CARDTRONICS INC
Form S-1/A
November 09, 2007

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As filed with the Securities and Exchange Commission on November 8, 2007

Registration No. 333-145929

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 2
to
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CARDTRONICS, INC.
(exact name of registrant as specified in its charter)

Delaware	**7389**	**76-0681190**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

	J. Chris Brewster
	Chief Financial Officer
3110 Hayes Road, Suite 300	**3110 Hayes Road, Suite 300**
Houston, Texas 77082	**Houston, Texas 77082**
(281) 596-9988	**(281) 596-9988**
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)	*(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)*

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities of an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is declared effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated , 2007

PROSPECTUS

Cardtronics, Inc.

16,666,667 Shares
Common Stock

This is the initial public offering of Cardtronics, Inc. common stock. We are offering 8,333,333 shares of our common stock and the selling stockholders, including certain members of our senior management, are offering 8,333,334 shares of our common stock. No public market currently exists for our common stock. We will not receive any of the proceeds from the shares of our common stock sold by the selling stockholders.

We have applied for listing of our common stock on The Nasdaq Global Market under the symbol CATM. We currently estimate that the initial public offering price will be between $14.00 and $16.00 per share.

Investing in our common stock involves risk. See Risk Factors beginning on page 15.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	**Total**
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to the Company	$	$
Proceeds, before expenses, to the selling stockholders	$	$

The selling stockholders have granted the underwriters a 30-day option to purchase up to an aggregate of 2,500,000 additional shares of our common stock to cover over-allotments.

The underwriters expect to deliver the shares on or about , 2007.

Deutsche Bank Securities **William Blair & Company** **Banc of America Securities LLC**

JPMorgan **Piper Jaffray** **RBC Capital Markets**

The date of this prospectus is , 2007.

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Dealer Prospectus Delivery Obligation

Through and including , 2007 (25 days after the commencement of the offering), all dealers that effect transactions in these securities, whether or not participating in the offering, may be required to deliver a prospectus. This is in addition to the dealer s obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

About this Prospectus

You should rely only on the information contained in this prospectus or to which we have referred you, including any free writing prospectus that we file with the SEC relating to this offering. We and the selling stockholders have not authorized any other person to provide you with different information. We and the selling stockholders are only offering to sell, and only seeking offers to buy, the common stock in jurisdictions where offers and sales are permitted.

The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary sets forth the material terms of the offering, but does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus carefully before making an investment decision, especially the risks of investing in our common stock discussed under Risk Factors. The terms we, us, our, the Company, and Cardtronics refer to Cardtronics, Inc. and its subsidiaries, unless the context otherwise requires. We refer to automated teller machines as ATMs throughout this prospectus. Pro forma financial and non-financial information contained in this prospectus gives effect to our acquisition of the financial services business of 7-Eleven, Inc. (7-Eleven), which we refer to as the 7-Eleven ATM Transaction, including the related financing transactions, as if they had occurred prior to the period for which such information is given. Such pro forma information is presented for illustrative purposes only and is not necessarily indicative of what our actual results would have been nor is it necessarily indicative of what our results will be in future periods. All financial and non-financial information presented for periods subsequent to July 20, 2007, the effective date of the 7-Eleven ATM Transaction, includes the effects of such acquisition and the related financing transactions on an actual rather than a pro forma basis.

Our Business

Cardtronics, Inc. operates the world s largest network of ATMs. Our network currently includes over 31,500 ATMs, principally in national and regional merchant locations throughout the United States, the United Kingdom, and Mexico. Approximately 19,600 of the ATMs we operate are Company-owned and 11,900 are merchant-owned. Our high-traffic retail locations and national footprint make us an attractive partner for regional and national financial institutions that are seeking to increase their market penetration. Over 9,500 of our Company-owned ATMs are under contract with well-known banks to place their logos on those machines and provide surcharge-free access to their customers, making us the largest non-bank owner and operator of bank-branded ATMs in the United States. We also operate the Allpoint network, which sells surcharge-free access to financial institutions that lack a significant ATM network. We believe that Allpoint is the largest surcharge-free network of ATMs in the United States based on the number of participating ATMs.

Our Company-owned ATMs, which represent over 62% of our ATM portfolio, are deployed with leading retail merchants under long-term contracts with initial terms generally of five to seven years. These merchant customers operate high consumer traffic locations, such as convenience stores, supermarkets, membership warehouses, drug stores, shopping malls, and airports. Based on our revenues, 7-Eleven, BP Amoco, Chevron, Costco, CVS Pharmacy, Duane Reade, ExxonMobil, Hess Corporation, Rite Aid, Sunoco, Target, Walgreens, and Winn-Dixie are our largest merchant customers in the United States; Alfred Jones, Martin McColl (formerly TM Retail), McDonalds, The Noble Organisation, Odeon Cinemas, Spar, Tates, and Vue Cinemas are our largest merchant customers in the United Kingdom; and Cadena Comercial OXXO S.A. de C.V. (OXXO) and Farmacia Guadalajara S.A. de C.V. (Fragua) are our largest merchant customers in Mexico.

As operator of the world s largest network of ATMs, we believe we are well-positioned to increase the size of our network through both internal growth and through acquisitions. On July 20, 2007, we purchased substantially all of the assets of the financial services business of 7-Eleven, which included 5,500 ATMs located in 7-Eleven stores across the United States. Approximately 2,000 of the acquired ATMs are advanced-functionality financial services kiosks branded as Vcom^tm units. We also entered into a placement agreement that gives us the exclusive right, subject to certain conditions, to operate all of the ATMs and Vcom^tm units in existing and future 7-Eleven store locations in the United States for the next 10 years.

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Our revenue is recurring in nature and is primarily derived from ATM surcharge fees, which are paid by cardholders, and interchange fees, which are fees paid by the cardholder s financial institution for the use of the applicable electronic funds transfer (EFT) network that transmits data between the ATM and the cardholder s financial institution. We generate additional revenue by branding our ATMs with signage from banks and other financial institutions, resulting in surcharge-free access and added convenience for their customers and increased usage of our ATMs. Our branding arrangements include relationships with leading national financial institutions, including Citibank, HSBC, JPMorgan Chase, and Sovereign Bank. We also generate revenue by collecting fees from financial institutions that participate in the Allpoint surcharge-free network.

For the year ended December 31, 2006 and the nine months ended September 30, 2007, we processed over 192.1 million and 155.1 million withdrawal transactions, respectively, on a pro forma basis, which resulted in approximately $16.4 billion and $14.1 billion, respectively, in cash disbursements. Excluding the pro forma effects of the 7-Eleven ATM Transaction, we processed over 125.1 million and 113.9 million withdrawal transactions, respectively, resulting in approximately $10.7 billion and $8.9 billion, respectively, in cash disbursements. In addition, for the year ended December 31, 2006 and the nine months ended September 30, 2007, we processed over 72.3 million and 67.3 million, respectively, of other ATM transactions on a pro forma basis, which included balance inquiries, fund transfers, and other non-withdrawal transactions. Excluding the pro forma effects of the 7-Eleven ATM Transaction, we processed over 47.7 million and 52.2 million, respectively, of other ATM transactions.

For the year ended December 31, 2006 and the nine months ended September 30, 2007, we generated pro forma revenues of $457.3 million and $349.9 million, respectively, which included approximately $18.0 million and $4.2 million in revenues associated with past upfront payments received by 7-Eleven in connection with the development and provision of certain advanced-functionality services through the Vcom™ units. Such payments, which we refer to as placement fees, related to arrangements that ended prior to our acquisition of the financial services business of 7-Eleven, and thus will not continue in the future. While we believe we will continue to earn some placement fee revenues related to the acquired financial services business of 7-Eleven, we expect those amounts to be substantially less than those earned historically. Excluding these fees, our pro forma revenues for these periods would have totaled $439.3 million and $345.7 million, respectively, which reflect the transaction growth experienced on our network. Excluding the pro forma effects of the 7-Eleven ATM Transaction, we generated revenues of $293.6 million and $ 262.3 million, respectively, for the year ended December 31, 2006 and nine months ended September 30, 2007.

Our recent transaction and revenue growth have primarily been driven by investments that we have made in certain strategic growth initiatives and we expect these initiatives will continue to drive revenue growth and margin improvement. However, such investments have negatively affected our current year operating profits and related margins. For example, we have significantly increased the number of Company-owned ATMs in our United Kingdom and Mexico operations during the past year. While such deployments have resulted in an increase in revenues, they have negatively impacted our operating margins, as transactions for many of those machines have yet to reach the higher consistent recurring transaction levels seen in our more mature ATMs. Additionally, we have recently increased our investment in sales and marketing personnel to take advantage of what we believe are opportunities to capture additional market share in our existing markets and to provide enhanced service offerings to financial institutions. We have also incurred additional costs to develop our in-house transaction processing capabilities to better serve our clients and maximize our revenue opportunities. Additional costs were also necessary to meet the triple data security encryption standard (Triple-DES) adopted by the EFT networks. Finally, we recorded $5.3 million in impairment charges during the nine months ended September 30, 2007, $5.1 million of which related to one specific merchant contract acquired in 2004 for which the anticipated future cash flows are not expected to be sufficient to cover the carrying value of the related intangible asset.

All these expenditures have adversely impacted our pro forma operating income, which totaled $27.5 million and $11.1 million for the year ended December 31, 2006 and nine months ended September 30, 2007, respectively (excluding the upfront placement fees associated with the acquired financial services business of 7-Eleven that are not expected to continue in the future). Excluding the pro forma effects of the 7-Eleven ATM Transaction, our operating income totaled $20.1 million and $5.9 million for the year ended December 31, 2006 and nine months ended September 30, 2007, respectively. Furthermore, on a historical basis, we generated net losses of $0.5 million and $19.7 million for the year ended December 31, 2006 and nine months ended September 30, 2007, respectively.

Our Strengths

Leading Market Position. We operate the world s largest network of ATMs. Our network currently includes over 31,500 ATMs located throughout the United States, the United Kingdom, and Mexico. We are also the largest non-bank owner and operator of bank-branded ATMs in the United States and operate the Allpoint network, which we believe is the largest surcharge-free network of ATMs in the United States based on the number of participating ATMs. Our size and diversity of products and services give us significant economies of scale and the ability to provide attractive and efficient solutions to national and regional financial institutions and retailers.

Network of Leading Retail Merchants Under Multi-Year Contracts. We have developed significant relationships with national and regional merchants within the United States, the United Kingdom, and Mexico. These merchants typically operate high-traffic locations, which we have found to result in increased ATM activity and profitability. Our contracts with our merchant customers are typically multi-year arrangements with initial terms of five to seven years. As of September 30, 2007, our contracts with our top 10 merchant customers had a weighted average remaining life based on revenues of 8 years, including the ten-year placement agreement that we entered into with 7-Eleven in July 2007. These long-term relationships can provide opportunities to deploy additional ATMs in new locations. We believe our merchant customers value our high level of service, our 24-hour per day monitoring and accessibility, and that our U.S. ATMs are on-line and able to serve customers an average of 98.5% of the time.

Recurring and Stable Revenue and Operating Cash Flow. The long-term contracts that we enter into with our merchant customers provide us with access to customer traffic and relatively stable, recurring revenue. Additionally, our branding arrangements and surcharge-free initiatives provide us with additional revenue under long-term contracts that is generally not based on the number of transactions per ATM. On a pro forma basis for the nine months ended September 30, 2007, we derived approximately 95% of our total revenues from recurring ATM transaction and branding fees. Our recurring and stable revenue base, relatively low and predictable maintenance capital expenditure requirements, and minimal working capital requirements allow us to generate operating cash flows to service our indebtedness as well as invest in future growth initiatives.

Low-Cost Provider. We believe the size of our network combined with our operating infrastructure allows us to be among the low-cost providers in our industry. We believe our operating costs per ATM are significantly lower than the operating costs incurred by bank ATM operators. Our scale provides us with a competitive advantage both in operating our ATM fleet and completing acquisitions of additional ATM portfolios as well as the potential to offer cost effective outsourcing services to financial institutions.

Technological Expertise. We have developed, and are continuing to develop, significant new technological capabilities that could enhance the services we are able to provide ATM

users, financial institutions, and our merchant customers. Our in-house transaction processing capability, which had been rolled out to approximately 10,000 of our ATMs as of October 31, 2007, will allow us to control ATM screen flow, enabling us to provide customized branding and messaging opportunities as ATM transactions are processed. In addition, our advanced-functionality ATMs are capable of performing check cashing, deposit taking at off-premise ATMs, which are ATMs not located in a bank branch, using electronic imaging, bill payments, and other kiosk-based financial services. The depth and breadth of our technical expertise gives us a competitive advantage in capitalizing on an ATM service model which has and will continue to evolve.

Proven Ability to Grow through Acquisitions and International Expansion. Since April 2001, we have acquired 14 networks of ATMs and one operator of a surcharge-free ATM network, increasing the number of ATMs we operate from approximately 4,100 to over 31,500 as of September 30, 2007. The majority of these acquisitions have been ATM portfolio or asset acquisitions, although we have also completed business acquisitions such as the 7-Eleven ATM Transaction. We believe the risks of integration associated with our ATM portfolio acquisition growth is reduced because we do not typically assume significant numbers of employees nor import new operating systems in connection with our acquisitions. Additionally, as a result of our relatively lower cost of operations and significant experience in ATM management, in many cases we have improved the operating cash flow of our acquired networks of ATMs and achieved high returns on capital for such transactions. We have also successfully expanded our business into the United Kingdom and Mexico. For the nine months ended September 30, 2007, our international operations contributed approximately 14% and 18% of our total revenues and operating income, respectively, on a pro forma basis. We believe that our proven ability to grow through acquisitions and international expansion positions us to take advantage of additional growth opportunities.

Experienced Management Team. Our management team has significant financial services and payment processing-related experience and has developed extensive relationships and a leadership position in the industry, including directorships on several industry association boards. We believe this expertise helps us to attract new merchant customers and provides us with increased acquisition and bank branding opportunities. Our management team currently owns approximately 24% of our outstanding common stock on a fully diluted basis and is expected to own approximately 16% after the completion of this offering.

Our Market Opportunity

As the world s leading operator of ATMs, we believe there are significant opportunities to grow our business.

Merchant Network Opportunities. Many of our existing national and regional retail merchant customers do not have ATMs in all of their retail locations and are adding new locations as they grow their businesses. Although we are not the exclusive provider of ATMs to a majority of these merchant customers, and thus may experience competition for the right to deploy additional ATMs in these new locations, we believe that we are well positioned to capitalize on these growth opportunities as we are often the primary ATM solutions provider for these merchants. In addition to these existing merchant customer opportunities, we have also targeted over 100 national or regional retailers who operate thousands of retail locations and are not currently customers.

Bank Branding and Outsourcing Opportunities. We believe that by branding our Company-owned ATMs with the logos of banks and other financial institutions, those institutions can interact with their customers more frequently, increase brand awareness, and provide additional services, including surcharge-free access to cash, at a lower cost than traditional marketing and distribution channels. Additionally, we are in the process of completing an initiative that will allow us to control the flow and content of information on the ATM screen, which we expect will enable us to offer customized branding solutions to financial institutions, including one-to-one marketing and advertising services on the ATM screen. We believe that our relatively lower cost of operations and significant experience in ATM management provides us with future revenue opportunities as banks and other financial institutions look to outsource certain ATM management functions to simplify operations and lower their costs.

Surcharge-Free Network Opportunities. The Allpoint network, which we believe is the largest surcharge-free network in the United States based on the number of participating ATMs, allows us to profitably participate in the portion of the ATM market not already served by our surcharge-based business model. Future growth opportunities exist for us in the surcharge-free ATM market as smaller financial institutions continue to look for cost-effective ways to offer convenient, surcharge-free ATM access to their customers, such as access through the Allpoint network.

Advanced-Functionality Opportunities. Approximately 75% of all ATM transactions in the United States are cash withdrawals, with the remainder representing other basic banking functions such as balance inquiries, transfers, and deposits. We believe opportunities exist for us as the operator of the world s largest network of ATMs to provide advanced-functionality services, such as check cashing, off-premise deposit taking using electronic imaging, money transfer, and bill payment. We are currently offering these advanced-functionality services through the 2,000 Vcom^tm units acquired as part of the 7-Eleven ATM Transaction. Pursuing advanced-functionality opportunities involve associated risks and costs as more fully described in Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations. We are currently incurring, and expect to continue to incur, operating losses from the acquired Vcom^tm operations. For the period from the acquisition date (July 20, 2007) through September 30, 2007, we incurred a $2.1 million loss associated with the acquired Vcom^tm operations. If our cumulative losses exceed $10.0 million, including $1.5 million in contract termination costs, we currently intend to terminate the Vcom^tm services and utilize the existing Vcom^tm units to provide traditional ATM services. While we are not currently pursuing advanced functionality outside of our V-com units, we may pursue other advanced-functionality opportunities as described under Our Strategy below notwithstanding our determination as to V-com services.

International Opportunities. International markets are experiencing an increase in off-premise ATMs as consumers seek convenient access to cash. We believe that significant growth opportunities continue to exist in those international markets where cash is the predominant form of payment utilized by consumers and where off-premise ATM penetration is still relatively low.

Our Strategy

Our strategy is to enhance our position as the leading owner and operator of ATMs in the United States, to become a significant service provider to financial institutions, and to expand our network further into select international markets. In order to execute this strategy we will endeavor to:

Increase Penetration and ATM Count with Leading Merchants. We have two principal opportunities to increase the number of ATM sites with our existing merchants: first, by deploying ATMs in our merchants existing locations that currently do not have, but where traffic volumes justify installing, an ATM; and second, as our merchants open new locations, by installing ATMs in those locations. We believe our expertise, national footprint, strong record of customer service with leading merchants, and our significant scale position us to successfully market to, and enter into long-term contracts with, additional leading national and regional merchants.

Capitalize on Existing Opportunities to Become a Significant Service Provider to Financial Institutions. We believe we are strongly positioned to work with financial institutions to fulfill many of their ATM requirements. Our ATM services offered to financial institutions include branding our ATMs with their logos and providing surcharge-free access to their customers, managing their off-premise ATM networks on an outsourced basis, or buying their off-premise ATMs in combination with branding arrangements. In addition, the development of our in-house processing capability will provide us with the ability to control the content of the information appearing on the screens of our ATMs, which should in turn serve to increase the types of products and services that we will be able to offer to financial institutions.

Capitalize on Surcharge-Free Network Opportunities. We plan to continue to pursue opportunities with respect to our surcharge-free networks, where financial institutions pay us to allow surcharge-free access to our ATM network for their customers on a non-exclusive basis. We believe this arrangement will enable us to increase transaction counts and profitability on our existing machines. Additionally, we plan to expand our Allpoint surcharge-free network to the United Kingdom and Mexico in the future.

Develop and Provide Selected Advanced-Functionality Services. ATMs have and continue to evolve in terms of service offerings. Certain advanced ATM models are capable of providing check cashing, off-premise deposit taking services using electronic imaging, money transfer, and bill payment services. Our Vcom^{tm} units are capable of providing many of these services. Irrespective of our ultimate decision on the continued operation of our Vcom^{tm} units as described above, we believe the advanced functionality offered by our Vcom^{tm} units and other machines we or others may develop, provides additional growth opportunities as retailers and financial institutions seek to provide additional convenient self-service financial services to their customers.

Pursue International Growth Opportunities. We have recently invested significant amounts in the infrastructure of our United Kingdom and Mexico operations, and we plan to continue to increase the number of our Company-owned ATMs in these markets through machines deployed with our existing customer base as well as through the addition of new merchant customers. Additionally, we plan to expand our operations into selected international markets where we believe we can leverage our operational expertise and scale advantages. In particular, we are targeting high growth emerging markets where cash is the predominant form of payment and where off-premise ATM penetration is relatively low, such as Central and Eastern Europe, China, India and Brazil.

Risk Factors

While we have summarized our above strengths, market opportunity, and strategy, there are numerous risks and uncertainties unique to our business and industry which may prevent us from capitalizing on our strengths and market opportunities, or from successfully executing our strategy. Examples of these risks include the following:

- We have recently seen a decline in the average number of merchant-owned ATMs that we operate in the United States of approximately 14.1% in 2006 and 4.2% during the nine months ended September 30, 2007.

- The U.S. has seen a shift in consumer payment trends since the late 1990 s, with more customers now opting for electronic forms of payment (e.g., credit cards and debit cards) for their in-store purchases over traditional paper-based forms of payment (e.g., cash and checks).

- We have incurred substantial losses in the past and may continue to incur losses in the future.

We currently expect to incur operating losses associated with providing advanced-functionality services through our Vcom^{tm} units within the first 12-18 months subsequent to the 7-Eleven ATM Transaction.

We derive a substantial portion of our revenues from ATMs placed with a small number of merchants, with 7-Eleven comprising approximately 35.8% of our pro forma revenues for the year ended December 31, 2006.

We have a substantial amount of indebtedness. As of September 30, 2007, we had outstanding indebtedness of approximately $408.9 million, which represents approximately 95.9% of our total capitalization of $426.4 million.

For a more complete description of the risks associated with an investment in us, you should read and carefully consider the matters described under Risk Factors. These risks could materially and adversely impact our business, financial condition, operating results, and cash flows, which could cause the trading price of our common stock to decline and could result in partial or total loss of your investment.

Our Executive Offices

Our principal executive offices are located at 3110 Hayes Road, Suite 300, Houston, Texas 77082, and our telephone number is (281) 596-9988. Our website address is *www.cardtronics.com*. Information contained on our website is not part of this prospectus.

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THE OFFERING

Common stock offered	8,333,333 shares by us 8,333,334 shares by the selling stockholders
Total offering	16,666,667 shares
Common stock outstanding after the offering	34,909,608 shares (47.7% of which are the shares being offered in this offering)
Use of proceeds	We estimate that our net proceeds from this offering, after deducting underwriting discounts and commissions and estimated offering expenses, will be approximately $114.8 million, assuming an initial public offering price of $15.00 per share, which is the midpoint of the range set forth on the cover page of this prospectus. We intend to use the net proceeds we receive from this offering: to pay down approximately $105.6 million of indebtedness under our credit facility; and for working capital and general corporate purposes. See Use of Proceeds. We will not receive any of the proceeds from the sale of shares of our common stock by the selling stockholders. The selling stockholders include members of our senior management. See Principal and Selling Stockholders.
Dividend policy	We do not expect to pay any dividends on our common stock for the foreseeable future.
Proposed Nasdaq Global Market symbol	CATM
Risk Factors	See Risk Factors beginning on page 15 of this prospectus for a discussion of factors that you should carefully consider before deciding to invest in shares of our common stock.

Unless specifically indicated otherwise or unless the context otherwise requires, the information in this prospectus gives effect to (1) the conversion of all Series B Convertible Preferred Stock into common stock, which includes the effect of an additional share issuance to TA Associates concurrent with the closing of this offering, and a stock split in the form of a stock dividend of our common stock immediately prior to the closing of the offering, all as described in more detail in Certain Relationships and Related Party Transactions; and (2) no exercise of the underwriters over-allotment option. See Certain Relationships and Related Party Transactions Preferred Stock Private Placement and Description of Capital Stock.

The number of shares of common stock that will be outstanding after the offering is based on the number of shares outstanding as of September 30, 2007, and includes shares that will be issued and outstanding as a result of the exercise of certain stock options as part of the offering. This number does not include:

- 5,506,714 shares of common stock that will be issuable upon the exercise of stock options outstanding under the 2001 Stock Incentive Plan subsequent to the offering;
- an aggregate of 48,245 shares of common stock reserved for future issuance under our 2001 Stock Incentive Plan; and
- any shares of common stock reserved for future issuance under our 2007 Stock Incentive Plan, which was approved in August 2007.

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SUMMARY HISTORICAL CONSOLIDATED AND PRO FORMA FINANCIAL AND OPERATING DATA

The summary consolidated balance sheet data for Cardtronics as of December 31, 2005 and 2006 and the summary consolidated statements of operations and cash flows data for Cardtronics for the years ended December 31, 2004, 2005, and 2006 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated balance sheet data for Cardtronics as of September 30, 2007 and the summary consolidated statements of operations data for Cardtronics for the nine months ended September 30, 2006 and 2007 have been derived from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. The unaudited interim period financial information, in the opinion of management, includes all adjustments, which are normal and recurring in nature, necessary for a fair presentation for the periods shown. Our unaudited interim period financial information includes the results of the acquired financial services business of 7-Eleven subsequent to the acquisition date of July 20, 2007. Results for the nine months ended September 30, 2007 are not necessarily indicative of the results to be expected for the full year.

The summary unaudited pro forma condensed consolidated statements of operations data for the year ended December 31, 2006 and the nine months ended September 30, 2007 have been derived from the unaudited pro forma condensed consolidated financial statements included elsewhere in this prospectus. The summary unaudited pro forma condensed consolidated statements of operations have been prepared to give effect to the 7-Eleven ATM Transaction and the related financing transactions as if each had occurred on January 1, 2006.

The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The unaudited pro forma financial information is provided for informational purposes only. The summary unaudited pro forma condensed consolidated financial data do not purport to represent what our results of operations or financial position actually would have been if the 7-Eleven ATM Transaction or the related financing transactions had occurred on the dates indicated, nor do such data purport to project the results of operations for any future period.

The summary consolidated and pro forma condensed consolidated financial and operating data should be read in conjunction with Selected Historical Consolidated Financial and Operating Data, Unaudited Pro Forma Condensed Consolidated Financial Statements, Management s Discussion and Analysis of Financial Condition and Results of Operations, and the consolidated financial statements and related notes appearing elsewhere in this prospectus.

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Cardtronics, Inc.

	Years Ended December 31, 2004	2005	2006	Pro Forma Year Ended December 31, 2006	Nine Months Ended September 30, 2006	2007	Pro Forma Nine Months Ended September 3 2007
onsolidated tatements of perations Data:			**(in thousands, except share, per share, and per withdrawal transaction statistics)**				
evenues:							
TM operating revenues	$ 182,711	$ 258,979	$ 280,985	$ 416,961	$ 209,542	$ 251,854	$ 331,167
com^{tm} operating evenues [1]				27,686		685	8,882
TM product sales and ther revenues	10,204	9,986	12,620	12,620	9,218	9,805	9,805
otal revenues	192,915	268,965	293,605	457,267	218,760	262,344	349,854
ost of revenues:							
ost of ATM operating evenues (exclusive of epreciation, accretion, nd amortization, shown eparately below)[2][3][4]	143,504	199,767	209,850	309,433	157,225	191,046	249,891
ost of Vcom^{tm} operating evenues				16,309		2,644	11,770
ost of ATM product ales and other revenues	8,703	9,681	11,443	11,443	8,142	9,196	9,196
otal cost of revenues	152,207	209,448	221,293	337,185	165,367	202,886	270,857
ross profit	40,708	59,517	72,312	120,082	53,393	59,458	78,997
perating expenses:							
elling, general, and dministrative xpenses [5][6]	13,571	17,865	21,667	27,580	15,709	20,985	23,422
epreciation and ccretion expense	6,785	12,951	18,595	23,702	14,072	18,541	21,357
mortization expense [7]	5,508	8,980	11,983	23,297	9,610	14,062	18,903
otal operating expenses	25,864	39,796	52,245	74,579	39,391	53,588	63,682
ncome from operations	14,844	19,721	20,067	45,503	14,002	5,870	15,315
ther (income) expense:							
nterest expense, net [8]	5,235	22,426	25,072	39,333	18,769	21,592	29,172
ther [9]	228	983	(4,986)	(4,986)	(868)	751	751

otal other expense		5,463		23,409		20,086		34,347		17,901		22,343	29,923
ncome (loss) before ncome taxes		9,381		(3,688)		(19)		11,156		(3,899)		(16,473)	(14,608
ncome tax provision benefit)		3,576		(1,270)		512		4,658		(1,217)		3,212	3,212
et income (loss)		5,805		(2,418)		(531)		6,498		(2,682)		(19,685)	(17,820
referred stock dividends nd accretion expense		2,312		1,395		265		265		199		200	200
et income (loss) vailable to common ockholders	$	3,493	$	(3,813)	$	(796)	$	6,233	$	(2,881)	$	(19,885)	$ (18,020
et income (loss) per ommon share													
asic	$	1.56	$	(2.16)	$	(0.46)	$	3.56	$	(1.64)	$	(11.28)	$ (10.23
iluted	$	1.47	$	(2.16)	$	(0.46)	$	2.17	$	(1.64)	$	(11.28)	$ (10.23
Veighted average shares utstanding													
asic		2,238,801		1,766,419		1,749,328		1,749,328		1,752,442		1,762,200	1,762,200
iluted		2,372,204		1,766,419		1,749,328		2,872,271		1,752,442		1,762,200	1,762,200

	Years Ended December 31, 2004	2005	2006	Pro Forma Year Ended December 31, 2006	Nine Months Ended September 30, 2006	2007	Pro F Nine M En Septem 20
n share and per n[10]:							
e (loss) per hare:							
	$ 0.16	$ (0.22)	$ (0.05)	$ 0.37	$ (0.17)	$ (1.17)	$
	$ 0.15	$ (0.22)	$ (0.05)	$ 0.22	$ (0.17)	$ (1.17)	$
average shares g:							
	21,665,997	17,094,520	16,929,122	16,929,122	16,959,258	17,053,695	17,0
	22,957,004	17,094,520	16,929,122	27,796,403	16,959,258	17,053,695	17,0
ted Statements ows Data:							
s from activities	$ 20,466	$ 33,227	$ 25,446		$ 16,867	$ 35,189	
s from investing	$ (118,926)	$ (139,960)	$ (35,973)		$ (25,933)	$ (179,469)	
s from activities	$ 94,318	$ 107,214	$ 11,192		$ 7,773	$ 147,693	
ancial Data d):							
11)	$ 26,909	$ 40,669	$ 55,631	$ 97,488	$ 38,552	$ 37,722	$
penditures [12]:							
ce capital es	$ 2,354	$ 1,680	$ 2,384	$ 9,599	$ 1,910	$ 5,740	$
pital es	17,393	30,246	33,707	45,818	24,111	39,598	
al expenditures	$ 19,747	$ 31,926	$ 36,091	$ 55,417	$ 26,021	$ 45,338	$
Data d):							
umber of ATMs[13]	17,936	26,164	25,778	31,301	25,913	27,149	
actions (in	111,577	156,851	172,808	264,431	128,539	166,183	2

drawal s (in	86,821	118,960	125,078	192,107	93,756	113,934	
awal :							
ating revenues	$ 2.10	$ 2.18	$ 2.25	$ 2.17	$ 2.23	$ 2.21	$
ating gross lusive of on, accretion, zation)[4]	$ 0.45	$ 0.50	$ 0.57	$ 0.56	$ 0.56	$ 0.53	$
ating gross gin (exclusive ation, accretion, zation)[4]	21.4%	22.9%	25.3%	25.8%	25.0%	24.1%	

	As of December 31,		As of September 30, 2007	
	2005	2006	Actual	As Adjusted[14]
	(in thousands)			
Consolidated Balance Sheet Data:				
Cash and cash equivalents	$ 1,699	$ 2,718	$ 6,118	$ 15,268
Total assets	343,751	367,756	562,201	571,351
Total long-term debt and capital lease obligations, including current portion	247,624	252,895	408,910	303,310
Preferred stock[15]	76,329	76,594	76,794	
Total stockholders equity (deficit)	(49,084)	(37,168)	(59,329)	130,822

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(1) Includes upfront placement fee revenues of $18.7 million and $4.8 million for the pro forma year ended December 31, 2006 and the pro forma nine months ended September 30, 2007, respectively, received by 7-Eleven related to the acquired Vcom™ operations, of which $18.0 million and $4.2 million, respectively, relate to arrangements that ended prior to our acquisition and thus, are not expected to continue in the future.

(2) Includes expense reductions of $7.5 million and $3.8 million for the pro forma year ended December 31, 2006 and pro forma nine months ended September 30, 2007, respectively. These amounts reflect the pro forma purchase accounting adjustments made with respect to certain unfavorable leases and an unfavorable contract assumed in connection with the 7-Eleven ATM Transaction. Although these adjustments will serve to reduce our future expense recorded for the cost of ATM operating revenues, we will still be required to pay the higher rates stipulated in the assumed leases and contract for the remaining terms of such agreements, the substantial majority of which expire in 2009.

(3) Includes $0.9 million of inventory adjustments for the year ended December 31, 2006 (both on a historical and pro forma basis), the majority of which related to our Triple-DES upgrade efforts. Also includes $1.7 million of costs incurred related to our efforts to convert our ATM portfolio over to our in-house transaction processing switch and $0.5 million of inventory cost adjustments related to our Triple-DES upgrade efforts for the nine months ended September 30, 2007 (both on a historical and pro forma basis).

(4) Excludes effects of depreciation, accretion, and amortization expense of $11.4 million, $20.6 million, and $29.2 million for the years ended December 31, 2004, 2005, and 2006, respectively, $45.6 million for the pro forma year ended December 31, 2006, $22.6 million and $31.3 million for the nine month periods ended September 30, 2006 and 2007, respectively, and $39.0 million for the pro forma nine month period ended September 30, 2007.

(5) Includes non-cash stock-based compensation totaling $1.0 million, $2.2 million, and $0.8 million in 2004, 2005 and 2006, respectively, $0.6 million for the nine months ended September 30, 2006, $0.7 million for the nine months ended September 30, 2007, and $0.8 million and $0.7 million for the pro forma year ended December 31, 2006 and the pro forma nine months ended September 30, 2007, respectively, related to options granted to certain employees and a restricted stock grant made to our Chief Executive Officer in 2003. Additionally, the 2004 results include a bonus of $1.8 million paid to our Chief Executive Officer related to the tax liability associated with such restricted stock grant. See Note 3 to our consolidated financial statements.

(6) Includes the write-off in 2004 of approximately $1.8 million in costs associated with our decision to not pursue a financing transaction to completion.

(7) Includes pre-tax impairment charges of $1.2 million and $2.8 million in 2005 and 2006, respectively, and $2.8 million and $5.3 million for the nine months ended September 30, 2006 and 2007, respectively, and the pro forma year ended December 31, 2006 and the pro forma nine months ended September 30, 2007, respectively.

(8) Includes the write-off of $5.0 million and $0.5 million of deferred financing costs in 2005 and 2006, respectively, and $0.5 million for the nine months ended September 30, 2006 as a result of (i) amendments to our existing credit facility and the repayment of our existing term loans in August 2005 and (ii) certain modifications made to our revolving credit facility in February 2006.

(9) The Other line item in 2004 and 2005 primarily consists of losses on the sale or disposal of assets. Other in 2006 (both on a historical and pro forma basis) reflects the recognition of approximately $4.8 million in other

income primarily related to settlement proceeds received from Winn-Dixie Stores, Inc. (Winn-Dixie), one of our merchant customers, as part of that company s successful emergence from bankruptcy, a $1.1 million contract termination payment received from one of our customers, and a $0.5 million payment received from one of our customers related to the sale of a number of its stores to another party, which were partially offset by $1.6 million of losses on the sale or disposal of fixed assets during the year. Finally, Other for the nine months ended September 30, 2007 (both on a historical and pro forma basis) includes $1.5 million of losses on the disposal of fixed assets, which were partially offset by $0.6 million of gains related to the sale of the Winn-Dixie equity securities, which we received from Winn-Dixie in 2006 as a part of its bankruptcy settlement.

(10) Gives effect to the anticipated stock split and conversion of the Series B Convertible Preferred Stock into shares of our common stock in connection with the offering. The stock split reflected in the above pro forma net income (loss) per common share amounts reflects (i) the conversion mechanics applicable to the Series B Convertible Preferred Stock held by TA Associates, as described in Certain Relationships and Related Party Transactions included elsewhere in this prospectus, (ii) the conversion of the remaining Series B Convertible Preferred Stock into an equal number of common shares, and (iii) a resulting 9.6259 to 1 stock split for all common shares, which will be effected immediately prior to the closing of the offering. Such amounts assume the offering occurs at the mid point of the price range reflected on the cover of this prospectus.

(11) EBITDA represents net income before interest expense, income tax expense, and depreciation, accretion and amortization expense. This term, as we define it, may not be comparable to similarly titled measures employed by other companies and is not a measure of performance calculated in accordance with accounting principles

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generally accepted in the United States, or GAAP. EBITDA 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 GAAP.

We believe EBITDA is useful to an equity investor in evaluating our operating performance because:

it is used by investors to measure a company s operating performance without regard to items such as interest expense, depreciation, accretion, and amortization, which 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; and

it helps investors more meaningfully evaluate and compare the results of our operations from period to period by removing the impact of our capital structure and asset base from our operating results.

Our management uses EBITDA:

as a measure of operating performance because it assists them in comparing our performance on a consistent basis as it removes the impact of our capital structure and asset base from our operating results;

as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations;

to assess compliance with financial ratios and covenants included in our credit agreement;

in communications with lenders concerning our financial performance; and

as a performance measure by which our management is evaluated and compensated.

Management compensates for the limitations of EBITDA as an analytical tool by reviewing the comparable GAAP measures, understanding the differences between the measures, and incorporating this knowledge into management s decision-making process.

The following table provides a reconciliation of EBITDA to net income (loss), its most directly comparable GAAP financial measure, for each of the periods presented:

	Years Ended December 31,			Pro Forma Year Ended December 31,	Nine Months Ended September 30,		Pro Forma Nine Months Ended September 30,
	2004	2005	2006	2006	2006	2007	2007
				(in thousands)			
Net income (loss)	$ 5,805	$ (2,418)	$ (531)	$ 6,498	$ (2,682)	$ (19,685)	$ (17,820)
Interest expense	5,235	22,426	25,072	39,333	18,769	21,592	29,172
Income tax provision (benefit)	3,576	(1,270)	512	4,658	(1,217)	3,212	3,212

Depreciation, amortization, and accretion	12,293	21,931	30,578	46,999	23,682	32,603	40,260
EBITDA	$ 26,909	$ 40,669	$ 55,631	$ 97,488	$ 38,552	$ 37,722	$ 54,824

(12) Capital expenditure amounts for Cardtronics Mexico are reflected gross of any minority interest amounts. Additionally, the 2006 capital expenditure amount excludes our initial $1.0 million investment in Cardtronics Mexico.

(13) The historical 2007 average number of transacting ATMs for the nine months ended September 30, 2007 includes the ATMs acquired in the 7-Eleven ATM Transaction beginning from the acquisition date (July 20, 2007) and continuing through September 30, 2007. The historical 2006 average numbers of transacting ATMs for the year ended December 31, 2006 and nine months ended September 30, 2006 includes the ATMs of our Mexico operations beginning from the acquisition date (February 8, 2006) and continuing through December 31, 2006 and September 30, 2006, respectively.

(14) The as adjusted balance sheet figures give effect to (1) our sale of 8,333,333 shares of our common stock in this offering (assuming the mid point of the estimated price range set forth on the cover page of this prospectus), (2) the application of the estimated net proceeds from the offering as discussed under Use of Proceeds and (3) the conversion of all Series B Convertible Preferred Stock into common stock, which includes the effect of an additional share issuance to TA Associates concurrent with the closing of this offering and (4) a stock split in the form of a stock dividend of our common stock immediately prior to the closing of this offering. The actual ratio of our stock split may change based on the ultimate offering price of our common stock and the resulting conversion ratio of our Series B Convertible Preferred Stock owned by TA Associates. See Certain Relationships and Related Party Transactions .

(15) The amount reflected on our balance sheet is shown net of issuance costs of $1.4 million as of December 31, 2006 and $1.2 million as of September 30, 2007. The aggregate redemption price for the preferred stock was $78.0 million as of September 30, 2007.

RISK FACTORS

You should carefully consider the following risk factors and all other information contained in this prospectus before purchasing our common stock. We believe that the risks and uncertainties described below are the material risks and uncertainties facing us. Additional risks and uncertainties that we are unaware of, or that we currently deem immaterial, also may become important factors that affect us.

If any of the following risks occur, our business, financial condition or results of operations could be materially and adversely affected. In that case, the trading price of our common stock could decline, and you may lose some or all of your investment.

Risks Related to Our Business

We depend on ATM transaction fees for substantially all of our revenues, and our revenues would be reduced by a decline in the usage of our ATMs or a decline in the number of ATMs that we operate.

Transaction fees charged to cardholders and their financial institutions for transactions processed on our ATMs, including surcharge and interchange transaction fees, have historically accounted for most of our revenues. We expect that revenues from ATM transaction fees, including fees we receive through our bank and network branding surcharge-free offerings, will continue to account for a substantial majority of our revenues for the foreseeable future. Consequently, our future operating results will depend on (i) the continued market acceptance of our services in our target markets, (ii) maintaining the level of transaction fees we receive, (iii) our ability to install, acquire, operate and retain more ATMs, (iv) continued usage of our ATMs by cardholders, and (v) our ability to continue to expand our surcharge-free offerings. Additionally, it is possible that alternative technologies to our ATM services will be developed and implemented. If such alternatives are successful, we will likely experience a decline in the usage of our ATMs. Moreover, surcharge fees are set by negotiation between us and our merchant partners and could change over time. Further, growth in surcharge-free ATM networks and widespread consumer bias toward such networks could adversely affect our revenues, even though we maintain our own surcharge-free offerings.

We have also recently seen a decline in the average number of ATMs that we operate in the United States. Such decline, which totaled approximately 6.3% in 2006 and 2.0% during the nine months ended September 30, 2007, exclusive of ATMs acquired in the 7-Eleven ATM Transaction, is primarily due to customer losses experienced in our merchant-owned ATM business, offset somewhat by new Company-owned ATM locations that were deployed during the year. The decline in ATMs on the merchant-owned side of the business, which totaled 14.1% in 2006 and 4.2% during the nine months ended September 30, 2007, was due to (i) an internal initiative launched by us to identify and eliminate certain underperforming accounts, and (ii) increased competition from local and regional independent ATM service organizations.

We cannot assure you that our ATM transaction fees will not decline in the future. Accordingly, a decline in usage of our ATMs by ATM cardholders or in the levels of fees received by us in connection with such usage, or a decline in the number of ATMs that we operate, would have a negative impact on our revenues and would limit our future growth.

The proliferation of payment options other than cash in the United States, including credit cards, debit cards, and stored-value cards, could result in a reduced need for cash in the marketplace and a resulting decline in the usage of our ATMs.

The U.S. has seen a shift in consumer payment trends since the late 1990 s, with more customers now opting for electronic forms of payment (e.g., credit cards and debit cards) for their in-store purchases over traditional paper-based forms of payment (e.g., cash and checks).

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Additionally, certain merchants are now offering free cash back at the point-of-sale for customers that utilize debit cards for their purchases, thus providing an additional incentive for consumers to use such cards. According to the *Study of Consumer Payment Preferences* for 2005/2006, as prepared by Dove Consulting and the American Bankers Association, paper-based forms of payment declined from approximately 57% of all in-store payments made in 1999 to 44% in 2005. While most of the increase in electronic forms of payment during this period came at the expense of traditional checks, the use of cash to fund in-store payments declined from 39% in 1999 to 33% in 2001. Although the use of cash has been relatively stable since that date (remaining at roughly 33% of all in-store payments through 2005), continued growth in electronic payment methods (most notably debit cards and stored-value cards) could result in a reduced need for cash in the marketplace and a resulting decline in the usage of our ATMs.

We have incurred substantial losses in the past and may continue to incur losses in the future.

We have incurred net losses in three of the past five years, and have incurred a net loss of $19.7 million for the nine months ended September 30, 2007. As of September 30, 2007, we had an accumulated deficit of $23.0 million. There can be no guarantee that we will achieve profitability. If we achieve profitability, given the competitive and evolving nature of the industry in which we operate, we may not be able to sustain or increase such profitability on a quarterly or annual basis.

Interchange fees, which comprise a substantial portion of our ATM transaction revenues, may be lowered at the discretion of the various EFT networks through which our ATM transactions are routed, thus reducing our future revenues.

Interchange fees, which represented approximately 26.2% and 27.4% of our total pro forma ATM operating revenues for the year ended December 31, 2006 and the nine months ended September 30, 2007, respectively, are set by the various EFT networks through which our ATM transactions are routed. Accordingly, if such networks decided to lower the interchange rates paid to us for ATM transactions routed through their networks, our future ATM transaction revenues would decline.

We derive a substantial portion of our revenue from ATMs placed with a small number of merchants. If one or more of our top merchants were to cease doing business with us, or to substantially reduce its dealings with us, our revenues could decline.

For the year ended December 31, 2006 and the nine months ended September 30, 2007, we derived approximately 46.0% and 44.5%, respectively, of our total pro forma revenues from ATMs placed at the locations of our five largest merchants. Of this amount, 7-Eleven represents the single largest merchant customer in our portfolio, comprising approximately 35.8% and 33.6% of our total pro forma revenues for the year ended December 31, 2006 and nine months ended September 30, 2007, respectively. In addition to 7-Eleven, our next four largest merchant customers are CVS, Walgreens, Target, and ExxonMobil, and they collectively generated approximately 10.2% and 12.0% of our total pro forma revenues for the year ended December 31, 2006 and nine months ended September 30, 2007, respectively. Accordingly, a significant percentage of our future revenues and operating income will be dependent upon the successful continuation of our relationship with 7-Eleven and these other four merchants.

The loss of any of our largest merchants, or a decision by any one of them to reduce the number of our ATMs placed in their locations, would decrease our revenues. These merchants may elect not to renew their contracts when they expire. As noted above, our top five merchants (based on our total revenues) are 7-Eleven, CVS, Walgreens, Target, and ExxonMobil, and the expiration dates of our contracts with these merchants are July 20, 2017;

September 21, 2011; December 31, 2013; January 31, 2012; and December 31, 2013, respectively. Even if such contracts are renewed, the renewal terms may be less favorable to us than the current contracts. If any of our five largest merchants fails to renew its contract upon expiration, or if the renewal terms with any of them are less favorable to us than under our current contracts, it could result in a decline in our revenues and gross profits.

We rely on EFT network providers, transaction processors, and maintenance providers; if they fail or no longer agree to provide their services, we could suffer a temporary loss of transaction revenues or the permanent loss of any merchant contract affected by such disruption.

We rely on EFT network providers and have agreements with transaction processors and maintenance providers and have more than one such provider in each of these key areas. These providers enable us to provide card authorization, data capture, settlement, and ATM maintenance services to the merchants we serve. Typically, these agreements are for periods of up to two or three years each. If we improperly manage the renewal or replacement of any expiring vendor contract, or if our multiple providers in any one key area failed to provide the services for which we have contracted and disruption of service to our merchants occurs, our relationship with those merchants could suffer. Further, if such disruption of service is significant, the affected merchants may seek to terminate their agreements with us.

If we, our transaction processors, our EFT networks or other service providers experience system failures, the ATM products and services we provide could be delayed or interrupted, which would harm our business.

Our ability to provide reliable service largely depends on the efficient and uninterrupted operations of our in-house transaction processing switch, third-party transaction processors, telecommunications network systems, and other service providers. Accordingly, any significant interruptions could severely harm our business and reputation and result in a loss of revenue. Additionally, if any such interruption is caused by us, especially in those situations in which we serve as the primary transaction processor, such interruption could result in the loss of the affected merchants or damage our relationships with such merchants. Our systems and operations and those of our transaction processors and our EFT network and other service providers could be exposed to damage or interruption from fire, natural disaster, unlawful acts, terrorist attacks, power loss, telecommunications failure, unauthorized entry, and computer viruses. We cannot be certain that any measures we and our service providers have taken to prevent system failures will be successful or that we will not experience service interruptions.

If not done properly, the transitioning of our ATMs from third-party processors to our own in-house transaction processing switch could lead to service interruptions and/or the inaccurate settlement of funds between the various parties to our ATM transactions, which would harm our business and our relationships with our merchants.

We are currently transitioning the processing of transactions conducted on our ATMs from third-party processors to our own in-house transaction processing switch, and we expect to have a substantial number of our domestic Company-owned and merchant-owned ATMs converted over to that switch by the end of 2007. We currently have very limited experience in ATM transaction processing and have just recently hired additional personnel with experience in running an ATM transaction processing operation, including personnel we hired in connection with the 7-Eleven ATM Transaction. Because this is a relatively new business for us, there is an increased risk that our processing conversion efforts will not be successful, thus resulting in service interruptions for our merchants. Furthermore, if not performed properly, the

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processing of transactions conducted on our ATMs could result in the inaccurate settlement of funds between the various parties to those transactions and expose us to increased liability.

Security breaches could harm our business by compromising customer information and disrupting our ATM transaction processing services and damage our relationships with our merchant customers and expose us to liability.

As part of our ATM transaction processing services, we electronically process, store, and transmit sensitive cardholder information utilizing our ATMs. Unauthorized access to our computer systems could result in the theft or publication of such information or the deletion or modification of sensitive records, and could cause interruptions in our operations. While such security risks are mitigated by the use of encryption techniques, any inability to prevent security breaches could damage our relationships with our merchant customers and expose us to liability.

Computer viruses could harm our business by disrupting our ATM transaction processing services, causing non-compliance with network rules and damaging our relationships with our merchant customers.

Computer viruses could infiltrate our systems, thus disrupting our delivery of services and making our applications unavailable. Although we utilize industry standard anti-virus software and intrusion detection solutions for all of our key applications, any inability to prevent computer viruses could damage our relationships with our merchant customers and cause us to be in non-compliance with applicable network rules and regulations.

Operational failures in our ATM transaction processing facilities could harm our business and our relationships with our merchant customers.

An operational failure in our ATM transaction processing facilities could harm our business and damage our relationships with our merchant customers. Damage or destruction that interrupts our ATM processing services could damage our relationships with our merchant customers and could cause us to incur substantial additional expense to repair or replace damaged equipment. We have installed back-up systems and procedures to prevent or react to such disruptions. However, a prolonged interruption of our services or network that extends for more than several hours (i.e., where our backup systems are not able to recover) could result in data loss or a reduction in revenues as our ATMs would be unable to process transactions. In addition, a significant interruption of service could have a negative impact on our reputation and could cause our present and potential merchant customers to choose alternative ATM service providers.

Errors or omissions in the settlement of merchant funds could damage our relationships with our merchant customers and expose us to liability.

We are responsible for maintaining accurate bank account information for our merchant customers and accurate settlements of funds into these accounts based on the underlying transaction activity. This process relies on accurate and authorized maintenance of electronic records. Although we have certain controls in place to help ensure the safety and accuracy of our records, errors or unauthorized changes to these records could result in the erroneous or fraudulent movement of funds, thus damaging our relationships with our merchant customers and exposing us to liability.

We rely on third parties to provide us with the cash we require to operate many of our ATMs. If these third parties were unable or unwilling to provide us with the necessary cash to operate our ATMs, we would need to locate alternative sources of cash to operate our ATMs or we would not be able to operate our business.

In the U.S., we have historically relied on agreements with Bank of America, N.A. (Bank of America) and Palm Desert National Bank (PDNB) to provide us with the cash that we use in approximately 11,600 of our domestic ATMs where cash is not provided by the merchant (vault cash). In July 2007, we entered into a separate vault cash agreement with Wells Fargo, N. A. (Wells Fargo) to supply us with the cash that we use in the 5,500 ATMs and Vcom℠ units acquired in the 7-Eleven ATM Transaction. As of September 30, 2007, the balance of cash held in our domestic ATMs was approximately $740.6 million, 50.8% of which was supplied by Bank of America and 48.5% by Wells Fargo.

Under our agreements with Bank of America, Wells Fargo, and PDNB, we pay a fee for our usage of this cash based on the total amount of vault cash that we are using at any given time. At all times during this process, legal and equitable title to the cash is held by the cash providers, and we have no access or right to the cash. Each provider has the right to demand the return of all or any portion of its cash at any time upon the occurrence of certain events beyond our control, including certain bankruptcy events of us or our subsidiaries, or a breach of the terms of our cash provider agreements. Our current agreements with Bank of America and Wells Fargo expire in October 2008 and July 2009, respectively. However, Bank of America can terminate its agreement with us upon 360 days prior written notice, and Wells Fargo can terminate its agreement with us upon 180 days prior written notice.

We rely on an agreement with Alliance & Leicester Commercial Bank (ALCB) to provide us with all of the cash that we use in approximately 1,740 of our U.K. ATMs where cash is not provided by the merchant. The balance of cash held in our U.K. ATMs as of September 30, 2007 was approximately $140.4 million. Under the agreement with ALCB, we pay a fee for our usage of this cash based on the total amount of vault cash that we are using at any time. At all times during this process, legal and equitable title of the cash is held by ALCB, and we have no access or right to the cash. Our current agreement with ALCB, which expires on January 1, 2009, contains certain provisions, which, if triggered, may allow ALCB to terminate their agreement with us and demand the return of its cash upon 180 days prior written notice.

In Mexico, our current ATM cash is provided by Bansi, S. A. Institución de Banca Multiple (Bansi), a regional bank in Mexico and a minority interest owner in Cardtronics Mexico. We currently have an agreement with Bansi to supply us with cash of up to $10.0 million U.S. that expires on March 31, 2008. As of September 30, 2007, the balance of cash held in our ATMs in Mexico was approximately $6.3 million.

If our cash providers were to demand return of their cash or terminate their arrangements with us and remove their cash from our ATMs, or if they were to fail to provide us with cash as and when we need it for our ATM operations, our ability to operate these ATMs would be jeopardized, and we would need to locate alternative sources of cash in order to operate these ATMs.

Changes in interest rates could increase our operating costs by increasing interest expense under our credit facilities and our vault cash rental costs.

Interest on our outstanding indebtedness under our revolving credit facilities is based on floating interest rates, and our vault cash rental expense is based on market rates of interest. As a result, our interest expense and cash management costs are sensitive to changes in interest rates. Vault cash is the cash we use in our machines in cases where cash is not provided by the merchant. We pay rental fees on the average amount of vault cash outstanding in our ATMs under floating rate formulas based on the London Interbank Offered Rate

(LIBOR) for Bank of America and PDNB in the U.S. and ALCB in the U.K., and based on the federal funds effective rate for Wells Fargo in the U.S. Additionally, in Mexico, we pay a monthly rental fee to our vault cash provider under a formula based on the Mexican Interbank Rate (TIIE). As of September 30, 2007, the balances of cash held in our domestic, U.K., and Mexico ATMs were $740.6 million, $140.4 million, and $6.3 million, respectively. Recent increases in interest rates in the U.S., the U.K., and Mexico have resulted in increases in our interest expense under our credit facility as well as our vault cash rental expense. Although we currently hedge a significant portion of our vault cash interest rate risk related to our domestic operations through December 31, 2010, including a portion of the vault cash associated with the 7-Eleven ATM Transaction, we may not be able to enter into similar arrangements for similar amounts in the future. Furthermore, we have not currently entered into any derivative financial instruments to hedge our variable interest rate exposure in the U.K. or Mexico. Any significant future increases in interest rates could have a negative impact on our earnings and cash flow by increasing our operating costs and expenses. See Management s Discussion and Analysis of Financial Condition and Results of Operations Disclosure about Market Risk; Interest Rate Risk.

We maintain a significant amount of cash within our Company-owned ATMs, which is subject to potential loss due to theft or other events, including natural disasters.

As of September 30, 2007, there was approximately $887.3 million in vault cash held in our domestic and international ATMs. Although legal and equitable title to such cash is held by the cash providers, any loss of such cash from our ATMs through theft or other means is typically our responsibility (other than thefts resulting from the use of fraudulent debit or credit cards, which are typically the responsibility of the issuing financial institutions). While we maintain insurance to cover a significant portion of any losses that may be sustained by us as a result of such events, we are still required to fund a portion of such losses through the payment of the related deductible amounts under our insurance policies. Furthermore, although thefts and losses suffered by our ATMs have been relatively minor and infrequent in the past, any increase in the frequency and/or amounts of such thefts and losses could negatively impact our operating results as a result of higher deductible payments and increased insurance premiums. Additionally, any damage sustained to our merchant customers store locations in connection with any ATM-related thefts, if extensive and frequent enough in nature, could negatively impact our relationships with such merchants and impair our ability to deploy additional ATMs in those locations (or new locations) with those merchants in the future.

The ATM industry is highly competitive and such competition may increase, which may adversely affect our profit margins.

The ATM business is and can be expected to remain highly competitive. While our principal competition comes from national and regional financial institutions, we also compete with other independent ATM companies in the United States and the United Kingdom. Several of our competitors, namely national financial institutions, are larger, more established, and have greater financial and other resources than we do. Our competitors could prevent us from obtaining or maintaining desirable locations for our ATMs, cause us to reduce the surcharge revenue generated by transactions at our ATMs, or cause us to pay higher merchant fees, thereby reducing our profits. In addition to our current competitors, additional competitors may enter the market. We can offer no assurance that we will be able to compete effectively against these current and future competitors. Increased competition could result in transaction fee reductions, reduced gross margins and loss of market share.

In the U.K., we face competition from several companies with operations larger than our own. Many of these competitors have financial and other resources substantially greater than our U.K. subsidiary.

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The election of our merchant customers to not participate in our surcharge-free network offerings could impact the networks effectiveness, which would negatively impact our financial results.

Financial institutions who are members of our Allpoint and MasterCard® surcharge-free networks pay a fee in exchange for allowing their cardholders to use selected Cardtronics owned and/or managed ATMs on a surcharge-free basis. The success of these networks is dependent upon the participation by our merchant customers in such networks. In the event a significant number of our merchants elect not to participate in such networks, the benefits and effectiveness of the networks would be diminished, thus potentially causing some of the participating financial institutions to not renew their agreements with us, and thereby negatively impacting our financial results.

We may be unable to integrate our recent and future acquisitions in an efficient manner and inefficiencies would increase our cost of operations and reduce our profitability.

Our acquisitions involve certain inherent risks to our business, including the following:

- the operations, technology, and personnel of any acquired companies may be difficult to integrate;
- the allocation of management resources to consummate these transactions may disrupt our day-to-day business; and
- acquired networks may not achieve anticipated revenues, earnings or cash flow. Such a shortfall could require us to write down the carrying value of the intangible assets associated with any acquired company, which would adversely affect our reported earnings.

Since April 2001, we have acquired 14 ATM networks and one surcharge-free ATM network. Prior to our E*TRADE Access acquisition in June 2004, we had acquired only the assets of deployed ATM networks, rather than businesses and their related infrastructure. We currently anticipate that our future acquisitions will likely reflect a mix of asset acquisitions and acquisitions of businesses, with each acquisition having its own set of unique characteristics. To the extent that we elect to acquire an existing company or the operations, technology, and personnel of another ATM provider, we may assume some or all of the liabilities associated with the acquired company and face new and added challenges integrating such acquisition into our operations.

The 7-Eleven ATM Transaction involves certain inherent risks to our business. Most notably, our existing management, information systems, and resources may be strained due to the size of the 7-Eleven ATM Transaction. Accordingly, we will need to continue to invest in and improve our financial and managerial controls, reporting systems, and procedures as we look to integrate the acquired 7-Eleven ATM operations. We will also need to hire, train, supervise, and manage new employees. We may be unsuccessful in those efforts, thus hindering our ability to effectively manage the expansion of our operations resulting from this acquisition. Furthermore, the advanced-functionality services we provide through the Vcom™ units may subject us or our service providers to additional requirements such as permit applications or regulatory filings. As a result, we may need to discontinue certain Vcom™ operations in certain jurisdictions until such requirements have been fulfilled. Furthermore, if we are unsuccessful in integrating the 7-Eleven ATM Transaction, or if our integration efforts take longer than anticipated, we may not achieve the level of revenues, earnings or cash flows anticipated from such acquisition. If that were to occur, such shortfalls could require us to write down the carrying value of the tangible and intangible assets associated with the acquired operations, which would adversely impact our reported operating results.

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Any inability on our part to manage effectively our past or future growth could limit our ability to successfully grow the revenue and profitability of our business.

Our international operations involve special risks and may not be successful, which would result in a reduction of our gross profits.

On a pro forma basis as of December 31, 2006 and on a historical basis as of September 30, 2007, approximately 5.6% and 9.2% of our ATMs were located in the U.K. and Mexico, respectively. Those ATMs contributed 12.8% and 16.9% of our pro forma gross profits (exclusive of depreciation, accretion, and amortization) for the year ended December 31, 2006 and the nine months ended September 30, 2007, respectively. We expect to continue to expand in the U.K. and Mexico and potentially into other countries as opportunities arise.

Our international operations are subject to certain inherent risks, including:

- exposure to currency fluctuations, including the risk that our future reported operating results could be negatively impacted by unfavorable movements in the functional currencies of our international operations relative to the United States dollar, which represents our consolidated reporting currency;
- difficulties in complying with the different laws and regulations in each country and jurisdiction in which we operate, including unique labor and reporting laws;
- unexpected changes in laws, regulations, and policies of foreign governments or other regulatory bodies, including changes that could potentially disallow surcharging or that could result in a reduction in the amount of interchange fees received per transaction;
- difficulties in staffing and managing foreign operations, including hiring and retaining skilled workers in those countries in which we operate; and
- potentially adverse tax consequences, including restrictions on the repatriation of foreign earnings.

Any of these factors could reduce the profitability and revenues derived from our international operations and international expansion.

Our proposed expansion efforts into new international markets involve unique risks and may not be successful.

We currently plan to expand our operations internationally with a focus on high growth emerging markets, such as Central and Eastern Europe, China, India and Brazil. Because the off-premise ATM industry is relatively undeveloped in these emerging markets, we may not be successful in these expansion efforts. In particular, many of these markets do not currently employ or support an off-premise ATM surcharging model, meaning that we would have to rely on interchange fees as our primary source of revenue. While we have had some success in deploying non-surcharging ATMs in selected markets (most notably in the United Kingdom), such a model requires significant transaction volumes to make it economically feasible to purchase and deploy ATMs. Furthermore, most of the ATMs in these markets are owned and operated by financial institutions, thus increasing the risk that cardholders would be unwilling to utilize an off-premise ATM with an unfamiliar brand. Finally, the regulatory environments in many of these markets are evolving and unpredictable, thus increasing the risk that a particular deployment model chosen at inception may not be economically viable in the future.

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We operate in a changing and unpredictable regulatory environment. If we are subject to new legislation regarding the operation of our ATMs, we could be required to make substantial expenditures to comply with that legislation, which may reduce our net income and our profit margins.

With its initial roots in the banking industry, the U.S. ATM industry has always been regulated, if not by individual states, then by the rules and regulations of the federal Electronic Funds Transfer Act, which establishes the rights, liabilities, and responsibilities of participants in EFT systems. The vast majority of states have few, if any, licensing requirements. However, legislation related to the U.S. ATM industry is periodically proposed at the state and local level. To date, no such legislation has been enacted that materially adversely affects our business.

In the United Kingdom, the ATM industry is largely self-regulating. Most ATMs are part of the LINK network and must operate under the network rules set forth by LINK, including complying with rules regarding required signage and screen messages. Additionally, legislation is proposed from time-to-time at the national level, though nothing to date has been enacted that materially affects our business.

Finally, the ATM industry in Mexico has been historically operated by financial institutions. The Central Bank of Mexico (Banco de Mexico) supervises and regulates ATM operations of both financial institutions and non-bank ATM deployers. Although, Banco de Mexico s regulations permit surcharge fees to be charged in ATM transactions, it has not issued specific regulations for the provision of ATM services. In addition, in order for an non-bank ATM deployer to provide ATM services in Mexico, the deployer must be affiliated with Promoción y Operación S.A. de C.V. (PROSA-RED), a credit card and debit card proprietary network that transmits information and settles ATM transactions between its participants. As only financial institutions are allowed to be participants of PROSA-RED, Cardtronics Mexico entered into a joint venture with Bansi, who is a member of PROSA-RED. As a financial institution, Bansi and all entities in which it participates, including Cardtronics Mexico, are regulated by the Ministry of Finance and Public Credit *(* Secretaria de Hacienda y Crédito Público) and supervised by the Banking and Securities Commission (Comisión Nacional Bancaria y de Valores). Additionally, Cardtronics Mexico is subject to the provisions of the Ley del Banco de Mexico (Law of Banco de Mexico), the Ley de Instituciones de Crédito (Mexican Banking Law), and the Ley para la Transparencia y Ordenamiento de los Servicios Financieros (Law for the Transparency and Organization of Financial Services).

We will continue to monitor all such legislation and attempt, to the extent possible, to prevent the passage of such laws that we believe are needlessly burdensome or unnecessary. If regulatory legislation is passed in any of the jurisdictions in which we operate, we could be required to make substantial expenditures which would reduce our net income.

The passing of legislation banning or limiting surcharge fees would severely impact our revenue.

Despite the nationwide acceptance of surcharge fees at ATMs, a few consumer activists (most notably in California) have from time to time attempted to impose local bans on surcharge fees. Even in the few instances where these efforts have passed the local governing body (such as with an ordinance adopted by the city of Santa Monica, California), federal courts have overturned these local laws on federal preemption grounds. However, those efforts may resurface and, should the federal courts abandon their adherence to the federal preemption doctrine, those efforts could receive more favorable consideration than in the past. Any successful legislation banning or limiting surcharge fees could result in a substantial loss of revenues and significantly curtail our ability to continue our operations as currently configured.

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In the U.K., the Treasury Select Committee of the House of Commons published a report regarding surcharges in the ATM industry in March 2005. This committee was formed to investigate public concerns regarding the ATM industry, including (1) adequacy of disclosure to ATM customers regarding surcharges, (2) whether ATM providers should be required to provide free services in low-income areas and (3) whether to limit the level of surcharges. While the committee made numerous recommendations to Parliament regarding the ATM industry, including that ATMs should be subject to the Banking Code (a voluntary code of practice adopted by all financial institutions in the U.K.), the U.K. government did not accept the committee s recommendations. Despite the rejection of the committee s recommendations, the U.K. government did sponsor an ATM task force to look at social exclusion in relation to ATM services. As a result of the task force s findings, approximately 600 additional free-to-use ATMs will be installed in low income areas throughout the United Kingdom during 2007. While this is less than a two percent increase in free-to-use ATMs through the U.K., there is no certainty that other similar proposals will not be made and accepted in the future. If the legislature or another body with regulatory authority in the U.K. were to impose limits on the level of surcharges for ATM transactions, our revenue from operations in the U.K. would be negatively impacted.

In Mexico, surcharging for off-premise ATMs was legalized in late 2003, but was not formally implemented until July 2005. As such, the charging of fees to consumers to utilize off-premise ATMs is a relatively new experience in Mexico. Accordingly, it is too soon to predict whether public concerns over surcharging will surface in Mexico. However, if such concerns were to be raised, and if the applicable legislative or regulatory bodies in Mexico decided to impose limits on the level of surcharges for ATM transactions, our revenue from operations in Mexico would be negatively impacted.

The passing of legislation requiring modifications to be made to ATMs could severely impact our cash flows.

Under a current ruling of the U.S. District Court, it was determined that the United States currencies (as currently designed) violate the Rehabilitation Act, as the paper currencies issued by the U.S. are identical in size and color, regardless of denomination. Under the ruling, the U.S. Treasury Department has been ordered to develop ways in which to differentiate paper currency such that an individual who is visually-impaired would be able to distinguish between the different denominations. While it is still uncertain at this time what the outcome of the appeals process will be, in the event the current ruling is not overturned, participants in the ATM industry (including us) could be forced to incur significant costs to upgrade current machines hardware and software components. If required, such capital expenditures could limit our free cash such that we do not have enough cash available for the execution of our growth strategy, research and development costs, or other purposes.

The passing of anti-money laundering legislation could cause us to lose certain merchant accounts and reduce our revenues.

Recent concerns by the U.S. federal government regarding the use of ATMs to launder money could lead to the imposition of additional regulations on our sponsoring financial institutions and our merchant customers regarding the source of cash loaded into their ATMs. In particular, such regulations could result in the incurrence of additional costs by individual merchants who load their own cash, thereby making their ATMs less profitable. Accordingly, some individual merchants may decide to discontinue their ATM operations, thus reducing the number of merchant-owned accounts that we currently manage. If such a reduction were to occur, we would see a corresponding decrease in our revenues.

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A substantial portion of our future revenues and operating profits will be generated by the new 7-Eleven merchant relationship. Accordingly, if 7-Eleven s financial condition deteriorates in the future and it is required to close some or all of its store locations, or if our ATM placement agreement with 7-Eleven expires or is terminated, our future financial results would be significantly impaired.

7-Eleven is now the single largest merchant customer in our portfolio, representing 35.8% and 33.6% of our total pro forma revenues for the year ended December 31, 2006 and nine months ended September 30, 2007, respectively. Accordingly, a significant percentage of our future revenues and operating income will be dependent upon the successful continuation of our relationship with 7-Eleven. If 7-Eleven s financial condition were to deteriorate in the future and, as a result, it was required to close a significant number of its domestic store locations, our financial results would be significantly impacted. Additionally, while the underlying ATM placement agreement with 7-Eleven has an initial term of 10 years, we may not be successful in renewing such agreement with 7-Eleven upon the end of that initial term, or such renewal may occur with terms and conditions that are not as favorable to us as those contained in the current agreement. Finally, the ATM placement agreement executed with 7-Eleven contains certain terms and conditions that, if we fail to meet such terms and conditions, gives 7-Eleven the right to terminate the placement agreement or our exclusive right to provide certain services.

In connection with the 7-Eleven ATM Transaction, we acquired advanced-functionality Vcom^{tm} machines with significant potential for providing new services. Failure to achieve market acceptance among users could lead to continued losses from the Vcom^{tm} Services, which could adversely affect our operating results.

In the 7-Eleven ATM Transaction, we acquired approximately 5,500 ATM machines, including 2,000 advanced-functionality Vcom^{tm} machines. Advanced-functionality includes check cashing, money transfer, and bill payment services (collectively, the Vcom^{tm} Services), as well as off-premise deposit services using electronic imaging. Additional growth opportunities that we believe to be associated with the acquisition of Vcom^{tm} machines, including possible services expansion of our existing ATMs, may be impaired if we cannot achieve market acceptance among users or if we cannot implement the right mix of services and locations or adopt effective targeted marketing strategies.

We have estimated that the Vcom^{tm} Services generated an operating profit of $11.4 million for the year ended December 31, 2006 and an operating loss of $3.6 million for the nine months ended September 30, 2007. However, excluding the upfront placement fees, which may not continue in the future, the Vcom^{tm} Services generated operating losses of $6.6 million and $7.8 million for the year ended December 31, 2006 and for the nine months ended September 30, 2007, respectively. For the period from the acquisition (July 20, 2007) through September 30, 2007, the Vcom^{tm} Services generated an operating loss of $2.1 million. By continuing to provide the Vcom^{tm} Services, we currently expect that we may incur up to $10.0 million operating losses associated with such services for the first 12-18 months subsequent to the 7-Eleven ATM Transaction. We plan to continue to operate the Vcom^{tm} units and restructure the Vcom^{tm} operations to improve the financial results of the acquired Vcom^{tm} operations; however, we may be unsuccessful in this effort. In the event we are not able to improve the operating results and we incur cumulative losses of $10.0 million associated with providing the Vcom^{tm} Services, our current intent is to terminate the Vcom^{tm} Services and utilize the Vcom^{tm} machines solely to provide traditional ATM services. However, even if we are unsuccessful in improving its operating results, we may decide not to exit this business immediately but rather extend the period of time it takes to restructure the acquired Vcom^{tm} operations, thus potentially resulting in losses of greater than $10.0 million. The future losses associated with the acquired Vcom^{tm} operations could be significantly higher than those currently estimated, which would negatively impact our future operating results and financial condition. Even if we decide to terminate the provision of Vcomtm Services, our operating income may not improve because our estimate of historical losses was based on a review of the expenses of the financial services business of 7-Eleven Inc., which required us to allocate the expenses not directly associated with the provision of Vcomtm Services. In addition, in the event we decide to terminate the Vcomtm Services, we may be required to pay up to $1.5 million of contract termination payments, and may incur additional costs and expenses, which could negatively impact our future operating results and financial condition. Finally, to the extent we pursue future advanced functionality services independent of our Vcom efforts as indicated in Our Strategy, we can provide no assurance that such efforts will be profitable.

Material weaknesses previously identified in our internal control over financial reporting by our independent registered public accounting firm could result in a material misstatement to our financial statements as well as result in our inability to file periodic reports within the time periods required by federal securities laws, which could have a material adverse effect on our business and stock price.

We are required to design, implement, and maintain effective controls over financial reporting. In connection with the preparation of our consolidated financial statements as of and for the years ended December 31, 2006 and 2005, our independent registered public accounting firm identified certain control deficiencies, which represent material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company s annual or interim financial statements will not be prevented or detected on a timely basis. Specifically, our independent registered public accounting firm identified material weaknesses regarding our ability to account for complex or unusual transactions, including (1) deferred financing cost adjustments related to our debt modifications and refinancings and (2) modifications to our asset retirement obligations. These material weaknesses resulted in, or contributed to, adjustments to our financial statements and, in certain cases, restatement of prior financial statements. While we have taken action to remediate the identified weaknesses, including the hiring of additional personnel with the requisite accounting skills and expertise, we cannot provide assurance that the measures we have taken or any future measures will adequately remediate the material weaknesses identified by our independent registered public accounting firm. Failure to implement new or improved controls, or any difficulties encountered in the implementation of such controls, could result in a material misstatement in our annual or interim consolidated financial statements that would not be prevented or detected. Such material misstatement could require us to restate our financial statements or otherwise cause investors to lose confidence in our reported financial information.

We are required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, which will require annual management assessments and a report by our independent registered public accounting firm on the effectiveness of our internal control over financial reporting. We must complete our Section 404 annual management report and include the report beginning in our 2007 Annual Report on Form 10-K, which will be filed in early 2008. Additionally, our independent registered public accounting firm must complete its attestation report, which must be included beginning in our 2008 Annual Report on Form 10-K, which will be filed in early 2009. As described above, our independent registered public accounting firm has identified material weaknesses in our internal control over financial reporting, and we or it may discover additional material weaknesses or deficiencies, which we may not be able to remediate in time to meet our deadline for compliance with Section 404. Testing and maintaining internal controls may divert our management s attention from other matters that are important to our business. We may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 or our independent registered public accounting firm may not issue a favorable assessment. We cannot be certain as to the timing of completion of our evaluation, testing, and remediation actions or their effect on our operations. If either we are unable to conclude that we have effective internal control over financial reporting or our independent registered public accounting firm is unable to provide us with an unqualified report, investors could lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

Failure to remediate any identified material weaknesses could cause us to not meet our reporting obligations. The rules of the Securities and Exchange Commission (SEC) require that we file periodic reports containing our financial statements within a specified time following the completion of quarterly and annual fiscal periods. Any failure by us to timely file our periodic reports with the SEC may result in a number of adverse consequences that could materially and adversely impact our business, including, without limitation, potential action by the SEC against us, possible defaults under our debt arrangements, shareholder lawsuits, delisting of our stock from The Nasdaq Global Market, and general damage to our reputation.

Our operating results have fluctuated historically and could continue to fluctuate in the future, which could affect our ability to maintain our current market position or expand.

Our operating results have fluctuated in the past and may continue to fluctuate in the future as a result of a variety of factors, many of which are beyond our control, including the following:

- changes in general economic conditions and specific market conditions in the ATM and financial services industries;
- changes in payment trends and offerings in the markets in which we operate;
- competition from other companies providing the same or similar services that we offer;
- the timing and magnitude of operating expenses, capital expenditures, and expenses related to the expansion of sales, marketing, and operations, including as a result of acquisitions, if any;
- the timing and magnitude of any impairment charges that may materialize over time relating to our goodwill, intangible assets or long-lived assets;
- changes in the general level of interest rates in the markets in which we operate;
- changes in regulatory requirements associated with the ATM and financial services industries;
- changes in the mix of our current services; and
- changes in the financial condition and credit risk of our customers.

Any of the foregoing factors could have a material adverse effect on our business, results of operations, and financial condition. Although we have experienced growth in revenues in recent quarters, this growth rate is not necessarily indicative of future operating results. A relatively large portion of our expenses are fixed in the short-term, particularly with respect to personnel expenses, depreciation and amortization expenses, and interest expense. Therefore, our results of operations are particularly sensitive to fluctuations in revenues. As such, comparisons to prior periods should not be relied upon as indications of our future performance.

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If our goodwill or other intangible assets become impaired, we may be required to record a significant charge to earnings.

We have a large amount of goodwill and other intangible assets and are required to perform periodic assessments for any possible impairment for accounting purposes. At September 30, 2007, we had goodwill and other intangible assets of $371.2 million, or approximately 66% of our total assets. We evaluate periodically the recoverability and the amortization period of our intangible assets under GAAP. Some factors that we consider to be important in assessing whether or not impairment exists include the performance of the related assets relative to the expected historical or projected future operating results, significant changes in the manner of our use of the assets or the strategy for our overall business, and significant negative industry or economic trends. These factors, assumptions, and changes in them could result in an impairment of our goodwill and other intangible assets. We may be required to record a significant charge to earnings in our financial statements during the period in which any impairment of our goodwill or amortizable intangible assets is determined, resulting in an impact on our results of operations, the effect of which could be material. For example, in the quarter ended September 30, 2007 we recorded approximately $5.1 million of impairment charges related to a merchant contract acquired in 2004, and other impairment charges in the future may also adversely affect our results of operations.

We have a substantial amount of indebtedness, which may adversely affect our cash flow and our ability to operate our business, remain in compliance with debt covenants and make payments on our indebtedness.

As of September 30, 2007, we had outstanding indebtedness of approximately $408.9 million, which represents approximately 95.9% of our total capitalization of $426.4 million.

Our substantial indebtedness could have important consequences to you. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including financial and other restrictive covenants, could result in an event of default under the indentures governing our senior subordinated notes and the agreements governing our other indebtedness;

- require us to dedicate a substantial portion of our cash flow to pay principal and interest on our debt, which will reduce the funds available for working capital, capital expenditures, acquisitions, and other general corporate purposes;

- limit our flexibility in planning for and reacting to changes in our business and in the industry in which we operate;

- make us more vulnerable to adverse changes in general economic, industry and competitive conditions, and adverse changes in government regulation;

- limit our ability to borrow additional amounts for working capital, capital expenditures, acquisitions, debt service requirements, execution of our growth strategy, research and development costs, or other purposes; and

- place us at a disadvantage compared to our competitors who have less debt.

Any of the above listed factors could materially and adversely affect our business and results of operations. If we do not have sufficient earnings to service our debt, we may be required to refinance all or part of our existing debt, sell assets, borrow more money or sell securities, none of which we can guarantee we will be able to do.

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The terms of our credit agreement and the indentures governing our senior subordinated notes may restrict our current and future operations, particularly our ability to respond to changes in our business or to take certain actions.

Our credit agreement and the indentures governing our senior subordinated notes include a number of covenants that, among other items, restrict our ability to:

- sell or transfer property or assets;
- pay dividends on or redeem or repurchase stock;
- merge into or consolidate with any third party;
- create, incur, assume or guarantee additional indebtedness;
- create certain liens;
- make investments;
- engage in transactions with affiliates;
- issue or sell preferred stock of restricted subsidiaries; and
- enter into sale and leaseback transactions.

In addition, we are required by our credit agreement to maintain specified financial ratios and limit the amount of capital expenditures incurred in any given 12-month period. As a result of these ratios and limits, we are limited in the manner in which we conduct our business and may be unable to engage in favorable business activities or finance future operations or capital needs. Accordingly, these restrictions may limit our ability to successfully operate our business and prevent us from fulfilling our debt obligations. A failure to comply with the covenants or financial ratios could result in an event of default. In the event of a default under our credit agreement, the lenders could exercise a number of remedies, some of which could result in an event of default under the indentures governing the senior subordinated notes. An acceleration of indebtedness under our credit agreement would also likely result in an event of default under the terms of any other financing arrangement we have outstanding at the time. If any or all of our debt were to be accelerated, there can be no assurance that our assets would be sufficient to repay any such indebtedness in full. If we are unable to repay outstanding borrowings under our bank credit facility when due the lenders will have the right to proceed against the collateral securing such indebtedness. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Financing Facilities for an additional discussion of our financing instruments.

Risks Related to the Offering

There is no existing market for our common stock, and an active trading market may not develop.

There has not been a public market for our common stock. We cannot predict the extent to which investor interest in us will lead to the development of an active trading market on The Nasdaq Global Market or otherwise or how liquid that market might become. If an active trading market does not develop, you may have difficulty selling any of our common stock that you buy. The initial public offering price for the shares will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell shares of our common stock at prices equal to or greater than the price paid by you in this offering.

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We do not intend to pay, and we are currently prohibited from paying, dividends on our common stock and, consequently, your only opportunity to achieve a return on your investment is if the price of our stock appreciates.

We do not plan to declare dividends on shares of our common stock in the foreseeable future. Additionally, we are currently prohibited from making any cash dividends pursuant to the terms of our credit facility. Consequently, your only opportunity to achieve a return on your investment in us will be if the market price of our common stock appreciates, which may not occur, and you sell your shares at a profit. There is no guarantee that the price of our common stock that will prevail in the market after this offering will ever exceed the price that you pay.

Future sales of our common stock in the public market could lower our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us.

We may sell additional shares of common stock in subsequent public offerings. We may also issue additional shares of common stock or convertible securities. Assuming no exercise of the underwriters over-allotment option, after the completion of this offering, we will have 34,909,608 outstanding shares of common stock. This number includes 16,666,667 shares that we and the selling shareholders are selling in this offering, which may be resold immediately in the public market. The remaining 18,242,941 shares, or 52.3% of our total outstanding shares, are restricted from immediate resale under the federal securities laws and substantially all of them are subject to the lock-up agreements between our current stockholders and the underwriters described in Underwriting, but may be sold into the market in the near future.

All of our existing stockholders are parties to an investors agreement with us. Under that agreement, certain of these stockholders will have the right, after the expiration of the lock-up period 180 days from the effective date of this registration statement, to require us to effect the registration of their shares. In addition, if we propose to register, or are required to register following the exercise of registration rights, any of our shares of common stock under the Securities Act, all the stockholders who are parties to the investors agreement will be entitled to include their shares of common stock in that registration.

We cannot predict the size of future issuances of our common stock or the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our common stock.

You will suffer immediate and substantial dilution.

The initial public offering price per share is substantially higher than the pro forma net tangible book value per share immediately after the offering. As a result, you will pay a price per share that substantially exceeds the book value of our assets after subtracting our liabilities. At the offering price of $15.00, the midpoint of the estimated price range set forth on the cover page of this prospectus, you will incur immediate and substantial dilution in the amount of $21.89 per share. We also have outstanding stock options to purchase shares of our common stock at a weighted average exercise price of $6.06 per share. To the extent these options are exercised, you will experience further dilution. Investors who purchase common stock in this offering, excluding purchases made from the selling shareholders, will have purchased 23.9% of the shares outstanding immediately after the offering, but will have paid 58.9% of the total consideration for our shares. See Dilution for more information.

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Your ability to influence corporate matters may be limited because a small number of stockholders beneficially own a substantial amount of our common stock.

CapStreet II, L.P. and CapStreet Parallel L.P. (together with the CapStreet Group LLC, The CapStreet Group) and TA Associates, Inc. (TA Associates) are our largest equity stockholders. After giving effect to this offering, assuming no exercise by the underwriters of their overallotment option and assuming an initial public offering price at the midpoint of the range set forth on the cover of this prospectus, affiliates of The CapStreet Group will beneficially own approximately 7,751,493 shares, or 19.2%, of our common stock, and affiliates of TA Associates will beneficially own approximately 6,194,642 shares, or 15.3%, of our common stock. The percentage and number of shares owned by each of these stockholders after giving effect to this offering will vary based upon the initial public offering price and the elections of other stockholders to sell in this offering. As a result of their ownership interests, these investors will be in a position to exert significant influence over the outcome of matters requiring a stockholder vote, including the election of directors, the entering into of mergers, sales of substantially all of our assets and other extraordinary transactions, and amendments to our certificate of incorporation or bylaws. In addition, this concentration of ownership may have the effect of preventing, discouraging or deferring a change of control, which could depress the market price of our common stock. See Certain Relationships and Related Party Transactions and Principal and Selling Stockholders.

Certain of our directors may have conflicts of interest because they are affiliated with significant stockholders. The resolution of these conflicts of interest may not be in our or your best interests.

Following the closing of this offering, certain of our directors may have conflicts of interest because of their affiliation with significant stockholders. Fred Lummis is associated with The CapStreet Group and Mike Wilson is associated with TA Associates. This may create conflicts of interest because Fred Lummis has responsibilities to The CapStreet Group and its owners and Mike Wilson has responsibilities to TA Associates and its owners. Their duties to The CapStreet Group and TA Associates may conflict with their duties as directors of our company regarding business dealings between these investor groups and us and other matters. The resolution of these conflicts may not always be in our or your best interests. For example, The CapStreet Group and TA Associates are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. The CapStreet Group and TA Associates may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. There is no formal mechanism among The CapStreet Group, TA Associates, and Cardtronics for handling potential conflicts of interest. See Certain Relationships and Related Party Transactions and Principal and Selling Stockholders.

Anti-takeover provisions in our third amended and restated certificate of incorporation, our amended and restated bylaws, and Delaware law could discourage a change of control that our stockholders may favor, which could negatively affect our stock price.

Provisions in our third amended and restated certificate of incorporation and our amended and restated bylaws and applicable provisions of the Delaware General Corporation Law may make it more difficult and expensive for a third party to acquire control of us even if a change of control would be beneficial to the interests of our stockholders. These provisions could discourage potential takeover attempts and could adversely affect the market price of our common stock. Our third amended and restated certificate of incorporation and our amended and restated bylaws, which will be in effect at the time this offering is consummated, and the Delaware General Corporation Law will:

authorize the issuance of blank check preferred stock that could be issued by our board of directors to thwart a takeover attempt;

classify the board of directors into staggered, three-year terms, which may lengthen the time required by a third party to gain control of our board of directors;

discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of two years after the person becomes an interested stockholder, unless such a transaction has met certain fair market value requirements;

prohibit cumulative voting in the election of directors, which would otherwise allow holders of less than a majority of stock to elect some directors;

require super-majority voting to effect amendments to certain provisions of our certificate of incorporation or bylaws, including those provisions concerning the composition of the board of directors and certain business combinations;

limit who may call special meetings of both the board of directors and stockholders;

prohibit stockholder action by written consent, requiring all actions to be taken at a meeting of the stockholders;

establish advance notice requirements for nominating candidates for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholders meetings; and

require that vacancies on the board of directors, including newly-created directorships, be filled only by a majority vote of directors then in office.

INDUSTRY AND MARKET DATA

In this prospectus, we rely on and refer to information and statistics regarding economic trends and conditions and other data pertaining to the ATM industry. We have obtained this data from our own research, surveys and studies conducted by third parties such as Dove Consulting Group, Inc., industry or other publications, such as *ATM&Debit News,* the *U.K. Payment Statistics* publication from APACS, and other publicly available sources. We believe that our sources of information and estimates are reliable and accurate, but we have not independently verified them. Our statements about the ATM industry in general, the number and type of ATMs in various markets, and the size and operations of our competitors in this prospectus are based on our management s belief, this statistical data, internal studies, and our knowledge of industry trends.

INTELLECTUAL PROPERTY

We own or have rights to various trademarks, copyrights and trade names used in our business, including the following: CARDTRONICS (registered with the U.S. Patent & Trademark Office registration no. 1.970.030); bankmachine (registered under the Trade Marks Act of 1994 of Great Britain and Northern Ireland trademark registration no. 2350262); ALLPOINT (registered with the U.S. Patent & Trademark Office registration no. 2.940.550); and

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VCOM (registered with the U.S. Patent & Trademark Office registration no. 2.598.789). This prospectus also includes trademarks, service marks, and trade names of other companies.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties. We may, in some cases, use words such as project, believe, anticipate, plan, expect, estimate, intend, should, would, could, v words that convey uncertainty of future events or outcomes to identify these forward-looking statements. Forward-looking statements in this prospectus may include statements about:

- our financial outlook and the financial outlook of the ATM industry;
- our ability to compete successfully with our competitors;
- our use of our proceeds from this offering;
- our cash needs;
- implementation of our corporate strategy;
- our financial performance;
- our ability to expand our bank branding and surcharge-free service offerings;
- our ability to provide new ATM solutions to financial institutions;
- our ability to pursue and successfully integrate acquisitions;
- our ability to implement new services on the recently-acquired advanced-functionality Vcom^{tm} units;
- our ability to strengthen existing customer relationships and reach new customers;
- our ability to expand internationally; and
- our ability to meet the service levels required by our service level agreements with our customers.

There are a number of important factors that could cause actual results to differ materially from the results anticipated by these forward-looking statements. These important factors include those that we discuss in this prospectus under the caption Risk Factors. You should read these factors and the other cautionary statements made in this prospectus as being applicable to all related forward-looking statements wherever they appear in this prospectus. If one or more of these factors materialize, or if any underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from any future results, performance or achievements expressed or implied by these forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, except as required by law, whether as a result of new information, future events or otherwise.

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USE OF PROCEEDS

We are offering 8,333,333 shares of our common stock and the selling stockholders are offering 8,333,334 shares of our common stock. The selling stockholders have also granted the underwriters an option to purchase up to an aggregate of 2,500,000 additional shares of our common stock to cover over-allotments. We will not receive any of the proceeds from the sale of shares by the selling stockholders.

We estimate that our net proceeds from the sale of the shares of common stock by us will be approximately $114.8 million, assuming the midpoint of the estimated price range set forth on the cover page of this prospectus and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Assuming no change in the number of shares offered by us as set forth on the cover page of this prospectus, a $1.00 increase (decrease) in the assumed initial public offering price of $15.00 per share would increase (decrease) the net proceeds to us from this offering by $7.8 million, after deducting the estimated underwriting discounts and commissions.

We intend to use approximately $105.6 million of our net proceeds from this offering to repay the entire amount outstanding under our existing revolving credit facility, which may be drawn down again in the future. That facility, which consists of a $175.0 million revolving line of credit, matures in May 2012 and bears interest at a variable rate based upon LIBOR or prime rate, at our option. As of September 30, 2007, we had approximately $105.6 million in borrowings under the facility, and we had $61.9 million available for additional borrowings. The weighted average interest rate on these borrowings was approximately 7.9%. Of the outstanding borrowings under the facility, approximately $45.0 million was used to help fund the acquisition of the financial services business of 7-Eleven on July 20, 2007 and the balance was primarily drawn to fund working capital and capital expenditure needs. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Financing Facilities Revolving Credit Facility for additional information regarding our credit facility. We intend to utilize the remaining net proceeds for working capital and general corporate purposes.

DIVIDEND POLICY

We do not expect to pay dividends on our common stock for the foreseeable future. Instead, we anticipate that all of our earnings in the foreseeable future will be used for the operation and growth of our business. Our ability to pay dividends to holders of our common stock is currently prohibited by the terms of our credit facility. Any future determination to pay dividends on our common stock is subject to the discretion of our board of directors and will depend upon various factors, including our financial position, results of operations, liquidity requirements, restrictions that may be imposed by applicable law and our contracts, including our credit facility and the indentures governing our senior subordinated notes, and other factors deemed relevant by our board of directors. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Financing Facilities for additional information on the restrictions and covenants in our credit facility and indentures.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of September 30, 2007:

on an actual basis; and

on an as adjusted basis giving effect to (1) our sale of 8,333,333 shares of our common stock in this offering (assuming the midpoint of the estimated price range set forth on the cover page of this prospectus), (2) the application of the estimated net proceeds from the offering as discussed under Use of Proceeds , (3) the conversion of our Series B Convertible Preferred Stock into shares of our common stock in connection with the offering, and (4) a stock split of our common stock that will occur immediately prior to the closing of the offering.

You should read this table together with the Use of Proceeds , Unaudited Pro Forma Condensed Consolidated Financial Statements, Management s Discussion and Analysis of Financial Condition and Results of Operations, Description of Capital Stock, and our consolidated financial statements included elsewhere in this prospectus.

	As of September 30, 2007	
	Actual (Unaudited)	As Adjusted (Unaudited)
	(in thousands, except share and per share data)	
Cash and cash equivalents	$ 6,118	$ 15,268
Debt (including current maturities):		
Revolving credit facility [(1)]	$ 105,600	$
Long-term notes payable and capital lease obligations	7,351	7,351
$100.0 million 91/4% senior subordinated notes due 2013 Series B issued in 2007, net of $2.9 million discount	97,073	97,073
$200.0 million 91/4% senior subordinated notes due 2013 issued in 2005, net of $1.1 million discount	198,886	198,886
Total debt	408,910	303,310
Series B redeemable convertible preferred stock [(2)]	76,794	
Stockholders equity (deficit):		
Common stock, par value $0.0001 per share, 5,000,000 shares authorized actual and 125,000,000 shares authorized as adjusted; 2,394,509 shares issued actual and 40,971,750 shares issued as adjusted; and 1,764,735 shares outstanding actual and 34,909,608 shares outstanding as adjusted [(2)(3)]		3
Subscriptions receivable (at face value)	(324)	(324)
Additional paid-in capital[(3)]	3,625	193,773
Accumulated other comprehensive income, net	8,577	8,577
Accumulated deficit	(22,986)	(22,986)
Treasury stock, at cost, 629,774 shares actual and 6,062,142 shares as adjusted [(3)]	(48,221)	(48,221)
Total stockholders equity (deficit)	(59,329)	130,822

Total capitalization	$ 426,375	$ 434,132

(1) As adjusted amount excludes approximately $7.5 million in outstanding letters of credit that were issued in connection with the 7-Eleven ATM Acquisition. As of September 30, 2007, we would have been able to borrow approximately $61.9 million in additional funds based on the covenants contained in our revolving credit facility, as amended.

(2) Consists of Series B Convertible Preferred Stock, par value $0.0001 per share. As of September 30, 2007, there were 1,500,000 shares of Preferred Stock authorized, of which 929,789 shares of Series B Convertible Preferred

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Stock were issued and outstanding. The as adjusted amount assumes the conversion of all Series B Convertible Preferred Stock into shares of common stock and a stock split in the form of a stock dividend of our common stock immediately prior to the closing of the offering. See Certain Relationships and Related Party Transactions Preferred Stock Private Placement and Description of Capital Stock.

(3) To the extent we change the number of shares of common stock we sell in this offering from the shares we expect to sell or we change the initial public offering price from the $15.00 per share assumed initial offering price, or any combination of these events occurs, our net proceeds from this offering and as adjusted additional paid-in capital may increase or decrease. Assuming no change in the number of shares offered by us as set forth on the cover page of this prospectus, a $1.00 increase (decrease) in the assumed initial public offering price of $15.00 per share would increase (decrease) the net proceeds to us from this offering by $7.8 million, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the public offering price per share of our common stock and the net tangible book value per share of our common stock after this offering. We calculate net tangible book value per share by dividing our net tangible book value, which equals total assets less goodwill, net other intangible assets and total liabilities, by the number of common shares outstanding. The pro forma net tangible book value of our common stock as of September 30, 2007, after giving effect to the impact of the conversion of our Series B Convertible Preferred Stock into common stock, was approximately $(355.1) million, or $(13.61) per share, based upon 26,076,129 shares outstanding. After giving effect to the sale of 8,333,333 shares of common stock by us in this offering at an assumed initial public offering price of $15.00 per share, the midpoint of the price range on the cover of this prospectus, the issuance of 500,079 shares of common stock in connection with the exercise of certain stock options immediately prior to the closing of the offering, and after deducting the estimated underwriting discounts and commissions and offering expenses payable by us, our pro forma net tangible book value as of September 30, 2007 would have been $(240.4) million, or $(6.89) per share. This represents an immediate increase in net tangible book value of $6.73 per share to existing stockholders and an immediate dilution in net tangible book value of $21.89 per share to investors purchasing shares in this offering. The following table illustrates this per share dilution:

Assumed initial public offering price per share		$ 15.00
Net tangible book value per share as of September 30, 2007	(13.56)	
Decrease attributable to conversion of Series B Convertible Preferred Stock	(0.05)	
Increase attributable to new public investors	6.73	
Pro forma net tangible book value per share after this offering		(6.89)
Dilution of net tangible book value per share to new investors		$ 21.89

A $1.00 increase (decrease) in the initial public offering price from the assumed initial public offering price of $15.00 per share would decrease (increase) our pro forma net tangible book value after giving effect to this offering by approximately $7.8 million, our pro forma net tangible book value per share after giving effect to the offering by $0.22 per share and the dilution in net tangible book value per share to new investors in this offering by $0.78 per share, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us and assuming no other change to the number of shares offered by us as set forth on the cover page of this prospectus. An increase (decrease) of 1,000,000 shares from the expected number of shares to be sold by us in the offering, assuming no change in the initial public offering price from the price assumed above, would decrease (increase) our pro forma net tangible book value after giving effect to this offering by approximately $14.0 million, decrease (increase) our pro forma net tangible book value per share after giving effect to this offering by $0.58 per share, and decrease (increase) the dilution in net tangible book value per share to new investors in this offering by $0.58 per share, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The following table summarizes, on the same pro forma basis set forth above as of September 30, 2007, the total number of shares of common stock owned by existing stockholders and to be owned by new investors, the total consideration paid, and the average price per

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share paid by our existing stockholders and to be paid by new investors in this offering, calculated before deduction of estimated underwriting discounts and commissions.

	Shares Purchased		Total Consideration		Average Price per Share
	Number	Percent	Amount	Percent	
Existing stockholders	26,576,275	76.1%	$ 87,054,588	41.1%	$ 3.28
New investors	8,333,333	23.9%	125,000,000	58.9%	$ 15.00
Total	34,909,608	100.0%	$ 212,054,588	100.0%	

The tables above assume the exercise and issuance of 500,079 shares of common stock by existing option holders immediately prior to the closing of the offering. However, it does not reflect the issuance of an additional 5,506,714 shares of common stock issuable upon the exercise of stock options that will be outstanding, but unexercised, after the offering. Exercise of the options with an exercise price of less than the initial public offering price will result in additional dilution of net tangible book value per share to new investors.

Sales by the selling stockholders in this offering will cause the number of shares held by existing stockholders to be reduced to 18,242,941 shares, or 52.3% of the total number of shares of our common stock outstanding after this offering, and will increase the total number of shares held by new investors to 16,666,667 shares, or 47.7% of the total number of shares of our common stock outstanding after this offering.

If the underwriters exercise their over-allotment option in full, the number of shares held by new investors will increase to 19,166,667 shares, or 51.2% of the total number of shares of common stock outstanding after this offering.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA

The following selected historical consolidated financial and operating data should be read together with Unaudited Pro Forma Condensed Consolidated Financial Statements, Management s Discussion and Analysis of Financial Condition and Results of Operations, and the consolidated financial statements and related notes included elsewhere in this prospectus. The selected consolidated balance sheet data as of December 31, 2005 and 2006 and the selected consolidated statements of operations data for the years ended December 31, 2004, 2005, and 2006 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The balance sheet data as of December 31, 2003 and 2004, and the statements of operations data for the year ended December 31, 2003 have been derived from our audited financial statements, while the balance sheet data as of December 31, 2002 and the statements of operations data for the year ended December 31, 2002 have been derived from our unaudited financial statements, none of which are included in this prospectus. The selected consolidated balance sheet data as of September 30, 2007, and the selected consolidated statements of operations data for the nine months ended September 30, 2006 and 2007 have been derived from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. The unaudited balance sheet data as of September 30, 2006 has been derived from our unaudited interim condensed consolidated financial statements for such period, which are not included in this prospectus. The unaudited interim period financial information, in the opinion of management, includes all adjustments, which are normal and recurring in nature, necessary for a fair presentation for the periods shown. Results for the nine months ended September 30, 2007 are not necessarily indicative of the results to be expected for the full year. Historical results are not necessarily indicative of the results to be expected in the future.

	Years Ended December 31,					Nine Months Ended September 30,	
	2002	**2003**	**2004**	**2005**	**2006**	**2006**	**2007**
						(Unaudited)	
	(in thousands, except share and per share amounts, ratios, and number of ATMs)						
Consolidated Statements of Operations Data:							
Revenues:							
ATM operating revenues	$ 59,183	$ 101,950	$ 182,711	$ 258,979	$ 280,985	$ 209,542	$ 251,854
Vcom^{tm} operating revenues							685
ATM product sales and other revenues	9,603	8,493	10,204	9,986	12,620	9,218	9,805
Total revenues	68,786	110,443	192,915	268,965	293,605	218,760	262,344
Cost of revenues:							
Cost of ATM operating revenues (exclusive of depreciation, accretion, and amortization, shown separately below) [1]	49,134	80,286	143,504	199,767	209,850	157,225	191,046
Cost of Vcom^{tm} operating revenues							2,644

Cost of ATM product sales and other revenues	8,984	7,903	8,703	9,681	11,443	8,142	9,196
Total cost of revenues	58,118	88,189	152,207	209,448	221,293	165,367	202,886
Gross profit	10,668	22,254	40,708	59,517	72,312	53,393	59,458
Operating expenses:							
Selling, general, and administrative expenses (2)(3)	6,142	7,229	13,571	17,865	21,667	15,709	20,985
Depreciation and accretion expense	1,650	3,632	6,785	12,951	18,595	14,072	18,541
Amortization expense (4)	1,641	3,842	5,508	8,980	11,983	9,610	14,062
Total operating expenses	9,433	14,703	25,864	39,796	52,245	39,391	53,588
Income from operations	1,235	7,551	14,844	19,721	20,067	14,002	5,870

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	Years Ended December 31,					Nine Months Ended September 30,	
	2002	2003	2004	2005	2006	2006	2007
						(Unaudited)	
	(in thousands, except share and per share amounts, ratios, and number of ATMs)						
her expense:							
erest expense [5]	1,039	2,157	5,235	22,426	25,072	18,769	21,59
nority interest in osidiary			19	15	(225)	(128)	(28
her [6]	58	106	209	968	(4,761)	(740)	1,03
tal other expense	1,097	2,263	5,463	23,409	20,086	17,901	22,34
ome (loss) fore income taxes	138	5,288	9,381	(3,688)	(19)	(3,899)	(16,47
ome tax ovision (benefit)	111	1,955	3,576	(1,270)	512	(1,217)	3,21
ome (loss) fore cumulative ect of change in counting nciple	27	3,333	5,805	(2,418)	(531)	(2,682)	(19,68
mulative effect change in counting nciple for asset rement igations, net of ated income tax nefit of $80 [7]		134					
t income (loss)	27	3,199	5,805	(2,418)	(531)	(2,682)	(19,68
eferred stock idends and retion expense	1,880	2,089	2,312	1,395	265	199	20
t income (loss) ilable to mmon ckholders	$ (1,853)	$ 1,110	$ 3,493	$ (3,813)	$ (796)	$ (2,881)	$ (19,88
t income (loss) common share:							
sic	$ (0.92)	$ 0.53	$ 1.56	$ (2.16)	$ (0.46)	$ (1.64)	$ (11.2

uted	$ (0.92)	$ 0.51	$ 1.47	$ (2.16)	$ (0.46)	$ (1.64)	$ (11.2
eighted average ares outstanding:							
sic	2,019,346	2,078,555	2,238,801	1,766,419	1,749,328	1,752,442	1,762,20
uted	2,019,346	2,171,824	2,372,204	1,766,419	1,749,328	1,752,442	1,762,20
o forma share and r share data[8]:							
t income (loss) r common share:							
sic	$ (0.09)	$ 0.06	$ 0.16	$ (0.22)	$ (0.05)	$ (0.17)	$ (1.1
uted	$ (0.09)	$ 0.05	$ 0.15	$ (0.22)	$ (0.05)	$ (0.17)	$ (1.1
eighted average ares outstanding:							
sic	19,542,221	20,115,216	21,665,997	17,094,520	16,929,122	16,959,258	17,053,69
uted	19,542,221	21,017,827	22,957,004	17,094,520	16,929,122	16,959,258	17,053,69

	Years Ended December 31,					Nine Months Ended September 30,	
	2002	**2003**	**2004**	**2005**	**2006**	**2006**	**2007**
	(in thousands, except ratios and numbers of ATMs)						
Other Financial Data (unaudited):							
Ratio of earnings to fixed charges [9]		1.3x	1.5x				
Cash flows from operating activities	$ 4,491	$ 21,629	$ 20,466	$ 33,227	$ 25,446	$ 16,867	$ 35,189
Cash flows from investing activities	(15,023)	(29,663)	(118,926)	(139,960)	(35,973)	(25,933)	(179,469)
Cash flows from financing activities	10,741	10,404	94,318	107,214	11,192	7,773	147,693
Operating Data (unaudited):							
Total number of ATMs (at period end)	8,298	12,021	24,581	26,208	25,259	25,709	31,586
Total transactions	36,212	64,605	111,577	158,851	172,808	128,539	166,183
Total withdrawal transactions	28,955	49,859	86,821	118,960	125,078	93,756	113,934

	As of December 31,					As of September 30,	
	2002	2003	2004	2005	2006	2006	2007
						(Unaudited)	
	(in thousands)						
Consolidated Balance Sheet Data:							
Cash and cash equivalents	$ 3,184	$ 5,554	$ 1,412	$ 1,699	$ 2,718	$ 475	$ 6,118
Total assets	34,843	65,295	197,667	343,751	367,756	354,914	562,201
Total long-term debt, including current portion	18,475	31,371	128,541	247,624	252,895	252,995	408,910
Preferred stock (10)	19,233	21,322	23,634	76,329	76,594	76,528	76,794
Total stockholders deficit	(9,024)	(6,329)	(340)	(49,084)	(37,168)	(44,887)	(59,329)

(1) Excludes depreciation, accretion, and amortization expense of $3.1 million, $6.8 million, $11.4 million, $20.6 million, and $29.2 million for the years ended December 31, 2002, 2003, 2004, 2005, and 2006, respectively, and $22.6 million and $31.3 million for the nine month periods ended September 30, 2006 and 2007, respectively.

(2) Includes non-cash stock-based compensation totaling $1.6 million, $1.0 million, $2.2 million, and $0.8 million in 2003, 2004, 2005, and 2006, respectively, as well as $0.6 million for the nine months ended September 30, 2006 and $0.7 million for the nine months ended September 30, 2007, related to options granted to certain employees and a restricted stock grant made to our Chief Executive Officer in 2003. Additionally, the 2004 results include a bonus of $1.8 million paid to our Chief Executive Officer related to the tax liability associated with such grant. No stock-based compensation was recorded in 2002. See Note 3 to our consolidated financial statements.

(3) Includes the write-off in 2004 of approximately $1.8 million in costs associated with our decision to not pursue a financing transaction to completion.

(4) Includes pre-tax impairment charges of $1.2 million and $2.8 million in 2005 and 2006, respectively, as well as $2.8 million and $5.3 million for the nine months ended September 30, 2006 and 2007, respectively.

(5) Includes the write-off of $5.0 million and $0.5 million of deferred financing costs in 2005 and 2006, respectively, as a result of (i) amendments to our existing credit facility and the repayment of our existing term loans in August 2005 and (ii) certain modifications made to our revolving credit facility in February 2006.

(6) The Other line item in 2002, 2003, 2004, and 2005 primarily consists of losses on the sale or disposal of assets. Other in 2006 reflects the recognition of approximately $4.8 million in other income primarily related to settlement proceeds received from Winn-Dixie Stores, Inc. (Winn-Dixie), one of our merchant customers, as part of its emergence from bankruptcy, a $1.1 million contract termination payment received from one of our customers, and a $0.5 million payment received from one of our customers related to the sale of a number of its stores to another party, which were partially offset by $1.6 million of losses on the sale or disposal of fixed

assets. Other for the nine months ended September 30, 2007 includes $1.5 million of losses on the disposal of fixed assets during the period, which were partially offset by $0.6 million of gains related to the sale of the Winn-Dixie equity securities, which we received from Winn-Dixie in 2006 as a part of its bankruptcy settlement.

(7) Reflects the effect of our adoption of Statement of Financial Accounting Standards (SFAS) No. 143, *Accounting for Asset Retirement Obligations*. See note 1(m) to our consolidated financial statements.

(8) Gives effect to the anticipated stock split and conversion of the Series B Convertible Preferred Stock into shares of our common stock in connection with the offering. The stock split reflected in the above pro forma net income (loss) per common share amounts reflects (i) the conversion mechanics applicable to the Series B Convertible Preferred Stock held by TA Associates, as described in Certain Relationships and Related Party Transactions included elsewhere in this prospectus, (ii) the conversion of the remaining Series B Convertible Preferred Stock into an equal number of common shares, and (iii) a resulting 9.6259 to 1 stock split for all common shares, which will be effected immediately prior to the closing of the offering. Such amounts assume the offering occurs at the mid point of the price range reflected on the cover of this prospectus.

(9) For purposes of determining the ratio of earnings to fixed charges, earnings are defined as our income from operations before income taxes, plus fixed charges. Fixed charges consist of interest expense on all indebtedness, amortization of debt issuance costs and the interest portion of lease payments. Earnings were insufficient to cover fixed charges by approximately $2.7 million for the year ended December 31, 2002, $5.4 million for the year ended December 31, 2005, and $0.2 million for the year ended December 31, 2006. Earnings were insufficient to cover fixed charges by approximately $4.0 million and $16.8 million for the nine months ended September 30, 2006 and 2007, respectively.

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(10) The amount reflected on our balance sheet is shown net of issuance costs of $1.4 million as of December 31, 2006, and $1.2 million as of September 30, 2007. The aggregate redemption price for the preferred stock was $78.0 million as of September 30, 2007.

Supplemental Selected Quarterly Financial Information (Unaudited)

Financial information by quarter is summarized below for each of the three quarters in the nine month period ended September 30, 2007 and each of the four quarters in the years ended December 31, 2006 and 2005.

	Quarters Ended				
	March 31	June 30	September 30	December 31	Total
	(in thousands, except per share amounts)				
2007					
Total revenues	$ 74,518	$ 77,239	$ 110,587	N/A	$ 262,344
Gross profit (exclusive of depreciation, accretion, and amortization)	16,985	17,607	24,866	N/A	59,458
Net loss[1]	(3,387)	(5,615)	(10,683)	N/A	(19,685)
Net loss available to common stockholders[1]	(3,454)	(5,681)	(10,750)	N/A	(19,885)
Net loss per common share[1]:					
Basic	$ (1.97)	$ (3.22)	$ (6.09)	N/A	$ (11.28)
Diluted	$ (1.97)	$ (3.22)	$ (6.09)	N/A	$ (11.28)
Pro forma net loss per common share[4]:					
Basic	$ (0.20)	$ (0.33)	$ (0.63)	N/A	$ (1.17)
Diluted	$ (0.20)	$ (0.33)	$ (0.63)	N/A	$ (1.17)
2006					
Total revenues	$ 69,141	$ 73,254	$ 76,365	$ 74,845	$ 293,605
Gross profit (exclusive of depreciation, accretion, and amortization)	16,043	18,370	18,980	18,919	72,312
Net income (loss)[2]	(3,124)	769	(327)	2,151	(531)
Net income (loss) available to common stockholders[2]	(3,190)	703	(394)	2,085	(796)
Net income (loss) per common share[2]:					
Basic	$ (1.83)	$ 0.40	$ (0.22)	$ 1.20	$ (0.46)
Diluted	$ (1.83)	$ 0.27	$ (0.22)	$ 0.73	$ (0.46)
Pro forma net income (loss) per common share[4]:					
Basic	$ (0.19)	$ 0.04	$ (0.02)	$ 0.12	$ (0.05)
Diluted	$ (0.19)	$ 0.03	$ (0.02)	$ 0.08	$ (0.05)
2005					