



May 22, 2012

## USA Technologies Issues Letter to Shareholders

MALVERN, PA, May 22, 2012 -- USA Technologies, Inc. (NASDAQ: USAT), ("USAT" or the "company"), a leader of wireless, cashless payment and M2M telemetry solutions for self-serve, small-ticket retailing industries, has issued the following letter to shareholders in advance of the company's upcoming annual meeting:

Dear Fellow USA Technologies Shareholder:

Over the past six months, your Board of Directors and management team have taken aggressive action to deliver a new USAT to shareholders and build shareholder value. The business continues to strengthen and we firmly believe that we have made tremendous progress on each and every objective set out to shareholders in January as part of our successful CEO leadership transition. The USAT team is focused and resolute regarding driving growth, continuing on our path to profitability, and delivering value to our customers and shareholders. **We are executing strategically and intelligently.**

In the midst of this progress, Bradley Tirpak, a former board member, has launched a time-consuming and distracting proxy fight to attempt to wrest control of the board at our upcoming Annual Meeting without paying a takeover premium to shareholders. We believe that we are growing significantly, making excellent progress toward profitability, and that USAT is poised for exponential growth in shareholder value. In their ill-advised quest to seize control of the board now, Mr. Tirpak and his associate Craig Thomas—operating under the self-laudatory moniker S.A.V.E.—are attempting to harvest this shareholder value for themselves at little or no cost.

### USA TECHNOLOGIES' BOARD RECOMMENDS THAT SHAREHOLDERS:

**Vote the WHITE proxy card "FOR" USA Technologies' 9 experienced and highly qualified directors** - Stephen P. Herbert; Steven D. Barnhart; Deborah G. Arnold; Joel Brooks; Albin F. Moschner; Frank A. Petito, III; Jack E. Price; William J. Reilly, Jr., and William J. Schoch.

**DO NOT SIGN OR RETURN ANY CARD SENT TO YOU BY BRADLEY TIRPAK UNDER THE MONIKER S.A.V.E.**

While Tirpak is trying to convince you otherwise, USA Technologies is executing well and moving quickly towards profitability. We are growing our business and seizing on our significant market opportunity. We have made substantial strides in enhancing corporate governance and shareholder communications and visibility. There is a new spirit of accountability at USA Technologies at every level of the company. **Now is not the time for disruption or delay in achieving your company's business execution and strategy.**

### THE USA TECHNOLOGIES' PLAN IS WORKING

**We are delivering enhanced shareholder value and moving quickly towards profitability.** In January 2012, we set forth our plan in a letter to shareholders as part of our CEO leadership transition. We have made tremendous progress on each and every objective set forth in that letter: delivery of value to our customers and shareholders, improved governance and transparency, and most importantly, markedly improved business performance. In just two quarters under the leadership of our Chairman and Chief Executive Officer, Stephen P. Herbert, new growth initiatives are already taking hold, and we have delivered approximately \$2 million of expense reductions and enhanced efficiencies.

**We achieved positive Adjusted EBITDA during our recently completed March 2012 fiscal quarter, and expect our continued execution to move us quickly towards profitability.** As stated on the conference call we held to discuss our March 2012 financial results, based on the level of recurring revenues, improved margins, and our ability to maintain current operating expense levels, we believe positive Adjusted EBITDA is sustainable. As such, we believe that Adjusted EBITDA for the fourth quarter ending June 30, 2012 will be in excess of the March 31 results, excluding any significant expenses that would result from the proxy contest. We will continue to focus intently on executing our plan, while strategically investing to enable further growth and progress. With 45 employees generating \$30 million in annualized revenues based on our March 2012 results, we are a lean, scalable organization today.

**Our current Board of Directors has undergone a significant transformation in the past six months.** With the slate we have nominated for election at the Annual Meeting, we will have added five new independent directors during this first half of

2012. Each of these board nominees brings specific experience that our Nominating Committee identified when targeting potential candidates, including, the payments industry, high-volume transaction processing environments, time-to-market expertise, hardware development and procurement, scaling a growth company, capital markets, corporate governance, and wireless communications. Our independent directors also unanimously appointed Steven D. Barnhart as lead independent director as part of our efforts to employ best practices in current corporate governance policies. Today, USA Technologies has a highly **INDEPENDENT** board of directors, with 8 of our 9 nominees meeting NASDAQ independence standards.

**By contrast, S.A.V.E.'s "plan" is no plan at all.** In Tirpak's communications, he puts forth a "plan" which he apparently believes would build shareholder value at USA Technologies. We do not believe the facts are accurately stated or prioritized against our current business realities or our current strategic plan. More importantly, all of the concepts presented by S.A.V.E. for the business are either already underway, under discussion, or have already been considered by your board and rejected.

**WE BELIEVE TIRPAK'S ATTEMPT TO SEIZE CONTROL OF THE COMPANY'S BOARD HAS ALREADY DESTROYED ALMOST \$20 MILLION OF SHAREHOLDER VALUE**

When Stephen P. Herbert was named Chairman and Chief Executive Officer of USA Technologies on November 30, 2011, our stock was trading at \$1.05 per share. Thereafter, our share price rose over 80 percent and reached a seven month high of \$1.98 per share on April 18, 2012. In our view, this was reflective of our new spirit of accountability and our steadily-improving financial performance. Clearly, progress was being made and we believe it was evident to shareholders.

On April 24, 2012, news of Mr. Tirpak's takeover attempt became public. It is our strong belief that after shareholders digested this news and realized that this would be an ill-advised and distracting proxy fight, our share price began to fall. In fact, as of last Friday, May 18, our shares closed at \$1.19 per share.

Bradley Tirpak is attempting to have you believe that this drop in our share price somehow validates his efforts. In our view, based on the decline in our share price since this proxy challenge was publicly announced, **S.A.V.E.'s ATTEMPT TO SEIZE CONTROL OF USA TECHNOLOGIES' BOARD WITHOUT PAYING SHAREHOLDERS A PREMIUM HAS ALREADY DESTROYED ALMOST \$20 MILLION OF SHAREHOLDER VALUE.**

**IN OUR VIEW TIRPAK AND HIS NOMINEES ARE NOT QUALIFIED TO SERVE USAT SHAREHOLDERS**

As USAT shareholders know, Mr. Tirpak resigned as a board member just a few months ago. Moreover, in January 2012 all other board members determined, among other things, that his conduct in December 2011 violated our Code of Conduct and Business Ethics. Now, he is conducting an abrupt about-face and launching an unnecessary and costly proxy fight for control of the company so he can return to the board and in fact take control of it. We believe his recent actions reflect a destructive attempt at vengeance, and it seems as though nothing short of total control of USAT will appease him.

Likewise, we firmly believe that the board nominees Mr. Tirpak has put forth are inferior to the board nominees recommended by the USAT Board of Directors given their lack of what we believe is relevant and necessary experience during this critical phase in USA Technologies' growth cycle.

**VOTE YOUR WHITE PROXY CARD "FOR" USAT'S NINE QUALIFIED DIRECTORS**

Whether or not you plan to attend the USAT Annual Meeting, you and other holders of USAT shares will have the opportunity to tell Bradley Tirpak, in no uncertain terms, that he cannot take over the company's board without paying for that right. We urge you to sign, date and return the **WHITE** proxy card promptly. You may also vote by phone or internet by following the instructions on your **WHITE** proxy card. We urge you to discard Mr Tirpak's **GOLD** proxy card.

Your vote is important, no matter how many or how few shares you own. If you have any questions or need any assistance voting your shares, please contact MacKenzie Partners, Inc., which is assisting USA Technologies in this matter, at 800-322-2885.

On behalf of USA Technologies' Board of Directors, we thank you for your continued support.

Sincerely,



Stephen P. Herbert  
Chairman and Chief Executive Officer



Steven D. Barnhart  
Lead Independent Director

**Statement under the Private Securities Litigation Reform Act:**

With the exception of the historical information contained in this release, the matters described herein contain forward-looking statements that involve risk and uncertainties that may individually or mutually impact the matters herein described, including but not limited to product acceptance, the ability to continually obtain increased orders of its products, the ability to meet installation goals, economic, competitive, governmental impacts, whether its pending patents will be granted or defensible; validity of intellectual property and patents of USA, the ability of USA to license its patents, the ability of USA to commercialize its developmental products, technological and/or other factors, which could cause actual results or revenues to differ materially from those contemplated by these statements.