following achievement of Earned Awards**: Earned Awards are then subject to time based vesting restrictions. Each Award will be evidenced by a written agreement by and between the Company and the applicable Participant. On or before March 31st following completion of the Performance Period, the Committee shall determine the extent to which the Performance Targets were met and the resulting number of Restricted Stock Units earned for the Performance Period. For performance levels between Threshold and Target and between Target and Maximum, the number of Restricted Stock Units earned will be determined by interpolation.

IV. Adjustment to Actual Performance for the Purpose of Incentive Earned Calculations

The Performance Levels described in this LTIP represent the Company's business as of January 1st of the calendar year. The Committee has approved the following categories of adjustments to actual performance for the purpose of calculating the level of performance achieved under this LTIP. However, the Committee will review and approve all adjustments to actual performance prior to the completion of the calculation of Awards earned under this LTIP. Certain adjustments may already be incorporated in Adjusted EPS, and it is not intended that the same adjustment be made twice.

A. Currency Exchange Rate and Income Tax Rate Adjustments—Currency Exchange Rate and Income Tax Rate Adjustments will be applied to actual results having the effect of neutralizing changes (*i.e.*, no positive or negative impact) in exchange or income tax rates when results are determined as compared to exchange rates and income tax rates in effect when Targets (budgets) were established. Adjustments will be applied as required to both Total Revenue and Adjusted EPS metrics.

B. Acquisition and Strategic Investment, Corporate Transaction and Reorganization Performance Adjustments—Actual results relative to any acquisitions involving annual revenues in excess of 1% of prior year consolidated revenues, or strategic investments involving capital expenditures in excess of 10% of the current year capital budget, or other strategic acquisitions, corporate transactions and reorganizations or other investments as approved by the Board, will be adjusted by subtracting the Board approved business case for each acquisition/investment under procedures approved by the Committee, thus rewarding management for better than business case performance and holding management accountable for less than business case performance in calculating incentives earned. Adjustments will be applied as required to both Total Revenue and Adjusted EPS metrics. Transaction costs and other non-recurring costs associated with such acquisition, strategic investments, corporation transactions and reorganizations and other investments will be considered as an add-back to profitability.

C. Divestiture Adjustments—Actual Company results relative to any divestiture approved by the Board will be adjusted by adding back the Board approved business case for each divestiture under procedures approved by the Committee, thus not penalizing management for completing divestitures that are in the best interest of the Company. Adjustments will be applied as required to Total Revenue and Adjusted EPS. If the divestiture was already considered in establishing Targets, no adjustment will be made (*i.e.*, no adjustment will be made twice). Transaction costs and other non-recurring costs associated with such divestitures will be considered an add-back to profitability. The Committee reserves the right to review and approve any gain/loss made on the sale and its impact to the Company's results.

D. Unbudgeted acquisition, transaction or reorganization-related costs and other non-recurring costs, inclusive of costs incurred to review and/or complete an acquisition such as legal, advisory, accounting, tax, other professional costs, and other expenses associated with recently completed/considered acquisitions will be considered add-backs to profitability consistent with the Company's public reporting of such costs in its periodic earnings reports and filings with the Securities and Exchange Commission.

E. Employee termination related costs will only be considered an add-back to profitability in the case of the termination of a current Named Executive Officer (as defined in Item 402 of Regulation S-K) or employee designated as such in the past three years or due to a broader reduction-in-force plan involving the termination of multiple employees with prior Committee approval. The add-back will only include amounts in excess of the annual budget for the current year for the specific position/employee.

F. To the extent there is a change in accounting presentation during the year, the effect of which changes the measurement of achievement of results under this LTIP, either positively or negatively, the Committee shall neutralize the impact of such changes.

G. Other adjustments that the Committee deems appropriate. Any specific adjustment to the Company's performance for the purpose of determining earned awards under this LTIP must be approved by the Committee.

V. Time Based Vesting (lapsing of restrictions): Subject to the exceptions set forth in Sections VI and VII below, all or a portion of a Participant's Award shall remain subject to certain forfeiture restrictions until the passage of a prescribed amount of time. Specifically, the Company has established three time periods (each, a "Vesting Period") over which a Participant shall become fully vested in his Award. Those time periods shall be 24, 36 and 48 months from January 31st of the Performance Period. Accordingly, the forfeiture restrictions shall lapse as follows: 50% of any Award at the end of the first Vesting Period, an additional 25% at the end of the second Vesting Period, and the final 25% at the expiration of the third Vesting Period. At the expiration of each Vesting Period, the Company shall settle each vested Restricted Stock Unit with one share of Common Stock and will instruct its stock transfer agent to issue and to deliver such shares of Common Stock to the Participant within 30 days following the vesting date or event.

VI. Recoupment of Incentive Compensation Policy a/k/a Clawback policy

The Board has adopted the Recoupment of Incentive Compensation Policy a/k/a the "Clawback" Policy (as may be amended from time to time, the "Policy"). A copy of the Policy is attached hereto as Exhibit "B" and applies to all Performance Based Restricted Stock Units and all shares of Common Stock derived therefrom that are earned under this LTIP. Each Participant will be provided a copy of the Policy and will as a condition to receiving any Performance Based Restricted Stock Unit Award agree in writing (i) to be bound by the current Policy and (ii) not to seek indemnification or contribution from the Company for any amounts reimbursed or clawed back pursuant to the Policy.

VII. Stock Ownership Policy: All awards earned under this LTIP may be subject to the Cardtronics, Inc. Stock Ownership policy as it applies to certain employees of the Company (including executive officers).

VIII. Termination of Employment: The following provisions shall apply in the event of a termination of employment.

A. **Termination of Employment during a Performance Period**. Unless otherwise provided for in a separate award agreement, in the event that a Participant's employment with the Company shall terminate during a Performance Period, the following shall apply:

i. **Death or Disability**. In the event a Participant's employment with the Company terminates as a result of death or Disability during a Performance Period, the Performance Based Restricted Stock Units granted during that Performance Period shall be treated as earned at the Target level, and shall together with the Time Based Restricted Stock Units be prorated based on the number of full and partial months employed during the Performance Period with such earned Awards becoming fully vested and paid out in shares of Common Stock as soon as practicable (but no later than 30 days) following such employment termination.

ii. **Qualified Retirement**. In the event that a Participant's employment with the Company terminates during a Performance Period as a result of a Qualified Retirement, the treatment of any pending unearned awards shall be as follows: (a) Performance Based Restricted Stock Units granted during that Performance Period shall be earned based on the actual performance level obtained over the entire Performance Period, but prorated based on the number of full and partial months that the retiring Participant was employed during the Performance Period with any such earned Awards becoming fully vested as soon as practicable following the Committee's final determination of the achieved performance levels; and (b) Time Based Restricted Stock Units shall also be prorated based on the number of full and partial months employed during the Performance Period, but shall become fully vested immediately upon termination.

iii. **Termination for Other Reasons**. In the event that a Participant's employment with the Company terminates for any reason other than death, Disability, or Qualified Retirement, the Awards granted during that Performance Period shall be forfeited by the Participant.

B. **Termination of Employment after a Performance Period but Prior to Vesting**. Unless otherwise provided for in a separate award agreement, in the event that a Participant's employment with the Company shall terminate following a completed Performance Period, but prior to all earned Awards becoming fully vested, the following shall apply:

i. **Death or Disability**. In the event a Participant's employment with the Company terminates as a result of death or Disability following a completed Performance Period but prior to full vesting, any unvested earned Awards shall become fully vested and paid out in shares of Common Stock as soon as practicable (but no later than 30 days) following such employment termination.

ii. **Qualified Retirement**. In the event a Participant's employment with the Company terminates as a result of a Qualified Retirement following a completed Performance Period but prior to full vesting, any unvested earned Awards shall become fully vested and paid out in shares of Common Stock as soon as practicable (but no later than 30 days) following such employment termination.

iii. **Termination for Other Reasons**. In the event that a Participant's employment with the Company terminates for any reason other than death, Disability or Qualified Retirement following a completed Performance Period but prior to vesting, any unvested earned Awards shall be forfeited by the Participant.

C. **Six Month Delay for Specified Employees**. To the extent that the Participant is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Executive's "separation from service" (within the meaning of Treasury Regulation Section 1.409A-1(h)), such Participant shall not be entitled to receive shares of Common Stock in settlement of Restricted Stock Units until the earlier of (i) the date which is six months after his or her "separation from service" for any reason other than death, or (ii) the date of the Participant's death. The provisions of this paragraph shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Section 409A of the Code.

IX. Corporate Change: Unless otherwise provided for in a separate award agreement, in the event of a Corporate Change (as defined in Section X below), the following shall apply:

A. **Corporate Change during a Performance Period**. In the event that a Corporate Change occurs during a Performance Period, the Awards granted during the Performance Period shall be treated as earned at the Target level.

B. **Treatment of Earned Awards**.

i. Participants Eligible for Qualified Retirement. In the event that a Participant is or becomes eligible for a Qualified Retirement after the conclusion of the Performance Period but prior to the date that is 12 months prior to the final Vesting Period, then, upon a Corporate Change that is also a "change in the ownership or effective control" of the Company or "a change in a substantial portion of the assets of the corporation" within the meaning of Treasury Regulation Section 1.409A-3(i)(5), the Participant's then-outstanding earned Awards that are not yet fully vested shall immediately become fully vested and paid out in shares of Common Stock.

ii. Participants Not Eligible for Qualified Retirement.

a. **Earned Awards Exchanged For "Replacement Awards."** In connection with a Corporate Change, if an award meeting the definition of a "Replacement Award" (as defined below) is provided to a Participant to replace the Participant's then-outstanding earned Awards (the "Replaced Awards"), then the Replaced Awards shall be deemed cancelled and shall have no further force and effect and the Company shall have no further obligation with respect to the Replaced Award.

b. **Earned Awards Not Exchanged For "Replacement Awards."** In connection with a Corporate Change, to the extent a Participant's then-outstanding earned Awards are not exchanged for Replacement Awards as provided for in paragraph ii.a above, then such earned Awards shall immediately become fully vested and paid out in shares of Common Stock.

C. **Replacement Award**. An award shall qualify as a Replacement Award if: (i) it has a value at least equal to the value of the Replaced Award as determined by the Committee in its sole discretion; (ii) it relates to publicly traded equity securities of the Company or its successor in the Corporate Change or another entity that is affiliated with the Company or its successor following the Corporate Change; and (iii) its other terms and conditions are not less favorable to the Participant than the terms and conditions of the Replaced Award. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the preceding sentence are satisfied. The determination of whether the conditions of this Section IX.C are satisfied shall be made by the Committee, as constituted immediately before the Corporate Change, in its sole discretion.

D. **Termination of Employment In Connection With the Corporate Change**. Upon an involuntary termination of employment of a Participant occurring in connection with or during the period of two years after such Corporate Change, other than for cause, all Replacement Awards held by the Participant shall become fully vested and free of restrictions.

X. Definitions: For purposes of this LTIP, the following definitions shall apply:

A. "**Corporate Change**" shall mean and shall be deemed to have occurred if any event set forth in any one of the following paragraphs shall have occurred:

i. the consummation of a merger of, or other business combination by, the Company with or involving another entity; a reorganization, reincorporation, amalgamation, scheme of arrangement or consolidation involving the Company; or the sale of all or substantially all of the assets of the Company to another entity; provided, in any such case, (a) the holders of equity securities of the Company immediately prior to such transaction do not beneficially own, directly or indirectly, immediately after such transaction equity securities of the resulting or surviving parent entity, the transferee entity or any new direct or indirect parent entity of the Company resulting from or surviving any such transaction entitled to 70% or more of the votes then eligible to be cast in the election of directors generally (or comparable governing body) of the resulting or surviving parent entity, the transferee entity or any new direct or indirect parent entity of the Company resulting from or surviving any such transaction in substantially the same proportion that they owned the equity securities of the Company immediately prior to such transaction or (b) the persons who were members of the Board immediately prior to such transaction shall not constitute at least a majority of the board of directors (or comparable governing body) of the resulting or surviving parent entity, the transferee entity or any new direct or indirect parent entity of the Company resulting from or surviving any such transaction immediately after such transaction;

ii. upon the dissolution or liquidation of the Company, other than a liquidation or dissolution into any entity in which the holders of equity securities of the Company immediately prior to such liquidation or dissolution beneficially own, directly or indirectly, immediately after such liquidation or dissolution equity securities of the entity into which the Company was liquidated or dissolved entitled to 70% or more of the votes then eligible to be cast in the election of directors generally (or comparable governing body) of such entity, in substantially the same proportion that they owned the equity securities of the Company immediately prior to such liquidation or dissolution;

iii. when any person or entity, including a "group" as contemplated by Section 13(d)(3) of the Exchange Act, but excluding any employee benefit plan sponsored by the Company (or any related trust thereto), acquires or gains ownership or control (including, without limitation, power to vote) of more than 30% of the combined voting power of the outstanding equity securities of the Company, other than any entity in which the holders of equity securities of the Company immediately prior to such acquisition beneficially own, directly or indirectly, immediately after such acquisition, equity securities of the acquiring entity entitled to 70% or more of the votes then eligible to be cast in the election of directors generally (or comparable governing body) of the acquiring entity, in substantially the same proportion that they owned the equity securities of the Company immediately prior to such acquisition or any employee benefit plan sponsored by any such entity (or any related trust thereto); or

iv. as a result of or in connection with a contested election of directors, the persons who were members of the Board immediately before such election shall cease to constitute a majority of the Board.

B. "**Disabled**" or "**Disability**" shall mean that a Participant meets one of the following requirements: (i) the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or (ii) the Participant is, by reason of any medically determinable physical or mental impairment that can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering the Company's employees.

C. "**Qualified Retirement**" shall mean the resignation of a Participant who meets each of the following requirements: (i) has a minimum of five years of employment with the Company; and (ii) is at least 60 years of age as of the date of retirement.

XI. Pool Size: The Committee has the authority to determine the size of the Award pool and the number of shares in the pool (the "Pool"), which will not be increased or decreased, save and except as permitted by the application of the "payout multiples" in Section III above as applied to the Performance Based Restricted Stock Units only. At such time, the number of shares ultimately earned may be adjusted up or down based on the Company's performance with respect to the established performance metrics.

XII. Allocation Methodology: Award amounts will be established for each Participant based upon various factors considered by the Committee relating to all executive officers and by the CEO with respect to all other Participants, including, but not limited to a Participant's duties and responsibilities, specific performance objectives for the calendar year 2016 and overall competitiveness of compensation.

Participants will be divided into participation tiers based upon their roles, responsibilities and performance. Awards to the CEO shall be recommended and approved by the Committee. With respect to all Section 16 Officers, other than the CEO, the CEO shall recommend award participation for approval by the Committee. Other Participants will be recommended by management and the CEO will have discretion to allocate shares among those Participants as he deems appropriate so long as the sum of all such allocations do not exceed the total number of shares allocated by the Committee. The CEO may also withhold up to a maximum of 15% of the Pool allocated for discretionary awards until the Performance Period is completed to enable him to reward outstanding contributions. Discretionary awards to Section 16 Officers require Committee approval. Unallocated shares will be made available based on the extent to which Performance Targets are met as determined by the Committee. Forfeited shares will not be available for re-distribution unless expressly approved by the Committee.

XIII. CEO Pool: In order to achieve the objective of attracting able employees and, retaining key employees, the Committee does hereby delegate the authority to the CEO to issue Awards in addition to the Awards available for grant under this LTIP (the "CEO Pool"), with the following limitations:

A. All such Awards will be Time Based Restricted Stock Units with four -year graded vesting (*i.e.*, 25% at first four anniversaries of grant).

B. The maximum number of Awards that the CEO may unilaterally grant shall not exceed 50,000 shares.

C. The maximum Award to any new hire shall not exceed 20,000 shares.

D. The maximum award to a current employee may not exceed 5,000 shares.

E. The CEO may not grant awards to Section 16 Officers or other direct report new hires without Committee approval.

Any Award granted by the CEO will be included in the calculation of the maximum shares allowed for 2016 under the CEO Pool.

In the event of any conflict in a determination or interpretation as between this LTIP and the Plan, the determination or interpretation, as applicable, of the Committee shall be conclusive and be binding on any Participant.

Exhibit 10.4

CARDTRONICS

February 22, 2016

Mr. J. Chris Brewster
2935 Chevy Chase Dr.
Houston, TX 77019

Re: CFO Transition Date and Executive Advisor Position

Dear Chris,

We have received and accepted your notice to transition from your position as Chief Financial Officer ("**CFO**") of Cardtronics USA, Inc. (the "**Company**"), effective upon the date the Cardtronics, Inc. (the "**Parent Company**") Annual Report on Form 10-K for the fiscal year ending December 31, 2015 is filed with and accepted by the U.S. Securities and Exchange Commission (such date, "**CFO Transition Date**"), to an advisory role with the Company until your retirement from the Company. Please consider this letter (this "**Agreement**") to be the terms of your continued employment with the Company in the role of an Executive Advisor for a period of one year following the CFO Transition Date.

The parties hereto agree as follows:

1. *Current Employment Agreement*. As you have initiated this change in roles, the "Good Reason" termination provisions in your Employment Agreement, dated June 20, 2008 (as amended December 16, 2008, the "**Employment Agreement**"), are not applicable, and you hereby waive any and all rights associated with a termination for "Good Reason" in connection with your acceptance of this offer. Effective on the CFO Transition Date, this Agreement shall amend and restate the Employment Agreement in its entirety. This Agreement represents the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, oral or written, including the Employment Agreement. This Agreement may not be modified, altered or amended except by written agreement of all the parties. This Agreement does not alter the terms of existing award agreements related to the Parent Company Second Amended and Restated 2007 Stock Incentive Plan ("**Stock Incentive Plan**") or any existing stock option agreements listed in <u>Schedule A</u> attached hereto, which shall only terminate in accordance with the terms contained in such agreements.
2. *Duties*. Effective immediately following the CFO Transition Date, you shall be employed as an Executive Advisor to the Chief Executive Officer of the Company (the "**CEO**"). You shall report to, and be subject to general direction and control of the CEO and shall devote the time and attention necessary to the performance of the services, duties, and responsibilities requested by the CEO. The Company understands and agrees that you will discharge your duties hereunder by responding to the CEO's requests by telephone or by email communication and that your physical presence at the Company's offices shall not be required in order for you to perform your duties under this Agreement.
3. *Position and Salary*. You shall be an "Executive Advisor" for the Company and paid an annual base salary of $500,000.00, less applicable withholdings and deductions, according to the Company's customary payroll practices applicable to senior executives.
4. *Bonuses*.
    a. <u>2015 Cash Bonus</u>. You will receive a payout of your cash bonus for 2015 (the "**2015 Cash Bonus**") associated with Parent Company Annual Executive Cash Incentive Plan ("**AECIP**") based on actual 2015 Parent Company results and in accordance with previously established guidelines. Payment of the 2015 Cash Bonus will be consistent with payment to all other AECIP participants, but no later than March 15, 2016.

    b. <u>2016 Cash Bonus</u>. You will be eligible for an AECIP cash bonus for the calendar year 2016 (the "**2016 Cash Bonus**") in an amount determined in the sole good faith discretion of the Parent Company Board of Directors (or a committee thereof), based on actual 2016 Parent Company results. The 2016 Cash Bonus shall be prorated through and including the CFO Transition Date, and shall be payable in a lump sum on or before the date such annual bonuses are paid to executives who have continued employment with the Company, but no later than March 15, 2017.

c. <u>2015 LTIP</u>. You will receive a payout of your equity award for 2015 (the "**2015 LTIP**") associated with the Stock Incentive Plan, and in accordance with your 2015 LTIP award agreement, based on actual 2015 Parent Company results and in accordance with previously established guidelines. The 2015 LTIP shall be paid out in a manner consistent with all other Stock Incentive Plan participants.

d. <u>2016 LTIP</u>. You will be eligible for a Stock Incentive Plan equity award for the calendar year 2016 (the "**2016 LTIP**") in an amount determined in the sole good faith discretion of the Parent Company Board of Directors (or a committee thereof), and evidenced by a 2016 LTIP award agreement to be executed by the parties, and based on actual 2016 Parent Company results. The 2016 LTIP shall be prorated through and including the CFO Transition Date; provided, however, the terms of any Stock Incentive Plan awards made in 2016 have not been finalized, and as such, the 2016 LTIP shall be consistent with the final provisions of all awards in 2016 made pursuant to the Stock Incentive Plan.

5. *Other Benefits of Employment*.

a. <u>Vesting of Current Awards</u>. Any earned unvested stock or stock units issued to you prior to the CFO Transition Date shall continue to vest in accordance to their respective plan documents during the term of this Agreement.

b. <u>General Benefits</u>. You are eligible to participate in the Company's benefit plans in accordance to the terms thereof in effect from time to time or as may be amended.

c. <u>Business Expenses</u>. Your reasonable and customary business expenses incurred in the performance of your duties contemplated hereby will be reimbursed by the Company based on the Company's policy in effect from time to time or as may be amended upon receipt of written substantiation of such expenses in accordance with the Company's usual policies.

d. <u>PTO</u>. Due to the work flexibility the Company is offering in this letter, you shall not accrue additional paid time off ("**PTO**"), nor is it anticipated that there will be payout of accrued unused PTO at the time of your final retirement pursuant to Section 8.

e. <u>D&O Insurance</u>. The Company and the Parent Company agree to continue and maintain a directors' and officers' liability insurance policy covering you to the extent the Company provides such coverage for its executive officers during the term of your employment with the Company and thereafter until the expiration of all applicable statutes of limitations.

6. *Extent of Service*. Your employment pursuant to this Agreement shall be subject to the rules and regulations of the Company involving the general conduct of business of the Company that are in force or that may be put in place and that are applicable to senior executives of the Company. You shall discharge all duties and responsibilities of your employment conscientiously, in good faith and to the best of his ability, giving to the Company the full benefit of your knowledge, expertise, skill and judgment.

7. *Term and Termination*.

a. <u>Term</u>. The initial term of employment shall commence on the CFO Transition Date and continue for a period of twelve (12) months (the "**Term**") unless terminated sooner by the parties hereto. The Term may be extended by the Company's and Executive's mutual agreement.

b. <u>Death</u>. If you die during the Term of this Agreement, this Agreement shall automatically terminate on the date of death. The Company shall pay to your estate, or other person or trust designated by you, upon proper letters testamentary to the Company, (i) (A) any unpaid salary that would otherwise be due and payable at the date of death, (B) the 2016 Cash Bonus, which amount shall be payable in a lump-sum on or before the date such annual bonuses are paid to executives who have continued employment with the Company, and (C) the 2016 LTIP that would have otherwise vested pursuant to a Qualified Retirement (as such term is defined in the Stock Incentive Plan), which amount shall be paid out pursuant to the Stock Incentive Plan (in each of clauses (A) - (C), less applicable withholdings and deductions), and (ii) any eligible expense reimbursements pursuant to this Agreement which accrued until the time of death. Except as otherwise provided in this Section 7(b), your estate (or other person or trust designated by you, upon proper letters testamentary to the Company) shall have no other or further rights under this Agreement.

c. <u>Disability</u>. If during the Term and while in the employ of the Company, you shall be prevented from performing your duties hereunder by reason of disability, then the Company may terminate this Agreement and your employment. For the purposes of this Agreement, "disability" shall mean any mental or physical condition that renders you unable to perform the essential functions of your position, with or without reasonable accommodation, for an aggregate period in excess of 30 days during any period of 3 consecutive months. In the event of termination pursuant to this Section 7(c), the Company shall have no further obligation to you, except that the Company shall pay to you or your representative, as the case may be, (i) (A) any unpaid salary that would otherwise be due and payable at the date of disability, (B) the 2016 Cash Bonus, which amount shall be payable in a lump-sum on or before the date such annual bonuses are paid to executives who have continued employment with the Company, and (C) the 2016 LTIP that would have otherwise vested pursuant to a Qualified Retirement, which amount shall be paid out pursuant to the Stock Incentive Plan (in each of clauses (A) - (C), less applicable withholdings and deductions), and (ii) any eligible expense reimbursements pursuant to this Agreement which accrued to the date of disability.

d. Without Cause. Prior to the end of the Term, as determined in the sole discretion of the Company, the Company may provide you with 30 days' advance written notice or pay in lieu of notice of your termination of employment without cause. If your employment with the Company is terminated pursuant to this Section 7(d), the Company shall have no further obligation to you, except that (i) (A) any unpaid salary that would otherwise be due and payable at the date of termination, (B) the 2016 Cash Bonus, which amount shall be payable in a lump-sum on or before the date such annual bonuses are paid to executives who have continued employment with the Company, and (C) the 2016 LTIP that would have otherwise vested pursuant to a Qualified Retirement, which amount shall be paid out pursuant to the Stock Incentive Plan (in each of clauses (A) - (C), less applicable withholdings and deductions), and (ii) any eligible expense reimbursements pursuant to this Agreement which accrued to the date of such termination.

e. Resignation. Prior to the end of the Term, you may provide the Company with 60 days' advance written notice of your intent to terminate your employment with the Company, provided that if you provide a notice of termination pursuant to this Section 7(e), the Company may designate an earlier termination date than that specified in your notice. The Company's designation of such an earlier date will not change the nature of your termination, which will still be deemed a voluntary resignation by the Executive pursuant to this Section 7(e). If your employment with the Company is terminated pursuant to this Section 7(e), you shall have no right to receive any compensation or benefit hereunder on and after the effective date of the termination of employment as determined by the Company, other than (i) (A) any unpaid salary that would otherwise be due and payable at the date of termination, (B) the 2016 Cash Bonus, which amount shall be payable in a lump-sum on or before the date such annual bonuses are paid to executives who have continued employment with the Company, and (C) the 2016 LTIP that would have otherwise vested pursuant to a Qualified Retirement, which amount shall be paid out pursuant to the Stock Incentive Plan (in each of clauses (A) - (C), less applicable withholdings and deductions), and (ii) any eligible expense reimbursements pursuant to this Agreement which accrued to the date of such termination.

8. *Final Retirement*. Your final retirement from the Company shall be effective at the end of the Term, or any termination of this Agreement pursuant to Section 7, and will constitute a “Qualified Retirement” as defined in the Stock Incentive Plan, causing all earned unvested restricted stock units to vest at the time of your final retirement (subject to any delay required to avoid tax, penalty or interest pursuant to Section 409A of the Internal Revenue Code), and resulting in taxable income to you.

9. *Proprietary and Confidential Information and Trade Secrets*. The Company may provide you with access to various trade secrets and proprietary and confidential information of the Company which include, without limitation, all aspects of the Company's financial performance, budget, business strategies, and processes, compilations of market information; customer lists, specifications, and requirements; vendor lists, specifications, and requirements; business forms and contracts; policies, and procedures; customer revenue, sales, and projections, marketing strategy, target clients, pricing information, salary and compensation information, employee personnel information, and business plans of the Company (the "**Confidential Information**"). You agree that you shall not disclose, directly or indirectly, any of the Confidential Information, nor use them in any way, either during the Term or at any time thereafter, except as required in the ordinary course of your employment for the benefit of the Company.

10. *Protective Covenants*. You agree that in consideration for the Company's obligations under Section 9 above that the following covenants are reasonable and necessary protective covenants for the protection of the business interests described in Section 9 above:

a. Non-Compete. You agree that during your employment with the Company and for a period of 12 months following the termination of your employment with the Company, irrespective of the circumstances of termination or resignation, that you will not: 1) engage, directly or indirectly, within any market area served by the Company on the date the employment ends, as sole proprietor, principal, agent, trustee or through the agency of any sole proprietorship, corporation, limited liability company, partnership, association or agent or agency, in any business similar to the business then conducted by the Company; or 2) be the owner of more than five percent (5%) of the outstanding ownership interests of any corporation, partnership or limited liability company, or an employee of any sole proprietorship, corporation, limited liability company, partnership or, association or an owner or employee of any other business which conducts a business in competition with the Company's ATM business.

b. Survival of Covenants. The restriction set forth in Section 9(a) shall survive the termination of your employment with the Company. The existence of any claim or cause of action you have against the Company whether predicated on this Agreement or otherwise shall not constitute a defense to the enforcement by the Company of such restrictions. In the event an enforcement remedy is sought under Section 10(c), the time periods provided for in Section 9(a) shall be extended by one day for each day you failed to comply with the restriction at issue. Upon your termination for any reason, you agree to surrender to the Company all Confidential Information in your actual and constructive possession.

c. Remedies. You agree that the above limitations as to time, geographic area, and scope of activity are reasonable and do not impose any greater restraint than is necessary to protect and preserve to the Company the Confidential Information, valuable goodwill and proprietary rights of the Company as they now exist and as they may be developed in the future, and that these limitations are intended to comply with the provisions of all applicable legal requirements. You acknowledge and agree that your breach of the provisions of Section 9(a) would result in irreparable injury and damage for which money damages do not provide an adequate remedy. Therefore, in the event of breach or threatened breach by you of the provisions of Section 9(a), the Company shall be entitled to injunctive relief, declaratory relief, money damages, recovery of all attorney's fees and costs incurred by the Company in obtaining such relief, damages, and any other legal and equitable relief to which it may be entitled. These remedies include, but are not limited to:

i. having the protective covenants in Section 9(a) specifically enforced (without posting bond (except to the extent required by applicable law) and without the need to prove damages) by any court having jurisdiction, including, without limitation, the right to seek appropriate entries of restraining orders and injunctions against you; and

ii. requiring you to account for and pay to the Company all compensation or profits derived or received by you as the result of any transactions constituting a breach of any protective covenants set forth in Section 9(a).

11. *Assignment*. Neither party may assign its rights or obligations under this Agreement; provided, however, the Company may assign this Agreement to any successor entity or affiliate.

12. *Severability*. If any provision contained in this Agreement is determined to be void, illegal or unenforceable, in whole or in part, then the other provisions contained herein shall remain in full force and effect as if the provision which was determined to be void, illegal, or unenforceable had not been contained herein. If the restrictions in Section 10 are deemed unenforceable as written, the parties expressly authorize the court to revise, delete, or add to the restrictions contained in Section 10 of this Agreement to the extent necessary to enforce the intent of the parties and to provide the Company's goodwill, confidential information, and other business interests with effective protection

13. *Notices*. All notices, requests, consents and other communications under this Agreement shall be in writing and shall be deemed to have been delivered on the date personally delivered or on the date mailed, postage prepaid, by certified mail, return receipt requested, or on the date faxed and confirmed, if addressed to the respective parties as follows (or to such other address, facsimile number, or person as a party may designate by notice to the other party):

If to you, to the address appearing above;

If to the Company: Cardtronics USA, Inc.
3250 Briarpark Drive, Suite 400
Houston, Texas 77042
Attention: General Counsel
E-mail address: CATM_Legal@cardtronics.com

14. *Binding Effect.* This Agreement shall be binding and effective upon the Company and its successors and permitted assigns, and upon you, your heirs and representatives.

15. *Governing Law and Choice of Venue*. Except for a breach or threatened breach of any provision contained in Section 10 of this Agreement, any other dispute under this Agreement shall be addressed in the following order: a) good faith negotiations; b) then non-binding mediation; and c) then binding arbitration in Harris County, Texas under the rules of the American Arbitration Association. The costs of non-binding mediation and binding arbitration shall be divided evenly between the parties. Any action based on Section 10 of this Agreement shall be brought in the state or federal courts of Harris County, Texas. The laws of the State of Texas shall govern the validity, construction, and interpretation of the rights and duties of the parties under this Agreement.

[signature page follows]

I look forward to our continued working relationship and to wishing you well in your future retirement.

Very truly yours,

Cardtronics USA, Inc.
/s/ Debra Bronder
By: Debra Bronder
Title: Executive Vice President - Human Resources

AGREED AND ACCEPTED

on this 22 day of February, 2016.

/s/ J. Chris Brewster
J. Chris Brewster

cc: S. Rathgaber; M. Keller

Exhibit 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER OF CARDTRONICS, INC.
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A) OF THE
SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Steven A. Rathgaber, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (this "report") of Cardtronics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2016

/s/ Steven A. Rathgaber
Steven A. Rathgaber
Chief Executive Officer

Exhibit 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER OF CARDTRONICS, INC.
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A) OF THE
SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Edward H. West, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (this "report") of Cardtronics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2016

/s/ Edward H. West
Edward H. West
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Cardtronics, Inc. (“Cardtronics”) for the period ended March 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned each hereby certifies, pursuant to 18 U.S.C. §1350 as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Cardtronics.

Date: April 28, 2016

/s/ Steven A. Rathgaber
Steven A. Rathgaber
Chief Executive Officer

Date: April 28, 2016

/s/ Edward H. West
Edward H. West
Chief Financial Officer