SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of report (Date of earliest event reported): December 18, 2009

USA TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania	001-33365	23-2679963
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

100 Deerfield Lane, Suite 140
Malvern, Pennsylvania 19355
(Address of principal executive offices and zip code)

Registrant’s telephone number, including area code: 610-989-0340

n/a

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

x Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events

On December 18, 2009, USA Technologies, Inc. (the “Company”) and its directors filed in the United States District Court for the Eastern District of Pennsylvania an Answer, Affirmative Defenses, and Counterclaims in the action entitled Bradley M. Tirpak and Craig W. Thomas d/b/a Shareholder Advocates For Value Enhancement vs. USA Technologies, Inc., et al., Civil Action No. 09-5920 (the “Counterclaim”).

In the Counterclaim, the Company alleges that Bradley M. Tirpak and Craig W. Thomas, the members of Shareholder Advocates for Value Enhancement (the “Dissidents”), have committed numerous violations of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) in connection with their solicitation of proxies for the Annual Meeting of Shareholders of the Company (“Annual Meeting”), which was originally scheduled for December 15, 2009 and which was postponed by the Company to June 15, 2010. In the Counterclaim, the Company alleges that the actions of the Dissidents have prevented a fair shareholder vote and requests that any votes obtained by the Dissidents be declared null and void by the Court.

In Count I of the Counterclaim, the Company alleges that the Dissidents made a solicitation for a proxy to more than ten persons without having filed a proxy statement with the Securities and Exchange Commission (the “SEC”), in violation of Section 14(a) of the Exchange Act and the Rules promulgated thereunder.

In Count II of the Counterclaim, the Company alleges that the Dissidents made numerous false and/or misleading statements of material fact, and/or omissions of material fact, in their various written proxy solicitations, including their proxy statement, press releases, and in the written presentation that was utilized by the Dissidents but that was never filed with the SEC. The Counterclaim alleges that the foregoing was in violation of Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder.

In Count III of the Counterclaim, the Company alleges that the Dissidents violated Section 13(d) of the Exchange Act because, in connection with the proposed vote for their director candidates, the Dissidents formed a “group” with other large shareholders that, collectively, held more than five percent of the Company’s shares, but the Dissidents did not file a Schedule 13D with the SEC as required. Specifically, the Company alleges that the Dissidents formed such a “group” with other large shareholders of the Company.

The Company's Counterclaims seek, among other things, a declaration by the Court that any and all votes that the Dissidents have obtained on the basis of their proxy solicitations be declared null and void, and directing that the Annual Meeting, at which a new vote for the director candidates would take place, be held on June 15, 2010, as scheduled by the Board of Directors, with a new record date consistent with such meeting date.

The exhibits to the Amended Complaint and the Answer, Affirmative Defenses, and Counterclaims are not being filed herewith but will be provided upon request.

In a press release dated December 21, 2009, the Company announced the filing of its Answer, Affirmative Defenses, and Counterclaims. The press release is attached hereto as Exhibit 99.3 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

Exhibit 99.1 Amended Complaint

Exhibit 99.2 Answer and Affirmative Defenses of Defendants to Plaintiffs' Amended Complaint, and Counterclaims of Defendant USA Technologies, Inc.

Exhibit 99.3 Press release dated December 21, 2009

SIGNATURES

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

USA TECHNOLOGIES, INC.

Dated: December 21, 2009

By: /s/ George R. Jensen, Jr.
George R. Jensen, Jr.
Chief Executive Officer

Index to Exhibits

Exhibit No.	Description of Exhibit
99.1	Amended Complaint
99.2	Answer and Affirmative Defenses of Defendants to Plaintiffs' Amended Complaint, and Counterclaims of Defendant USA Technologies, Inc.
99.3	Press release dated December 21, 2009

Exhibit 99.1

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UNITED STATES DISTRICT COURT FOR
THE EASTERN DISTRICT OF PENNSYLVANIA

Bradley M. Tirpak and Craig W. Thomas, d/b/a/ Shareholder Advocates for Value Enhancement, Plaintiffs, v. USA Technologies, Inc., George R. Jensen, Jr., Stephen P. Herbert, Douglas M. Lurio, Steven Katz, William L. Van Alen, Jr., Joel Brooks, Steven D. Barnhart, and Jack E. Price, Defendants.	: : : : : : : : : : : : : : : : : :	2:09-cv-05920-TJS

AMENDED COMPLAINT

Plaintiffs, Bradley M. Tirpak ("Mr. Tirpak") and Craig W. Thomas ("Mr.Thomas") (together, "Plaintiffs") d/b/a Shareholder Advocates for Value Enhancement ("Committee"), through their undersigned counsel, respectfully request declaratory relief and temporary, preliminary, and permanent injunctive relief invalidating the Defendants' illegal manipulation of the date of the annual meeting of the shareholders of USA Technologies, Inc. ("USAT" or "the Company") scheduled for December 15, 2009 (the "Annual Meeting").

Just three business days before the Annual Meeting, when it became clear that the majority of shareholder votes would be cast in favor of Plaintiffs' minority slate of directors (the tally as of December 11, 2009 was over 7.4 million votes in favor of Plaintiffs' nominees out of 10.3 million votes cast), the Company and its Board of Directors purported to cancel the Annual Meeting and announced a new meeting date six months later, June 15, 2010. Defendants' conduct, which is a blatant violation of the most fundamental fiduciary principles of corporate law and an obliteration of each shareholder's right to vote on the election of directors, was undertaken for one reason and one reason only – to entrench the directors and insulate them from a long record of abysmal performance (the Company has not turned a profit in any quarter since its inception) and to enable the officer directors to continue to reap huge and unjustified financial rewards (George Jensen, the Chairman and CEO, and Stephen Herbert, a director and the President and COO, have received combined compensation of over $13 million during the past six years). In short, Defendants cancelled the Annual Meeting because they knew they were going to lose the election. Plaintiffs allege as follows:

PARTIES

1. Plaintiff Bradley M. Tirpak is a resident of the United Kingdom who resides at 51e Ossington Street, W24LY, London, United Kingdom. As of September 30, 2009 – the record date the Company selected for the December 15, 2009 Annual Meeting (the "Record Date") – Mr. Tirpak beneficially owned 12,500 shares of common stock in the Company.

2. Plaintiff Craig W. Thomas is a resident of Connecticut who resides at 185 Milbank Avenue West, Greenwich, Connecticut 06830. As of the Record Date, Mr. Thomas owned 371,500 shares of common stock, including 135,000 shares underlying currently exercisable warrants.

3. Defendant USAT is a Pennsylvania corporation with its principal place of business located at 100 Deerfield Lane, Suite 140, Malvern, Pennsylvania 19355. USAT is a public company involved in networking wireless non-cash transactions, associated financial/network services, and energy management. USAT provides networked credit card and other non-cash systems in the vending, commercial laundry, hospitality and digital imaging industries.

4. Defendant George R. Jensen, Jr. ("Jensen") is, upon information and belief, a Pennsylvania resident. Jensen has been USAT's Chief Executive Officer ("CEO") and a director since USAT's inception in 1992, and is currently Chairman of the Board of USAT. Defendant Jensen has a current place of business located at 100 Deerfield Lane, Suite 140, Malvern, Pennsylvania 19355.

5. Defendant Stephen P. Herbert ("Herbert") is, upon information and belief, a Pennsylvania resident. Herbert has been a director of USAT since April 1996, an officer of the Company since May 1996, and President and Chief Operating Officer ("COO") since 1999. Defendant Herbert has a current place of business at 100 Deerfield Lane, Suite 140, Malvern, Pennsylvania 19355. Defendants Jensen and Herbert at times in this Verified Complaint will collectively be referred to as the Officer Defendants.

6. Defendant Douglas M. Lurio is, upon information and belief, a Pennsylvania resident who has served as a director of USAT since 1999. Defendant Lurio, upon information and belief, has a current place of business at 2005 Market Street, Suite 3320, Philadelphia, Pennsylvania 19103. Defendant Lurio is the President and owner of Lurio & Associates, P.C. During the years ended June 30, 2009 and 2008, the Company incurred approximately $438,000 and $317,000, respectively, in connection with legal services provided by Lurio & Associates, P.C. Ex. 1, Oct. 27, 2009 USAT Proxy Statement at 29.[1]

7. Defendant Steven Katz ("Katz") is, upon information and belief, a New Jersey resident who has served as a director of USAT since 1999. Katz, upon information and belief, has a current place of business at 440 South Main Street, Milltown, New Jersey 08850. Defendant Katz is President of Steven Katz & Associates, Inc., a consulting firm that, during the fiscal year ended June 30, 2007, received $72,600 in fees from the Company for consulting services. Ex. 2, Glass Lewis & Co. Proxy Paper for Apr. 29, 2009 Meeting at 5.

8. Defendant William L. Van Alen, Jr. ("Van Alen") is, upon information and belief, a Pennsylvania resident who has served as a director of USAT since 1993. Defendant Van Alen, upon information and belief, has a current place of business at P.O. Box 727, Edgemont, Pennsylvania 19028.

1 A true and correct copy of each exhibit is attached hereto and incorporated herein.

9. Defendant Joel Brooks ("Brooks") is, upon information and belief, a New Jersey resident who has served as a director of USAT since 2007. Defendant Brooks, upon information and belief, has a current place of business at 303 George Street, Suite 140, New Brunswick, New Jersey 08901.

10. Defendant Steven D. Barnhart ("Barnhart") is, upon information and belief, an Illinois resident who was appointed to the Board of Directors in October 2009 and continues to serve as a director of USAT. Defendant Barnhart, upon information and belief, has a current place of business at 1143 N. Sheridan Road, Lake Forest, Illinois 60045.

11. Defendant Jack E. Price ("Price") is, upon information and belief, a Washington resident who was appointed to the Board of Directors in October 2009 and continues to serve as a director of USAT, and who has a current place of business at 40 Lake Bellevue, Suite 100, Bellevue, Washington 98005.

12. At times throughout this Amended Complaint, defendants other than USAT will be referred to collectively as the Individual Defendants.

JURISDICTION AND VENUE

13. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1332 because the amount in controversy exceeds $75,000 and there is diversity of citizenship between Plaintiffs and Defendants.

14. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1331 and 1367(a) because Count III arises under federal law.

15. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391 (a)(2), (a)(3), (b)(2), (b)(3), and (c).

FACTUAL BACKGROUND TO BOTH COUNTS

Current Company Leadership Has Failed To Effectively Lead, Has Failed to Maximize Value, And Has Been Excessively Compensated

16. The Company has failed to turn an operating profit in any quarter since its inception. Since 2003, the Company's common stock has declined more than 95%. Thus, $100.00 invested in USAT's common stock on September 30, 2003 was worth only $4.25 on September 30, 2009. Defendants Jensen and Herbert presided over this entire six-year period of abysmal performance.

17. As of October 1, 2009, USAT received a corporate governance rating from Institutional Shareholder Services, Inc. ("ISS"), an independent, leading provider of corporate governance analysis and information, that was worse than 88% of all of the companies ISS evaluated in their Corporate Governance Quotient Database.

18. On that same date, USAT received a corporate governance rating from ISS that was worse than 93% of other Technology and Hardware companies that ISS evaluated in their Corporate Governance Quotient Database.

19. Despite this poor performance, management and inside directors have continued to receive substantial compensation. Specifically, from fiscal year 2004 through fiscal year 2009, Defendants Jensen and Herbert, have been paid, in the aggregate, over $13 million in cash and stock.

20. In September 2008, the Board approved new contracts for Defendants Jensen and Herbert, which included approximately a 12% raise in base salary. Less than three months later, the Company reported it had laid off approximately 30% of its employees.

21. In fiscal year 2009, Defendants Jensen and Herbert received compensation of more than $1.7 million – more than 14% of the Company's revenue in fiscal year 2009.

22. Since and including fiscal year 2004, the Board has extracted the equivalent of over 24% of the Company's revenues and given it, in cash and stock compensation, to Defendants Jensen and Herbert.

The Individual Defendants' October 2009 Efforts to Entrench Themselves

23. Since at least October 2009, the Individual Defendants have sought to entrench themselves by erecting barriers to prevent any accountability to shareholders for the Company's failure to achieve profitability and for the disparity between such failure and the rewards provided to management.

24. During the week of October 5, 2009, Mr. Thomas approached Defendant Jensen to discuss the possibility of increased non-management shareholder representation on the Board of Directors.

25. Mr. Thomas also discussed his belief that the Company needed increased shareholder representation on the Board with Mr. Tirpak.

26. Together, Plaintiffs discussed possible candidates and had a meeting with the Company's Chief Financial Officer, David DeMedio, on Monday, October 12, 2009.

27. Later that week, Mr. Thomas had a telephone conversation with Defendant Jensen during which Mr. Jensen noted that the Company was considering some changes. Mr. Thomas ended the call with the impression that Mr. Jensen would be receptive to receiving a list of nominees from Mr. Thomas.

28. Following that conversation, and in the belief that management would consider in good faith the addition of directors recommended by shareholders at the next annual meeting, Messrs. Tirpak and Thomas contacted two shareholders to determine whether or not such shareholders could recommend candidates as nominees to serve on the Board of the Company.

29. On Tuesday, October 20, 2009, without notice to Mr. Tirpak or Mr. Thomas, the Company announced five changes unilaterally implemented by the Board effective October 19, 2009. Ex. 3, Form 8-K dated Oct. 20, 2009. Each of these changes, on its own and in the aggregate, was calculated to entrench management and/or prevent shareholder representation on the Company's Board of Directors.

30. First, the Company announced it had advanced the date of the 2010 Annual Meeting of the shareholders, to December 15, *2009*. The Company's 2009 Annual Meeting had been held just eight months earlier – on April 29, 2009. For the past four years, the Company has held its annual meeting between February and May. The intent of advancing the meeting date was to attempt to shorten the campaign period in two ways:

a. To make it extremely difficult for any shareholders that had been able to meet the new advance notice provisions to successfully complete the numerous, time-consuming and costly steps required of a proxy contest in time for the December 15, 2009 Annual Meeting. Among other things, Plaintiffs would need to review the Company's Proxy Statement, prepare their own preliminary proxy statement, engage in communications with the Securities & Exchange Commission regarding the content of their preliminary proxy statement and finalization of their proxy statement, mail the proxy statement to all shareholders, and engage attorneys and advisors. Plaintiffs, two individuals, would have to be prepared to pay for all of these expenses.

b. To capitalize on the built-in advantage an incumbent board of directors has in a proxy contest over shareholder-nominated director candidates who are generally lesser-known to the shareholder base and need more time to campaign and get their information out to shareholders.

31. The new meeting date for the 2010 Annual Meeting also directly contradicted Defendants' statement to shareholders that the 2010 Annual Meeting would be held sometime in 2010 – not in 2009. In a March 18, 2009 filing with the Securities & Exchange Commission, the Company advised that "[w]ritten notice of proposals of shareholders submitted for consideration at the 2010 Annual Meeting but not for inclusion in the proxy statement must have been received by the Company on or before February 2, 2010 . . . ." Ex. 4, Mar. 18, 2009 USAT Proxy Statement at 25.

32. Second, the Company announced that it had adopted new advance notice provisions in its bylaws that, when coupled with the new meeting date, provided only ten (10) calendar days for shareholders to nominate directors or propose other action to be brought at the December 15, 2009 Annual Meeting. Ex. 3, Form 8-K dated Oct. 20, 2009. The Company had previously advised shareholders that they were required to notify the Company of shareholder proposals to be considered at the Annual Meeting by February 2, 2010. *Compare with* Ex. 4, Mar. 18, 2009 USAT Proxy Statement at 25. The Company's October 20, 2009 announcement effectively shortened shareholders' time to participate in this aspect of the corporate democracy by over ninety (90) days. This change was calculated to make it virtually impossible for any shareholder to have enough time to consider potential nominees and mount a challenge in the first instance.

33. Third, the Company announced that the record date for the Annual Meeting was September 30, 2009 – a date that was a full twenty (20) days prior to the date on which Company announced that it would hold the Annual Meeting on December 15, 2009. Only holders of common stock or certain preferred stock of record at the close of business on the Record Date would be entitled to notice of and to vote at the December 15, 2009 Annual Meeting.

34. Fourth, the Company announced adoption of a new bylaw staggering the Board of Directors into three classes whereby directors would not be subject to annual elections.

35. Fifth, the Company announced that it had amended the bylaws to prohibit shareholders from calling special meetings.

36. In the same Form 8-K announcing these dramatic corporate governance changes, USAT announced that it had expanded the Board of Directors and appointed and seated two new directors. These two new directors – Defendants Barnhart and Price – were handpicked by the insider-controlled Board of Directors.

37. On Tuesday, October 27, 2009, the Company filed its proxy statement with the Securities & Exchange Commission ("the Company Proxy Statement"). Ex. 1, Oct. 27, 2009 USAT Proxy Statement. Among other things, the Company Proxy Statement advised that shareholders would be voting on the election of three classes of directors – Class I, Class II, and Class III. The initial term of Class I directors was to last until the 2011 Annual Meeting; the initial term of Class II directors was to last until the 2012 Annual Meeting; and the initial term of Class III directors was to last until the 2013 Annual Meeting. Following the expiration of each class of directors' initial term, each class of directors was to be elected for a three year term.

38. The Company Proxy Statement disclosed that three of the inside directors – Defendants Jensen, Herbert, and Lurio – would be seeking election as Class III Directors. Accordingly, if elected, these insider directors would remain on the Board and would not have to face another shareholder election until 2013.

39. The Company announced that 22,709,725 shares of common stock (1 vote each) and 512,365 preferred (1/100 vote each) were entitled to vote at the December 15, 2009 Annual Meeting.

40. The Company Proxy Statement, and Defendant Jensen's personal letter to shareholders included within the Company Proxy Statement, made clear that the shareholders' vote at this meeting was important. Defendant Jensen wrote: "Whether or not you attend the Annual Meeting, it is important that your shares be represented and voted at the meeting." Ex. 1, Oct. 27, 2009 USAT Proxy Statement. Defendant Jensen "urge[d]" shareholders to "authorize [their] proxy as soon as possible." The Company made clear to shareholders that those holders of shares as of the Record Date would be "entitled to notice of, and to vote at," the December 15, 2009 Annual Meeting. *Id*. at 3. The Proxy Cards the Company sent to shareholders stated: "This proxy when properly executed will be voted in the manner directed by the undersigned."

41. As a result of the changes announced by Defendants on October 20, 2009, any Company shareholders who wanted to submit nominations – including Plaintiffs – had to rush to prepare by October 30, 2009 any notice of intent to nominate directors in time for the December 15, 2009 Annual Meeting.

THE PROXY CONTEST

42. Believing that the actions announced by the Board on October 20, 2009 were inconsistent with the discussions they had previously held with management, Messrs. Tirpak and Thomas considered various possible courses of action, including nominating directors and seeking their election through the solicitation of less than ten (10) persons. In connection with that approach, Messrs. Tirpak and Thomas had preliminary conversations with and sent material to fewer than ten (10) persons (inclusive of the persons from whom nominees were sought previously).

43. While the shareholders Messrs. Tirpak and Thomas spoke with were generally unhappy with actions taken by the Board, none of these shareholders agreed to vote for the Committee's nominees, nor to provide the Committee any proxies, nor to provide financing for the proxy solicitation, nor to act in any other way that would make them a participant in the solicitation. After consideration of the alternatives, Messrs. Tirpak and Thomas determined to form the Committee and file a preliminary proxy statement and conduct a broad solicitation.

44. These conversations with shareholders were publicly disclosed in the Committee's proxy statement.

45. On Friday, October 30, 2009, within the expedited ten (10) day period the Company announced on October 20, 2009, Mr. Tirpak notified the Company of his intent to nominate Peter A. Michel, Alan J. Gotcher, and himself to serve as directors at the December 15, 2009 Annual Meeting.

46. Plaintiffs formed the Committee, which retained Morrow & Co., LLC ("Morrow"), to act as an advisor and to provide solicitation services in connection with the election of directors at the December 15, 2009 Annual Meeting.

47. On November 19, 2009, the Committee filed its Preliminary Proxy Statement with the Securities & Exchange Commission ("Committee Preliminary Proxy Statement"). Ex. 5, Nov. 19, 2009 Committee Preliminary Proxy Statement.

48. The Committee made clear, in its Preliminary Proxy Statement, that if elected, its nominees, Mr. Tirpak, Mr. Michel, and Mr. Gotcher, would, consistent with their fiduciary duties:

a. Advocate for the removal of the staggered Board;

b. Advocate for the reinstatement of the right for shareholders to call a special meeting;

c. Advocate for board nominees who have been vetted by an independent nominating committee and determined to be free from conflicting affiliate relationships;

d. Examine the operations of the Company with an eye toward maximizing shareholder value, including advocating a review of management compensation to ensure alignment of management's interests with that of common shareholders.

49. The Company quickly went on the attack. On November 20, 2009, just one day after the Committee filed its Preliminary Proxy Statement, the Company issued an open letter to shareholders urging shareholders to reject the Committee's proxy. The company claimed that the Plaintiffs, who the Company referred to as "dissidents," "filed public documents distorting the facts regarding [USAT's] Board and its actions, and have made other confusing accusations" and stated that the Committee's proxy contained "grossly misleading information." Ex. 6, Nov. 20, 2009 USAT Letter to Shareholders. The Company provided information attacking this supposed misleading and inaccurate information. This letter was publicly released and available on various Internet sites. *Id*. Despite the fact that the Committees' Preliminary Proxy Statement purportedly contained misleading information, Defendants made no efforts to delay the December 15, 2009 Annual Meeting.

50. In fact, neither the Committee's Preliminary Proxy Statement nor any of its other communications with shareholders contains a misleading statement.

51. On November 24, 2009, the Company sent another letter to shareholders, providing further information detailing what the Company referred to as inaccurate information spread by the Committee. Ex. 7, Nov. 24, 2009 USAT Letter to Shareholders. This letter was also publicly released and available on various Internet sites. *Id*.

52. On November 30, 2009, the Committee filed its definitive proxy statement ("Committee Proxy Statement") and mailed its proxy materials to shareholders. Ex. 8, Nov. 30, 2009 Committee Proxy Statement. In a public release, Mr. Tirpak stated, among other things, that the Committee "urge[s] shareholders to send a message to management and directors that the time for change is NOW by electing our minority slate of three highly qualified independent nominees to the Board." Ex. 9, Nov. 30, 2009 press release and letter to shareholders.

53. Again, the Company demonstrated its ability to mobilize, respond, and get its counter-message out to shareholders immediately. Just one day after the Committee filed its Proxy Statement and issued its November 30, 2009 press release, the Company sent another letter to USAT's shareholders. In this letter, dated December 1, 2009 and also released publicly and made available on various Internet websites, Ex. 10 (Dec. 1, 2009 USAT Letter to Shareholders), the Company again claimed that the Committee was spreading misleading information: "the Dissidents continue to mislead our shareholders on their basic intent, the background of their candidates, and with the data which they choose to state their case."

54. On multiple pages in its December 1, 2009 letter to shareholders, the Company again delivered its counter-message, and explained why it believed that the Committee was misleading shareholders. Among other things, the Company stated, "The Dissidents Claim That They are Acting on Behalf of Shareholders – They are Not." The Company also stated, "The Dissidents State That They Do Not Seek a Change In Control. We Believe That This Is Simply Not True." The Company referred to "a document selectively circulated by the Dissidents to certain of our shareholders but not filed with the Securities and Exchange Commission."

55. Despite the fact that the Committee Proxy Statement contained what the Company characterized as misleading information, the Defendants at this time again made no effort to delay the December 15, 2009 Annual Meeting. And, as noted above, none of Plaintiffs' statements was misleading.

LEADING SHAREHOLDERS' RIGHTS ORGANIZATIONS RECOMMEND THAT SHAREHOLDERS VOTE FOR PLAINTIFFS' SLATE OF DIRECTORS

56. During USAT's letter-writing campaign, the two leading, independent, shareholders' rights organizations publicly announced their recommendations that shareholders vote in favor of the Committee's director nominees.

57. On Wednesday, December 2, 2009, Glass Lewis, an independent and leading shareholders' rights organization, recommended that USAT shareholders vote in favor of each of the Committee's nominees. In its report recommending the election of the Committee's nominees, (Ex. 11, Glass Lewis & Co. Proxy Paper for Dec. 10, 2009 Meeting at p. 9), Glass Lewis stated:

a. “[W]e believe that the board’s recent amendments to the Company’s bylaws call into question whether the board is truly acting in shareholders’ best interest.”

b. “Based on these actions by the board, together with the Company’s severe underperformance in recent years, we believe that a change to the current board could prove beneficial for shareholders.”

c. “In our view, the presence of these nominees may prove beneficial for the board and provide a much-needed impetus to effect change.”

58. A press release regarding Glass Lewis’ endorsement of the Committee’s nominees was publicly available on various Internet sites on December 3, 2009. Ex. 12, Dec. 3, 2009 Committee Press Release.

59. On December 7, 2009, the Company issued yet another letter to shareholders, urging them to vote the Company’s proxy card and to reject the Committee’s proxy card. Again, the Company claimed the Committee was acting under “a smokescreen of misleading assertions.” Ex. 13, Dec. 7, 2009 USAT Letter to Shareholders. Nevertheless, the Company again took no steps at this time to cancel the December 15, 2009 Annual Meeting.

60. On December 8, 2009, the Committee received another major endorsement, this one from RiskMetrics Group (“RiskMetrics”), a leading, independent, shareholders’ rights organization affiliated with Independent Shareholder Services. In its December 8, 2009 report, (Ex. 14, RiskMetrics Group Recommendations for Dec. 15, 2009 Meeting), RiskMetrics concluded: “We recommend shareholders vote FOR Bradley Tirpak, Alan Gotcher, and Peter Michel.”

61. In its report, with respect to USAT's recent bylaw changes, RiskMetrics noted "[t]hese amendments and their timing, in light of the company's sustained poor performance, leave the impression of a board acting to entrench itself." *Id.* at 20. RiskMetrics identified certain aspects of compensation at USAT as "problematic." *Id*. At 17. RiskMetrics went on in its report to say:

a. RiskMetrics "believe[d] greater management oversight may be warranted[.]"

b. "[T]he presence of the [Committee's] nominees on the USAT board would likely prove beneficial to shareholder value."

c. "[t]he long-term financial and operational performance of the company and the [Committee's] nominees' skill sets and backgrounds establish both the need for change and [the Committee's] ability to effect change."

Id. at 20.

62. A press release regarding RiskMetrics' endorsement of the Committee's nominees was publicly available on the Internet at various sites as early as 7:00am (ET) on December 9, 2009. Ex. 15, Dec. 9, 2009 Committee Press Release.

63. Almost immediately after this press release was issued, the Company responded by issuing its own press release stating that it "strongly believe[d]" RiskMetrics had "reached the wrong conclusion" and urging shareholders to vote in favor of the Company's nominees. The Company's press release made no mention of postponing the annual meeting.

RECOGNIZING THAT THE COMMITTEE'S NOMINEES HAD THE SUPPORT OF THE SHAREHOLDER BASE, AND ELECTION OF THE COMMITTEE'S NOMINEES WAS IMMINENT, DEFENDANTS CANCEL THE VOTE

64. In early December 2009, it became readily apparent to both USAT and Plaintiffs that the momentum of the shareholder base was in favor of the Committee's nominees.

65. On December 1, the Committee's proxy went final at the SEC. On December 2, the Committee mailed its proxies to shareholders, who began to receive them on Saturday, December 5 and Monday, December 7.

66. By December 8, 2009, data provided to both USAT's and the Committee's proxy advisory firms demonstrated that dramatic numbers of votes were being cast for the Committee's nominees. Late in the morning on December 8, Broadridge – a company used by virtually all of the broker-dealers to tabulate proxy voting for shares held in "street name" (that is, owned by brokers on behalf of the beneficial owners) – notified both USAT and the Committee that there were currently approximately 2,762,066 street name votes in favor of USAT, and approximately 855,548 in favor of the Committee's nominees. Ex. 16, Dec. 8, 2009 Broadridge email as at 11:46am. The Defendants did not cancel the December 15, 2009 Annual Meeting upon receiving this information.

67. By December 9, 2009, the tally of street votes that Broadridge provided to USAT and the Committee showed that the Committee had considerably narrowed the gap. As of the time of Broadridge's 10:06am email, again to both USAT and the Committee, 2,912,142 votes were in favor of USAT's nominees, and 2,724,183 votes were in favor of the Committee's nominees. Ex. 17, Dec. 9, 2009 Broadridge email at 10:06am. Thus, USAT saw that votes were shifting in favor of the Committee's nominees. USAT had gone from being nearly 2 million votes ahead of the Committee's nominees to just 200,000 votes ahead in less than a day. Two independent shareholders' rights organizations – Glass Lewis and RiskMetrics – had both recommended the Committee's nominees. Thus, it had to have been clear to the Company that they were going to lose, as many institutional shareholders will cast votes based upon these recommendations.

68. In the face of likely defeat, at the end of the day on December 9, 2009 – just three business days before the election – the Company and the Individual Defendants made an announcement that purported to cancel the December 15, 2009 Annual Meeting, and set a new meeting date six months in the future – June 15, 2010. By 5:47pm on December 9, 2009, Broadridge was reporting to both the Committee and USAT that the street votes were *in favor* of the Committee's nominees, by a margin of 3,541,496 to 2,807,427[2] votes. Ex. 18, Dec. 9, 2009 Broadridge email at 5:47pm.

69. The Company purported to change the meeting date in order to obstruct the stated will of the majority of shareholder votes cast, votes calling for change in the corporate governance of the Company. See Ex. 19, Dec. 9, 2009 USAT Press Release. Indeed, as of December 11, 2009, over 10.3 million shares had voted. By the Committee's calculations, over 7.4 million of those 10.3 million shares are in the Committee's nominees' favor. Ex. 20, Dec. 11, 2009 Morrow Vote Update.

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2 Indeed, the number of votes in favor of the Company's nominees actually *decreased* from the morning of December 9 to the evening of December 9 because proxies previously granted in favor of the Company's nominees were apparently revoked and replaced with proxies in favor of the Committee's nominees.

70. The Company's stated reason for the cancellation of the December 15, 2009 Annual Meeting is a pretext. The Company stated that it cancelled the meeting due to "what the Board believes to be misleading, inaccurate and selective disclosure regarding the Company by the dissident shareholders seeking to replace three of the Company's directors with their own nominees." Ex. 19, Dec. 9, 2009 USAT Press Release.

71. The stated reason given on December 9, 2009 by the Company is not materially different than the claims the Company publicly made in their November 20, November 24, December 1 and December 7 letters to shareholders – as many as 20 days prior to the cancellation of the meeting. See Exs. 6, 7, 10, 13. The Company's December 9, 2009 press release does not make any new claim, nor explain why an adjournment of six months is necessary.

72. Defendants have no legitimate basis for cancelling the December 15 Annual Meeting. They cancelled the meeting for one reason: to avoid losing.

COUNT I

BREACH OF FIDUCIARY DUTY

73. Plaintiffs incorporate by reference the foregoing paragraphs as if fully set forth herein.

74. The Individual Defendants, as officers and directors of USAT, owe fiduciary duties of loyalty, care and good faith to Plaintiffs, and to all other shareholders of USAT.

75. The Individual Defendants owe a duty to USAT's shareholders to protect the shareholders' voting rights, and to refrain from taking any action that interferes with the shareholders' core right to participate in a fair and equitable corporate democracy.

76. In denigration of these basic tenets of corporate law, the Individual Defendants knowingly violated their fiduciary duties of loyalty, care and good faith.

77. As set forth above, the Individual Defendants have breached their fiduciary duties of loyalty, care and good faith by canceling the December 15, 2009 Annual Meeting for the primary purpose of thwarting the free exercise of USAT's shareholders' franchise and attempting to nullify the majority vote against certain of the Company's board nominees and in favor of the Committee's nominees.

78. These improper actions were particularly directed at the Plaintiffs and intended to derail all past and future shareholder advocacy by the Plaintiffs and, more immediately, the proxy fight the Plaintiffs had begun weeks earlier.

79. The actions of the Individual Defendants lacked any business justification or even any rational justification, and were designed to perpetuate the Individual Defendants' control over the Company to the detriment of the will of the Company's shareholders.

80. The Individual Defendants have acted in their own self-interest and to further their individual personal, financial and economic interests to the detriment of Plaintiffs and all shareholders.

81 The Individual Defendants' conduct is inequitable and a misuse of the mechanisms provided to them by the Company.

82. Absent immediate and permanent injunctive relief, the Individual

Defendants will continue to breach their fiduciary duties owed to Plaintiffs and all USAT shareholders to benefit themselves, to harm the Company, to disenfranchise the USAT shareholders of their right to vote, and to continue to evade accountability to all shareholders, all to Plaintiffs' irreparable harm.

83. As set forth in detail above, as a direct, proximate and certain result of the Defendants' illegal and inequitable misconduct, Plaintiffs have been and will continue to be irreparably harmed. Plaintiffs (i) have already expended tremendous amounts of time, money, and energy to identify the Committee's nominees and solicit proxies, (ii) have planned for nearly two months on the Annual Meeting to be held December 15, 2009, (iii) have mounted a proxy contest on the basis of a September 30, 2009 record date that – if the Court does not intervene – may expire, thereby nullifying all proxies voted in the Committee's favor, and (iv) have been successful in helping get the shareholders' will brought to public light by way of the voting in this election.

84. The majority of voting shareholders have made clear that they are in favor of the Committee's Nominees. They – and Plaintiffs – are entitled to the change for which they have voted. Any vote taking place in the future, with a new record date, will not only be a different vote based on a different shareholder set, but will also foster continued entrenchment by the Individual Defendants and continued harm on the Company by way of the lack of independent, shareholder-aligned oversight.

85. Unless Plaintiffs obtain injunctive relief, (i) the Committee's nominees will not take their rightful place on the Board of USAT, (ii) the shareholders of USAT will be stuck for at least six (6) more months with a Board they have voted against, (iii) the Board will remain unhindered during such six months to further enrich and entrench themselves, and (iv) the Defendants will have succeeded in their transparent plan to entrench themselves – at significant cost to USAT and its shareholders.

COUNT II

WRONGFUL INTERFERENCE WITH SHAREHOLDERS' VOTING RIGHTS

86. Plaintiffs incorporate by reference the foregoing paragraphs as if fully set forth herein.

87. Directors must respect the fundamental principles of corporate democracy and cannot take actions designed to undermine shareholders' voting rights.

88. The Individual Defendants violated these principles by canceling the December 15, 2009 Annual Meeting for the primary purpose of thwarting the free exercise of USAT's shareholders' franchise and attempting to nullify the majority vote against certain of the Company's board members and in favor of the Committee's nominees.

89. The Individual Defendants decision to cancel the December 15, 2009 Annual Meeting was an abuse of position that, even if exercised in the belief that the Company was thereby well served, violates the principles of corporate democracy that enable shareholders to control their own company.

90. Absent preliminary and permanent injunctive relief, the Individual Defendants' wrongful interference with shareholders' voting rights will harm the Company, disenfranchise USAT shareholders, and allow the Individual Defendants to continue to evade accountability to shareholders, all to Plaintiffs' irreparable harm.

91. Unless Plaintiffs obtain injunctive relief, (i) the Committee's nominees will not take their rightful place on the Board of USAT, (ii) the shareholders of USAT will be stuck for at least six (6) more months with a Board they have voted against, (iii) the Board will remain unhindered during such six months to further enrich and entrench themselves, and (iv) the Defendants will have succeeded in their transparent plan to entrench themselves – at significant cost to USAT and its shareholders.

COUNT III

VIOLATION OF RULE 14a-9

92. Plaintiffs incorporate by reference the foregoing paragraphs as if fully set forth herein.

93. The Company's proxy statements failed to disclose to shareholders that if the vote did not go in favor of the Company's nominees, the annual meeting would be postponed.

94. This omission made Defendants' statements to shareholders that their votes were "important" and that the Annual Meeting was "critical" false and misleading. This omission also rendered misleading the Defendants' statement that the proxies they solicited "when properly executed will be voted in the manner directed by the undersigned."

95. This omission was material because there is a substantial likelihood that a reasonable shareholder would view it as significantly altering the "total mix" of available information.

96. This omission caused Plaintiffs – and all other shareholders – injury because it resulted in their disenfranchisement.

97. The proxy solicitation was an essential link in the accomplishment of the transaction, because it was essential to whether or not Plaintiffs – and all other shareholders – would get to exercise their fundamental right to vote for directors.

98. Absent immediate and permanent injunctive relief, these material misrepresentations and omissions will disenfranchise the Plaintiffs – and all shareholders– to their irreparable harm.

WHEREFORE, Plaintiffs respectfully request that this Court enter judgment:

(1) declaring that USAT's action purporting to cancel the December 15, 2009 Annual Meeting is null and void;

(2) ordering that the December 15, 2009 Annual Meeting take place as scheduled;

(3) ordering that all votes be counted in accordance with Pennsylvania law;

(4) granting any and all equitable relief deemed necessary by this Court to ensure that the fundamental principles of corporate democracy are properly and timely enforced;

(5) enjoining Defendants from improperly interfering with the election and, if the Committee's nominees are elected, enjoining Defendants from interfering in their seating on the Board of Directors;

(6) awarding Plaintiffs the costs of the proxy solicitation and the costs and disbursements of this action, including reasonable attorneys' fees; and

(7) granting such other and further relief as this Court may deem just and proper.

Dated: December 17, 2009

Respectfully submitted,

/s/ Michael S. Doluisio

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Counsel for Plaintiffs Bradley M. Tirpak and Craig W. Thomas.

CERTIFICATE OF SERVICE

I, Michael S. Doluisio, hereby certify that on December 17, 2009 I caused a true and correct copy of the Amended Complaint to be served via hand delivery to:

David H. Pittinsky
Ballard Spahr LLP
1735 Market Street
Philadelphia, PA 19103

Attorneys for USA Technologies, Inc. George R. Jensen, Jr., Stephen P. Herbert, Douglas M. Lurio, Steven Katz, William L Van Alen, Jr., Joel Brooks, Steven D. Barnhart, and Jack E. Price

/s/ Michael S. Doluisio

Michael S. Doluisio

Exhibit 99.2

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

BRADLEY M. TIRPAK and CRAIG W. THOMAS, d/b/a SHAREHOLDER ADVOCATES FOR VALUE ENHANCEMENT, Plaintiffs, v. USA TECHNOLOGIES, INC., GEORGE R. JENSEN, JR., STEPHEN P. HERBERT, DOUGLAS M. LURIO, STEVEN KATZ, WILLIAM L. VAN ALEN, JR., JOEL BROOKS, STEVEN D. BARNHART, and JACK E. PRICE, Defendants.	: : : : : : : : : : : : : : : : :	CIVIL ACTION NO. 09-CV-5920

**ANSWER AND AFFIRMATIVE DEFENSES OF
DEFENDANTS TO PLAINTIFFS' AMENDED COMPLAINT,
AND COUNTERCLAIMS OF DEFENDANT USA TECHNOLOGIES, INC.**

Defendant USA Technologies, Inc. (the "Company"), and defendants George R. Jensen, Jr., Stephen P. Herbert, Douglas M. Lurio, Steven Katz, William L. Van Alen, Jr., Joel Brooks, Steven D. Barnhart, and Jack E. Price (collectively, the "Individual Defendants," and together with the Company, "Defendants"), by their undersigned counsel, hereby answer and assert affirmative defenses to plaintiffs' Amended Complaint as follows:

ANSWER

1. Admitted in part and denied in part. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations in the first sentence of paragraph 1. Defendants admit the allegations in the second sentence of paragraph 1.

2. Admitted in part and denied in part. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations in the first sentence of paragraph 2. Defendants deny the allegations in the second sentence of paragraph 2.

3. Admitted.

4. Admitted.

5. Admitted.

6. Admitted.

7. Admitted in part and denied in part. Defendants admit the allegations in paragraph 7, except deny that Steven Katz & Associates, Inc. received $72,600 in fees from the Company during the fiscal year ended June 30, 2007. To the contrary, Steven Katz & Associates, Inc. received this amount in fees from the Company during the fiscal year ended June 30, 2005.

8. Admitted.

9. Admitted in part and denied in part. Defendants admit the allegations in paragraph 9, except they deny that the Suite number for Mr. Brooks' place of business is 140. Rather, the Suite number is 420.

10. Admitted in part and denied in part. Defendants admit the allegations in paragraph 10, except deny that the address alleged is for Mr. Barnhart's place of business. Rather, it is his home address.

11. Admitted.

12. Denied. The allegations in paragraph 12 refer to other allegations in the Amended Complaint, which speak for themselves, and plaintiffs' characterization of those allegations is therefore denied.

13. – 15. The allegations in paragraphs 13 – 15 are conclusions of law to which no response is required.

16. Admitted in part and denied in part. Defendants deny the allegations in paragraph 16, except admit the Company has not had an operating profit in any quarter since its inception, Messrs. Jensen and Herbert have held their current positions at the Company from 2003 to the present, and the allegations in the third sentence of paragraph 16.

17. Denied. The allegations in paragraph 17 refer to the contents of a report by Institutional Shareholder Services, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied.

18. Denied. The allegations in paragraph 18 refer to the contents of a report by Institutional Shareholder Services, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied.

19. Denied.

20. Admitted in part and denied in part. Defendants deny the allegations in paragraph 20, except admit the allegations in the first sentence of paragraph 20.

21. Admitted. By way of further answer, the more than $1.7 million in total compensation received by Messrs. Jensen and Herbert in fiscal 2009 included compensation in the form of both cash and stock.

22. Denied.

23. Denied.

24. Admitted in part and denied in part. It is admitted that, on October 15, 2009, Mr. Thomas discussed his suggestion that the Company should bring in three new independent directors with Mr. Jensen. The remaining allegations of paragraph 24 are denied.

25. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations in paragraph 25.

26. Admitted.

27. Admitted in part and denied in part. Defendants admit the allegations in the first sentence of paragraph 27. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations in the second sentence of paragraph 27.

28. Denied. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations in paragraph 28.

29. Admitted in part and denied in part. Defendants admit that, on October 20, 2009, the Company filed a Form 8-K announcing certain changes without prior notice to Messrs. Tirpak and Thomas. The remainder of the allegations in paragraph 29 refer to the contents of the Company's Form 8-K dated October 20, 2009, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied.

30. Admitted in part and denied in part. The allegations in the first sentence of paragraph 30 refer to the contents of the Company's Form 8-K dated October 20, 2009, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied. Defendants admit the allegations in the second sentence of paragraph 30. Defendants deny the remaining allegations in paragraph 30.

31. Admitted in part and denied in part. The allegations in the second sentence of paragraph 31 refer to the contents of the Company's March 18, 2009 filing with the United States Securities and Exchange Commission (the "SEC"), which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied. Defendants deny the remaining allegations in paragraph 31, except admit that the December 15, 2009 meeting date was earlier than the date the Company contemplated for the meeting date in 2010 when it made its March 18, 2009 filing.

32. Denied. The allegations in the first sentence of paragraph 32 refer to the contents of the Company's October 20, 2009 Form 8-K, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied. The allegations in the second sentence of paragraph 32 refer to the contents of the Company's March 18, 2009 SEC filing, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied. Defendants deny the remaining allegations in paragraph 32.

33. – 35. Denied. The allegations in paragraphs 33 – 35 refer to the contents of the Company's October 20, 2009 Form 8-K, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied.

36. Denied. The allegations in the first sentence of paragraph 36 refer to the contents of the Company's October 20, 2009 Form 8-K, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied. Defendants deny the allegations in the second sentence of paragraph 36.

37. Admitted in part and denied in part. Defendants admit the allegations in the first sentence of paragraph 37. The remainder of the allegations in paragraph 37 refer to the contents of the Company's October 27, 2009 Proxy Statement, which is a written document that speaks for itself, and Plaintiff's characterization of its contents is therefore denied.

38. – 39. Denied. The allegations in paragraphs 38 – 39 refer to the contents of the Company's October 27, 2009 Proxy Statement, which is a written document that speaks for itself, and Plaintiff's characterization of its contents is therefore denied.

40. Denied. The allegations in paragraph 40 refer to the contents of the Company's October 27, 2009 Proxy Statement and exhibits thereto, which are written documents that speak for themselves, and Plaintiffs' characterization of their contents is therefore denied.

41. Denied.

42. Denied. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations in the first sentence of paragraph 42. Defendants deny the allegations in the second sentence of paragraph 42.

43. Denied. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations in paragraph 43.

44. Denied. The allegations in paragraph 44 refer to the contents of Plaintiffs' proxy statement, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied.

45. Admitted in part and denied in part. Defendants deny the allegations in paragraph 45, except admit that, on October 30, 2009, Mr. Tirpak notified the Company of his intent to nominate Peter A. Michel, Alan J. Gotcher, and himself as director candidates.

46. Denied. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations in paragraph 46.

47. Admitted.

48. Denied. The allegations in paragraph 48 refer to the contents of Plaintiffs' November 19, 2009 Preliminary Proxy Statement, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied.

49. Admitted in part and denied in part. Defendants deny the allegations in the first sentence of paragraph 49. Defendants admit that the Company issued a letter to shareholders on November 20, 2009. The remaining allegations in the second sentence of paragraph 49, and the allegations in the third and fourth sentences of paragraph 49, refer to the contents of the Company's November 20, 2009 letter to shareholders, which is a written document that speaks for itself, and Plaintiff's characterization of its contents is therefore denied. Defendants admit the allegations in the fifth sentence of paragraph 49. Defendants deny the remaining allegations in paragraph 49.

50. Denied. By way of further answer, Defendants incorporate herein by reference the allegations that form the basis for the Company's counterclaims.

51. Admitted in part and denied in part. Defendants admit that, on November 24, 2009, the Company sent a letter to shareholders, and that this letter was publicly released and available on various Internet sites. The remainder of the allegations in paragraph 51 refer to the contents of the Company's November 24, 2009 letter to shareholders, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied.

52. Admitted in part and denied in part. Defendants admit the allegations in the first sentence of paragraph 52. The allegations in the second sentence of paragraph 52 refer to the contents of Plaintiffs' November 30, 2009 Proxy Statement, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied.

53. Admitted in part and denied in part. Defendants admit that, on December 1, 2009, the Company sent a letter to shareholders. Defendants further admit that this letter was publicly released and available on various Internet sites. The remainder of the allegations in the third sentence of paragraph 53 refer to the contents of the Company's December 1, 2009 letter to shareholders, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied. Defendants deny the remaining allegations in paragraph 53.

54. Denied. The allegations in paragraph 54 refer to the contents of the Company's December 1, 2009 letter to shareholders, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied.

55. Denied. By way of further answer, Defendants incorporate herein by reference the allegations that form the basis for the Company's counterclaims.

56. – 58. Denied. The allegations in paragraphs 56 – 58 refer to the contents of the Glass Lewis & Company Proxy Paper, and accompanying press release, which are written documents that speak for themselves, and Plaintiffs' characterization of their contents is therefore denied.

59. Admitted in part and denied in part. Defendants admit that, on December 7, 2009, the Company issued a letter to shareholders. The remainder of the allegations in the first sentence of paragraph 59, and the allegations in the second sentence of paragraph 59, refer to the contents of the Company's December 7, 2009 letter to shareholders, which is a written document that speak for itself, and Plaintiffs' characterization of its contents is therefore denied. Defendants deny the remaining allegations in paragraph 59.

60. – 62. The allegations in paragraphs 60 – 62 refer to the contents of RiskMetrics Group's recommendations, and accompanying press release, which are written documents that speak for themselves, and Plaintiffs' characterization of their contents is therefore denied.

63. Denied. The allegations in paragraph 63 refer to the contents of a Company press release, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied.

64. Denied.

65. Admitted in part and denied in part. Defendants admit the allegations in the first sentence in paragraph 65. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations in the second sentence of paragraph 65.

66. Admitted in part and denied in part. The allegations in the first and second sentences of paragraph 66 refer to the contents of Broadridge's December 8, 2009 email, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied. Defendants admit the remaining allegations in paragraph 66. By way of further answer, the votes cast for Plaintiffs' nominees were attributable to false and misleading statements of fact, and omissions of material facts, in Plaintiffs' proxy solicitation materials. Defendants incorporate herein by reference the allegations that form the basis for the Company's counterclaims.

67. Admitted in part and denied in part. The allegations in the first, second and fourth sentences of paragraph 67 refer to the contents of Broadridge's December 9, 2009 10:06am email, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied. The allegations in the fifth sentence of paragraph 67 refer to the recommendations of Glass Lewis and RiskMetrics, which are contained in written documents that speak for themselves, and Plaintiffs' characterization of their contents is therefore denied. Defendants deny the remaining allegations in paragraph 67, except admit that they saw that votes were shifting in favor of Plaintiffs' nominees on December 9, 2009. By way of further answer, this shift was attributable to false and misleading statements of fact, and omissions of material facts, in Plaintiffs' proxy solicitation materials. Defendants incorporate herein by reference the allegations that form the basis for the Company's counterclaims.

68. Admitted in part and denied in part. Defendants admit that the Company made an announcement on December 9, 2009 postponing the December 15, 2009 meeting, and deny the remaining allegations in the first sentence of paragraph 68. The allegations in the second sentence of paragraph 68 refer to the contents of Broadridge's December 9, 2009 5:47pm email, which is a written document that speaks for itself, and Plaintiffs' characterization of its contents is therefore denied.

69. Denied.

70. Admitted in part and denied in part. Defendants deny the allegations in the first sentence of paragraph 70. Defendants admit the allegations in the second sentence of paragraph 70, and incorporate herein by reference the allegations that form the basis for the Company's counterclaims.

71. Denied. The allegations in paragraph 71 refer to the Company's December 9, 2009 press release, and November 20, November 24, December 1 and December 7 letters to shareholders, which are written documents that speak for themselves, and Plaintiffs' characterization of their contents is therefore denied.

72. Denied.

COUNT I – Breach of Fiduciary Duty

73. Defendants incorporate herein by reference their answers to paragraphs 1 – 72 as if fully set forth herein.

74. – 85. Denied. The allegations in paragraphs 74 – 85 are conclusions of law to which no response is required. To the extent any of these allegations are deemed factual, Defendants deny them.

COUNT II – Wrongful Interference With Shareholder Voting Rights

86. Defendants incorporate herein by reference their answers to paragraphs 1 – 85 as if fully set forth herein.

87. – 91. Denied. The allegations in paragraphs 87 – 91 are conclusions of law to which no response is required. To the extent any of these allegations are deemed factual, Defendants deny them.

COUNT III – Claim Under Rule l4a-9

92. Defendants incorporate herein by reference their answers to paragraphs 1 – 91 as if fully set forth herein.

93. – 98. Denied. The allegations in paragraphs 93 – 98 are conclusions of law to which no response is required. To the extent any of these allegations are deemed factual, Defendants deny them.

WHEREFORE, Defendants respectfully request judgment in their favor and against Plaintiffs, together with costs, fees and such other relief as the Court deems proper.

AFFIRMATIVE DEFENSES

99. Plaintiffs' Amended Complaint fails to state a claim upon which relief can be granted.

100. Plaintiffs' claims fail in whole or in part based on the Pennsylvania business judgment rule and the provisions of the Pennsylvania Business Corporation Law.

101. Plaintiffs' claims fail in whole or in part because the Individual Defendants owe their fiduciary duty to the Company and not to individual shareholders.

102. Plaintiffs' claims fail in whole or in part under the doctrine of waiver and/or estoppel.

103. Plaintiffs' claims fail in whole or in part by virtue of their unclean hands, and for the reasons set forth in the Company's counterclaims.

104. Defendants reserve the right to supplement their affirmative defenses as discovery in this action proceeds and reveals new facts not currently known to Defendants.

WHEREFORE, Defendants respectfully request judgment in their favor and against Plaintiffs, together with costs, fees and such other relief as the Court deems proper.

THE COMPANY'S COUNTERCLAIMS

The Company, by its undersigned counsel, for its Counterclaims against Plaintiffs, hereby avers as follows:

105. Counterclaim plaintiff is the Company.

106. Counterclaim defendants are Plaintiffs.

Preliminary Statement

107. In a blatant attempt to seize control of the Company, Plaintiffs – two dissident shareholders with covert allies – have sought to utilize false and misleading statements concerning the Company and their status and intentions to cause the Company's shareholders to provide them with proxies to elect three members of the Company's classified eight-member Board of Directors (the "Board"). In soliciting the shareholders' proxies, Plaintiffs have committed numerous violations of the Securities Exchange Act of 1934 (the "Exchange Act"). Specifically, Plaintiffs made a proxy solicitation to more than ten (10) persons without having filed it with the SEC, which constitutes a violation of Section 14(a) of the Exchange Act. In further violation of Section 14(a) of the Exchange Act, Plaintiffs have made numerous false and/or misleading statements of material fact, and/or omissions of material fact, in their various written proxy solicitations. Plaintiffs additionally violated Section 14(a) earlier this week when, on Monday, December 14, they misrepresented to certain Company shareholders and others that an "existing Court Order" from this Court required that a meeting be held just hours later, on the morning of December 15, at which time the vote for Plaintiffs' director candidates would take place, when in fact no such Court Order then existed. Finally, Plaintiffs violated Section 13(d) of the Exchange Act because, in connection with the proposed vote for their director candidates, they formed a "group" with other Company shareholders that, collectively, held more than 5% of the Company's stock, but did not file a Schedule 13D as required in these circumstances. The Company seeks the cancellation of any and all votes that Plaintiffs have obtained on the basis of their poisonous proxy solicitations to date, and an Order directing that the Company's annual meeting of shareholders (the "Annual Meeting") – at which a new vote for the director candidates would take place – be held on June 15, 2010, as scheduled by the Board.

Facts Underlying Section 14(a) Violations

108. On October 27, 2009, the Company filed with the SEC a Proxy Statement scheduling the Company's 2010 Annual Meeting for December 15, 2009. (*See* Pltfs. Am. Compl. Exh. 1). This Proxy Statement advised, among other things, that a vote would be held at the Annual Meeting to elect the Company's eight members of its Board, and further contained the Company's proposals to vote for particular individuals for each of the Board's three Classes of directors. The Company proposed William L. Van Alen, Steven Katz and Joel Brooks as the Company's Class II Directors, all of whom are considered independent directors under Pennsylvania law and by NASDAQ.

Plaintiffs' Unfiled Proxy Solicitation

109. In either late October or early November 2009, Plaintiffs provided to certain Company shareholders a solicitation of proxy, which was never filed with the SEC (the "Unfiled Proxy Solicitation," a copy of which is attached hereto as Exh. 21). In the Unfiled Proxy Solicitation, Plaintiffs proposed as Class II Director candidates the following three individuals: Mr. Tirpak, Alan J. Gotcher and Peter A. Michel. Plaintiffs proposed these candidates as an alternative to the Company's proposed Class II slate consisting of independent directors Messrs. Van Alen, Katz and Brooks.

110. Upon information and belief, Plaintiffs provided the Unfiled Proxy Solicitation to more than ten persons.

Plaintiffs' Filed Proxy Solicitations

111. Thereafter, Plaintiffs made a number of filings with the SEC in connection with their proxy solicitations, including a Preliminary Proxy Statement filed November 19, 2009 (attached to Pltfs. Am. Compl. as Exh. 5), a Press Release dated November 19, 2009 (attached hereto as Exh. 22), a Press Release dated November 23, 2009 (attached hereto as Exh. 23), a Website Posting dated November 24, 2009 (attached hereto as Exh. 24), a Preliminary Proxy Statement filed November 27, 2009 (attached hereto as Exh. 25), a Definitive Proxy Statement filed November 30, 2009 (attached hereto as Exh. 26), a Press Release dated November 30, 2009 (attached to Pltfs. Am. Compl. as Exh. 8), a Press Release dated December 2, 2009 (attached hereto as Exh. 27), a Presentation delivered to RiskMetrics on December 2, 2009 (attached hereto as Exh. 28), a Press Release dated December 3, 2009 (attached to Pltfs. Am. Compl. as Exh. 11), a Website posting dated December 8, 2009 (attached hereto as Exh. 29), and a Press Release dated December 9, 2009 (attached to Pltfs. Am. Compl. as Exh. 14) (collectively, the "Filed Proxy Solicitations").

Plaintiffs' False and Misleading Statements
in Their Unfiled and Filed Proxy Solicitations

112. In the Unfiled Proxy Solicitation and the Filed Proxy Solicitations, Plaintiffs made numerous statements that contained false and/or misleading statements of material fact, and/or omitted material facts. These statements are alleged in detail below. Although just one example of each statement is alleged below, Plaintiffs made certain of these statements, or substantially similar statements, multiple times in their various proxy solicitations in order to prejudice the Company's shareholders against the slate of directors proposed by the Company.

113. Plaintiffs' Statement: *"SAVE is not seeking control of the Board."* (Press Release, Nov. 30, 2009, Exh. 8). This statement is false and/or misleading. It is undisputed that Plaintiffs seek the immediate election of three of Plaintiffs' candidates for the Company's eight-member Board. In addition, in a section of the Unfiled Proxy Solicitation entitled "Governance Goals," Plaintiffs propose, among other things, the following:

> *"We propose to reduce the board from 8 to 7 members to save money.*
>
> *We propose to remove the corporate counsel from [the] board. . . .*
>
> *We propose only one member of management should sit on the board.*
>
> *We propose to separate the Chairman and CEO role for improved independence and propose to nominate an independent Chairman."*

If Plaintiffs were successful in reconfiguring the Board as they propose, there would be at least one vacancy on a seven-member Board, to be filled by the remaining six Board members, three of whom would be Plaintiffs' nominees and three of whom would be the Company's nominees. Thus, by virtue of their equal representation on the Board, Plaintiffs would have veto power over Board decisions and, therefore, effective control of the Board and the Company. Furthermore, if the director leaving the Board when the Board is reduced in size is a director other than a management member or the Company's corporate counsel, there would be two vacancies on the Board to be filled by a five-member Board consisting of three of Plaintiffs' directors and two of the Company's nominees, thereby virtually ensuring absolute control of the Board and the Company by Plaintiffs. The Unfiled Proxy Solicitation also states that "[o]ur candidates are qualified to *step into the CEO role* if needed" and "[o]ur directors have the experience to *step in and run the company*" (emphasis added). These statements are a further manifestation of Plaintiffs' intention to obtain control of the Board and the Company.

114. Plaintiffs' Statement: *"We propose to separate the Chairman and CEO role for improved independence and propose to nominate an independent Chairman."* (Unfiled Proxy Solicitation, Exh. 21). This statement omits the material fact that, if the Chairman and CEO role were separated as Plaintiffs propose, it would trigger a clause in the employment agreement of Mr. Jensen, the current CEO, that would permit him to recover a severance payment in an amount equal to at least two years worth of salary and health benefits, estimated at approximately $790,000.

115. Plaintiffs' Statement: *"The directors we seek to replace* have <u>*destroyed*</u> *shareholder value."* (Unfiled Proxy Solicitation, Exh. 21). This statement is false and/or misleading, and/or omits material facts, because it distorts and omits the fact that, in its September 30, 2009 quarterly report, the Company reported shareholder equity in excess of $30 million, which is the fourth highest amount of reported shareholder equity since the quarter ended December 31, 2003. In view of this fact, Plaintiffs' calamitous assertion that shareholder value has been "destroyed" is plainly misleading.

116. As an example of how the Company's recent corporate governance changes purportedly reduced shareholders' ability to effect change, Plaintiffs cited the *"[a]doption of new advanced notice bylaws that, when coupled with the new meeting date, provided only 10 calendar days for shareholders to nominate directors or propose other action to be brought at the Annual Meeting."* (Preliminary Proxy Statement, Nov. 19, 2009, Exh. 5). This statement is false because Section 3.02(c) of the Company's bylaws provides for 10 days notice after either the announcement of the meeting or the date notice of the meeting is first mailed to shareholders, whichever date is *later* in time. In this case, the mailing was not made until October 28, 2009, and therefore nominations could have been made until November 7, 2009, a date in excess of 10 days from October 20, when the meeting was first announced.

117. Plaintiffs' Statement: *"[T]he Company also announced it had expanded the Board and appointed and seated two new directors — directors who were handpicked by an insider controlled Board. It was not until 13 days later, on November 2, 2009, that the Company constituted a nominating committee."* (Preliminary Proxy Statement, Nov. 19, 2009, Exh. 5). The statement that the directors were "handpicked by an insider controlled Board" is manifestly false. In compliance with NASDAQ's listing requirements and as disclosed in the Company's proxy statement, all directors were recommended for nomination to the Board by a majority of the independent directors. The Board nominating committee is comprised of independent directors, as is a majority of the Company's Board.

118. Plaintiffs assert that their goal is to *"Advocate for board nominees who have been vetted by an independent nominating committee and determined to be free from conflicting affiliate relationships."* (Preliminary Proxy Statement, Nov. 19, 2009, Exh. 5). This statement is misleading in that it suggests that the Company does not share the same goal. In fact, all of the Company's director candidates have been vetted and recommended for selection by the independent directors, all in accordance with the NASDAQ listing standards and as described in the Company's proxy statement.

119. *"The board has no outside shareholder* representation.*"* (Unfiled Proxy Solicitation, Exh. 21). This statement is false. The Board, even as constituted today, has a majority of five independent directors constituting "outside shareholder representation."

120. Plaintiffs' Statements: *"Director Katz also has business relationships with the Company for his consulting company earning $72,600 in 2007. He is not independent;" "No independent nomination committee* <u>*until*</u> *we nominated our candidates;"* and *"Until last month, 4 of the 7 board members were NOT independent."* (RiskMetrics Presentation, Dec. 2, 2009, Exh. 28). These statements are false and/or misleading as Mr. Katz is in fact independent under the applicable NASDAQ listing rules. Moreover, all nominees were recommended to the Board by the independent directors, as required by the NASDAQ listing standards. Finally, since at least April 2006, a majority of the Board has been independent as required by the NASDAQ listing standards.

121. Plaintiffs' Statement: "*It took* <u>*shareholder interest*</u> *to get a 50% independent board.*" (RiskMetrics Presentation, Dec. 2, 2009, Exh. 28). This statement is false given that, since at least March 2007, a majority of the Board has been independent as required by the NASDAQ listing standards.

122. Plaintiffs' Statement: "*Timeline: Why We Initiated This Proposal.*

October 15, 2009: We approached CEO requesting shareholder representation on the board, The CEO responded by requesting our candidates.

October 15-20: We contacted potential candidates.

October 20: The Company responded by:
-- Changing the annual meeting date from April to Dec 15th
-- Staggering the Board
-- Expanding the board from 7 to 8 people and nominating 2 new directors
-- Putting all three insiders on the 2012 ballot
-- Giving shareholders only 10 days to respond
-- Changing "change of control" definition in management contracts
--Making the record date retroactive to Sept. 30, 2009

October 30: We nominated our directors."

(Unfiled Proxy Solicitation, Exh. 28). These statements are false and/or misleading, and/or omit material facts. Plaintiffs' "Timeline" of purported facts makes it appear as if Mr. Jensen misled Plaintiffs into believing that he was amenable to the idea of additional independent directors, when all the while he planned to eschew the idea in favor of taking steps to entrench current management. In reality, Mr. Jensen, in response to Plaintiffs' request for three additional independent directors, informed Mr. Tirpak that the Company had already found two additional independent directors, and further advised Plaintiffs that current management would support one of their candidates for the third proposed additional independent director position. Although Mr. Tirpak informed Mr. Jensen that the two additional defendant directors were suitable nominees, Mr. Tirpak subsequently decided to launch a proxy solicitation to elect Plaintiffs' three nominees. Plaintiffs failed to include these facts in their "Timeline," thereby making it entirely misleading. Moreover, contrary to Plaintiffs' false and misleading "Timeline," the "change of control" definition in management contracts was added to the management contracts in September 2009 before the Company had any notice that Plaintiffs wanted to elect three directors to the Company's Board.

123. In an effort to try to show that Mr. Jensen's interests are not aligned with those of the Company's common shareholders, Plaintiffs make several false statements to create the false appearance that the value of Mr. Jensen's preferred shareholdings are dramatically higher than the value of his common share holdings. Specifically, Plaintiffs falsely assert that Mr. Jensen's preferred share holdings are worth $2.4 to $2.5 million. For example:

> *"[T]he CEO holds Series A preferred stock worth nearly $2.5 million."* (Press Release, Nov. 30, 2009, Exh. 8).
>
> *"Mr. Jensen, through his ownership of a special security, is entitled to a preferred return of nearly $2.5 million prior to common shareholders being entitled to a single dollar, a preferred return that increases through additional accrued dividends yearly regardless of Company performance."* (Preliminary Proxy Statement, Nov. 19, 2009, Exh. 5).
>
> *"Mr. Jensen holds 80,000 shares of Preferred Stock with a liquidation preference of almost $2,500,000 as of September 30, 2009. Mr. Jensen's Preferred Stock holdings are more than 21 times the value of his directly held Common Stock holdings based on the closing price of $1.70 of the Common Stock on September 30, 2009, and the value continues to increase from yearly accrued dividends, regardless of the performance of the Company."* (Preliminary Proxy Statement, Nov. 19, 2009, Exh. 5).

> *"The CEO directly owns $2.4mm of USATP and only $106k of USAT."* (RiskMetrics Presentation, 12/2/09, Exh. 28).

> *"Further, George Jensen himself owns directly (i.e., excluding those shares he may be deemed to own beneficially but in which he has no direct economic interest) only 65,802 common shares as of the record date and, as far as we can tell based on Company disclosure, currently. Worse, this economic interest in the common stock (valued at under $110,000 based on the Friday, November 27, 2009 closing price of $1.60) is dwarfed by his economic interest in the debt like preferred stock he owns (with a liquidation value of approximately $2.5 million as of the end of the first quarter of fiscal year 2010) giving Mr. Jensen different and potentially conflicting interests to the interests of common shareholders."* (Website Posting, Dec. 8, 2009, Exh. 29).

As an initial matter, the use of the term "special security" is misleading. Mr. Jensen is the owner of shares of Series A Convertible Preferred Stock. This preferred stock is publicly traded on the NASDAQ Global Market under the symbol USATP, and is entitled to vote at the Annual Meeting. In fact, Mr. Tirpak himself is the owner of 1,000 shares of this purported "special security." In addition, all of Mr. Jensen's preferred stock was purchased on the open market for an aggregate amount of approximately $600,000. Plaintiffs' attempt to value Mr. Jensen's preferred stock at $2.4 to $2.5 million is based on the liquidation preference of the stock. The liquidation preference of the preferred stock is not an appropriate way to value it because it would be triggered only if the Company were in liquidation and, even then, it would be payable only if there were enough assets following payment of all debts. The only way to properly value the preferred stock is by way of its market value. As of October 30, 2009, the per share value of Mr. Jensen's preferred stock was $9.50 per share for a total value of $760,000 (80,000 shares held by Mr. Jensen times $9.50), which is less than a third of the liquidation value. In addition, the statement that Mr. Jensen is entitled to receive $2.5 million prior to common shareholders being entitled to a single dollar is wrong. To the contrary, the corporation is permitted to purchase, redeem, or otherwise acquire shares of Common Stock of the Company from time to time regardless of whether or not all accumulations of dividends earned on the Preferred Stock have been paid.

124. Plaintiffs' Statement: *"The CEO is the largest creditor to the company with a position in the preferred stock that is >20x larger than his direct holdings in the common stock."* (RiskMetrics Presentation, Dec. 2, 2009, Ex. 28). This statement is false and/or misleading. As an initial matter, for the reasons alleged above, Mr. Jensen's preferred stock holdings are not twenty times larger than his common stock holdings. In addition, Mr. Jensen is not a creditor to the Company. Plaintiffs nevertheless try in this statement to equate Mr. Jensen's ownership of preferred shares to Mr. Jensen being a creditor, but that comparison is false and misleading.

125. A critical argument by Plaintiffs in their proxy solicitation materials is the false and misleading statement that the CEO and other current members of management are motivated by their own cash compensation, and not by the Company's market share price. As part of these arguments, Plaintiffs make several statements about Mr. Jensen's compensation, but they fail to include any break down of that compensation into its cash and stock components. Moreover, Plaintiffs have repeatedly omitted the material fact that Mr. Jensen has not sold any Company stock for the last five years during which his stock-related compensation, which was originally valued at the time of the award at the then market price of the Company's common stock, has declined in value to only a fraction of its prior value. The same holds true for Mr. Herbert's stock-related compensation. Thus, for example, Plaintiffs assert:

(a) *"CEO is motivated by cash compensation, not share price. CEO earns 4x more annually than his investment in the company."* (Unfiled Proxy Solicitation, Exh. 21). In fact, Mr. Jensen's cash compensation in 2009 was only $365,000 and, therefore, was *not* four times more than his investment in common stock (worth $221,392 as of September 30, 2009), as the Unfiled Proxy Statement suggests.

(b) *"Jensen Compensation . . . FY 2004 . .. . [$5,105,000]"* (Unfiled Proxy Solicitation, Exh. 21). The cash component of Mr. Jensen's compensation in 2004 was only $485,000, and the remainder of the $5.105 million identified in the Unfiled Proxy Solicitation consisted of stock-related compensation valued at the then market price of the Company's common stock. Moreover, contrary to Plaintiffs' false and misleading statement, the only reason that Mr. Jensen's compensation was disclosed as $5,105,000 was because, as publicly disclosed at the time, Mr. Jensen voluntarily surrendered a very valuable right to obtain a non-diluted 7% of a third party's purchase price for the Company's stock or assets in exchange for 10,500,000 shares of the Company's common stock and a provision that, upon a change of control, Mr. Jensen would receive what is today 140,000 shares of the Company's common stock. Plaintiffs' failure to disclose these facts renders their statement misleading.

(c) *"[E]ven as the Company failed to turn a profit in any quarter, senior management, including Mr. George Jensen, the Company chief executive officer and Chairman of the Board, and Mr. Stephen Herbert, the chief operating officer and Company President, have been paid, in the aggregate, over $17 million in cash and stock. In fiscal year 2009 alone, Mr. Jensen and Mr. Herbert received aggregate compensation of more than $1.7 million more than 14% of the Company's aggregate revenue in fiscal year 2009."* (Preliminary Proxy Statement, Nov. 19, 2009, Exh. 5). The $17 million of cash and stock referred to in the Preliminary Proxy Statement that was paid to senior management (the top five most highly paid employees of the Company), consists of $8 million of cash compensation and $9.7 million of stock compensation. During the fiscal year 2009, Messrs. Jensen and Herbert together received cash compensation of $718,958, representing only 6% of revenues. The failure of Plaintiffs to include these facts in their statement renders it misleading.

(d) *"Since, and including, fiscal year 2004, the Board has spent an amount equal to over 24% of the Company's revenues during such period on the cash and stock compensation of just Mr. Jensen and Mr. Herbert."* (Preliminary Proxy Statement, Nov. 19, 2009, Exh. 5). Since and including fiscal year 2004, Messrs. Jensen and Herbert received cash compensation of only 7.6% of revenues. The failure of Plaintiffs to include this fact in their statement renders it misleading.

(e) *"Since FY 2004, Management has earned $13 mm for losing nearly $100mm."* (RiskMetrics Presentation, Dec. 2, 2009, Exh. 28). Once again, this statement is misleading in that it fails to allocate the $13 million of compensation into cash and stock-related components, which renders this statement misleading.

126. Plaintiffs' Statement: "*We note that, based on the current composition of the Board, the election of the three Committee Nominees should not trigger [the] automatic stock grant [contained in the employment contracts of Messrs. Jensen and Herbert]* because *the Committee Nominees will not constitute a majority of the Board*." (Definitive Proxy Statement, Nov. 30, 2009, Exh. 26). This statement is false and misleading. For, if Plaintiffs implemented their plan as set forth in the Unfiled Proxy Solicitation, the "continuing directors" would no longer constitute a majority of the Board and, as a result, the automatic stock grants in the Company's Long-Term Equity Incentive Program and Mr. Jensen's employment agreement would be triggered.

127. Plaintiffs' Statement:

*"The Board gave management $2.7 mm in bonuses for <u>MISSING targets.</u>****

After the company missed the targets, the Compensation Committee recommended that results be "normalized."

Due to this "normalization" management received 241,249 shares in 2007 and 191,729 shares in 2008."

(RiskMetrics Presentation, Dec. 2, 2009, Exh. 28). These statements are false and/or misleading. The targets referred to in Plaintiffs' statement are targets contained in management's long-term incentive plans. These targets were formulated when the Company's business plan focused on higher per unit profit margins, but the business plan thereafter shifted its focus to that of maximization of unit sales. Moreover, the amount of stock compensation awarded for satisfying targets was $2.2 million and not $2.7 million. A number of targets, however, were nevertheless achieved prior to normalization and management was awarded $1.3 million in stock for reaching the pre-normalization targets. The remaining amount of the $0.9 million in stock was awarded as a result of the "normalization" of targets to make them fair given the shift in focus in the Company's business plan. In view of these facts, Plaintiffs' assertion that the Company was paid bonuses of $2.7 million for "missing targets" is egregiously misleading.

128. Another of Plaintiffs' arguments in their proxy solicitation materials is that Plaintiffs own a substantial amount of common stock, including more than the current members of the Board, thus implying that Plaintiffs' interests are more aligned with those of common shareholders than the current Board's interests. Plaintiffs make several false statements on this topic. For example, Plaintiffs asserted in the Preliminary Proxy Statement filed on November 27, 2009 that, as of the September 30, 2009 record date in place at the time, Mr. Thomas beneficially owned 135,000 shares underlying currently exercisable warrants. (Exh. 25). This statement was false in that Mr. Thomas' shares underlying the warrants are not exercisable until January 1, 2010. Accordingly, they were not beneficially owned by Mr. Thomas as of the record date of September 30, 2009 under Exchange Act rules.

129. As part of their argument that they own significantly more stock than current Board members, Plaintiffs make several misleading apples-to-oranges comparisons of their own *beneficial* stock ownership with *direct* stock ownership by current Board members. Thus, for example, Plaintiffs assert:

(a) Plaintiffs' Statement: *"While the entire Board of Directors directly own less than 1% of the Company's common shares, the committee members of SAVE beneficially own more than TWICE that amount. We are currently the beneficial owners of more than 468,320 common shares."* (Press Release, Nov. 30, 2009, Exh. 8). This statement compares direct ownership of Board members with the beneficial ownership of Messrs. Tirpak and Thomas. Taking a proper apples-to-apples comparison, the total beneficial ownership of members of the Board is 459,597 shares or nearly the same amount as the 468,320 shares beneficially held by Messrs. Tirpak and Thomas. As such, Plaintiffs' comparison is completely misleading.

(b) Plaintiffs' Statement: *"SAVE committee members own more than twice the amount of USAT common shares than those owned directly by the Company's entire Board of Directors."* (Press Release, Nov. 30, 2009, Exh. 8). Yet, under an apples-to-apples comparison, as of November 30, 2009, the members of the Board directly owned 366,618 shares, which was significantly more – not less – than one-half the amount of 468,320 shares directly owned by Messrs. Tirpak and Thomas. Again, Plaintiffs' comparison is misleading.

(c) Plaintiffs' Statement: *"The members of SAVE own more than 5x the amount of stock that Mr. Jensen owns directly."* (Press Release, Nov. 30, 2009, Exh. 8). Yet, under an apples-to-apples comparison, as of November 30, 2009, Mr. Jensen directly owned 156,602 shares, and Messrs. Tirpak and Thomas directly owned 468,320, which is not five times the amount owned by Mr. Jensen. Plaintiffs' comparison is thus misleading.

130. Plaintiffs' Statement: "*Management has a history of selling this stock.*" (RiskMetrics Presentation, Dec. 2, 2009, Exh. 28). This statement is false. Management has not sold any shares for at least the last five years.

131. Plaintiffs' Statement: "*USAT has continuously failed to execute on partnerships with Air-Serve, Merit, First Data and large bottling companies.*" (Unfiled Proxy Solicitation, Exh. 21). This statement is false and/or misleading. The Company has in no way failed to execute on these partnerships. In fact, all units that have been sold to these customers have been delivered in working condition on time and per the instructions of the purchase order, and all services in connection with these units have been provided and continue to be provided. Notably, this false statement by Plaintiffs on this topic is not only misleading to shareholders, but it is also potentially highly damaging to the Company's relationship with the customers identified therein.

132. Plaintiffs' Statement: "*Operations: Our Plan . . . Renegotiate current wireless contract*" (Unfiled Proxy Solicitation, Exh. 21). Plaintiffs' statement, which was provided to shareholders either in late October or early November 2009, misleadingly implies that the Company was not taking any steps to renegotiate its wireless contract. In fact, since at least as early as October 1, 2009, Plaintiffs knew the Company was actively renegotiating its contract with its wireless supplier, and a contract – which significantly reduced the Company's wireless costs – was entered into on November 3, 2009 and became effective on November 11, 2009.

133. Plaintiffs' Statement:

"*<u>Promises are not Profits</u>.*

In response to filing our proxy, management has, once again, promised that USAT is on the verge of a golden era, with those elusive profits just around the corner. ***This is NOT the first time we have heard USAT promises:***

<u>What they said</u>:

"This month, this quarter, this fiscal year will be the most exciting for USA Technologies. I've listed some of the reasons why. In the weeks and months ahead we will share more of the reasons with you as they unfold, and there are many." – CEO's Letter to Shareholders July 26, 2006

<u>What they did</u>:

Reported record ***loss in FY 2007 of over $15 million***

<u>What they said</u>:

"The markets we serve are coming together. We invested aggressively...Now we are beginning to reap the rewards." – CEO's Letter to Shareholders September 2007

<u>What they did</u>:

Reported new record loss in FY 2008 of over $17 million

(Press Release, Dec. 2, 2009, Exh. 27). The juxtaposition of these statements by Mr. Jensen with Plaintiffs' "What they did" assertions is completely misleading. In the first two quotations above, Mr. Jensen was commenting on *revenues* in 2007 and 2008, which were the *highest* in the Company's history. As known by Plaintiffs, prior to November 2009, neither Mr. Jensen nor the Company ever gave any public guidance concerning the Company's profitability. It is misleading to juxtapose these quotations against Plaintiffs' statements about *losses*.

134. Plaintiffs' Statement:

<u>What they said</u>:

"With a strong balance sheet, growing revenue and on-going relationships with some of the most influential global companies, USA Technologies is on the path to continuous and accelerating growth." - Quarterly earnings release Feb. 11, 2008

<u>What they did</u>:

Reported ***revenues declined 25% and gross profit declined 16%*** *in FY 2009.*

(Press Release, Dec. 2, 2009, Exh. 27). This comparison is misleading because Mr. Jensen's statement was made in the context of fiscal year 2008, after the Company had just had record revenues both two years (FY2006 and FY2007) in a row and two quarters (ended Sept. 30, 2007 and Dec. 31, 2007) in a row. In addition, the two quarters after that statement was made set record revenue. Plaintiffs' "What they did" assertion relates to results for fiscal year 2009.

135. Plaintiffs' Statement: *"USAT is burning cash at an alarming rate. In the Sept. 30, 2009 quarter, cash burn increased 60% over the previous year to $2.8mm."* (RiskMetrics Presentation, Dec. 2, 2009, Exh. 28). This statement is misleading as it fails to reflect the extraordinary amount of receivables collected (which decreased cash use) in the September 2008 quarter and the monies paid in the September 2009 quarter to fund the Quick Start program. If these extraordinary items are taken into account, there is a 34% decrease in cash used in operations in the September 2009 quarter compared to the September 2008 quarter. These extraordinary items are evident in the Company's Form 10-Qs.

136. Plaintiffs' Statement: *"Except as disclosed in this proxy statement, there are no arrangements or understandings between the Committee and any Committee[sic] and any Committee Nominee or any other person or persons with respect to the nomination of the Committee Nominees."* (Preliminary Proxy Statement, Nov. 19, 2009, Exh. 8). This statement was false when made. Upon information and belief, as of the time the November 19, 2009 Preliminary Proxy Statement was filed, Plaintiffs had entered into agreements with certain large shareholders of the Company that they would vote for Plaintiffs' proposed directors. Specifically, S.A.C. Capital Associates, LLC ("SAC"), the owner of 1,950,426 shares (or 12.64% of the Company's outstanding shares), and the former employer of Mr. Thomas, had entered into an agreement with Plaintiffs to vote for Plaintiffs' slate. Moreover, from 2003 to 2007, Mr. Tirpak was a Portfolio Manager at Sigma Capital Management, managing an investment fund, affiliated with SAC. In addition, Aberdeen Investment Management, Inc. ("Aberdeen"), an investment adviser, and its clients have entered into an agreement to vote their 1,700,000 shares or approximately 7.5% of the Company's outstanding shares in favor of Plaintiffs' nominees.

137. Plaintiffs' proxy solicitation materials provide information about Mr. Tirpak's background, but they omit certain material information. Specifically, Mr. Tirpak, a former hedge fund manager, was one of two defendants in a class action lawsuit alleging securities fraud that was settled through the payment of $2,250,000. Mr. Tirpak's involvement as a defendant in the class action is material information that shareholders should have been, but were not, given when considering Mr. Tirpak's fitness to serve as a director of the Company.

138. In response to being called out by the Company on this omission in Mr. Tirpak's background, Plaintiffs responded:

> *Management drags up allegations made against Tirpak's employer CSFB from 12 years ago.*
>
> ***Bradley Tirpak*** *was only included in this lawsuit 12 years ago because another employee without authorization released an internal memo with Mr. Tirpak's name on it. Once Credit Suisse First Boston (CSFB) learned the facts, they removed Mr. Tirpak's name from the memo, suspended the other employee and indemnified Mr. Tirpak. The SEC brought no enforcement action against Mr. Tirpak. The lawsuit was a CSFB issue. He remained at CSFB for three more years and was promoted.*

(Press Release, Dec. 2, 2009, Exh. 27). This statement is false. According to the complaint against Mr. Tirpak, the memorandum was not an internal memorandum and Mr. Tirpak was the author.

139. Plaintiffs' proxy solicitation materials provide information about Mr. Gotcher's background, but they omit certain material information. Specifically, Plaintiffs omit certain details about Mr. Gotcher's tenure at Altair Nanotechnologies, Inc ("Altair"). Until February 2008, Mr. Gotcher was President and CEO of Altair. During his stewardship, Altair's net losses steadily increased. On February 27, 2008, Mr. Gotcher agreed to resign as President and CEO of Altair. Altair's board of directors "determined that the level of progress made at this point in the development timeline of the company did not keep pace with the expectations that were set." Source: "Altairnano CEO Alan Gotcher Ousted," Cleantech Group News report dated February 29, 2008. This is material information for shareholders to consider in the election of directors.

Plaintiffs' False and Misleading Statements to Shareholders on December 14, 2009

140. As a result of Plaintiffs' violations of Section 14(a) as alleged above, the Company, on December 9, 2009, was constrained to reschedule the Annual Meeting to June 15, 2010. As the Company explained in its SEC filing that day:

> The Board rescheduled the Annual Meeting due to what the Board believes to be misleading, inaccurate and selective disclosure regarding the Company made by the dissident shareholders seeking to replace three of the Company's directors with their own nominees. The Board was also concerned that, prior to filing their preliminary proxy statement with [the SEC], the dissidents had selectively disclosed to certain shareholders an extensive written presentation containing information that has not been disclosed to all shareholders. The Board believes that this information provides insight into the dissidents' true intentions in launching its proxy contest. This written presentation has never been filed with the SEC or made generally available to the Company's shareholders.

(Company's Schedule 14A, dated Dec. 9, 2009, attached to Pltfs. Am. Compl. as Exh. 18).

141. In response to the Company's decision to reschedule the Annual Meeting, Plaintiffs, on December 14, 2009, filed the instant action, seeking, among other relief, a temporary restraining order requiring that the Annual Meeting go forward on December 15 as previously scheduled. Counsel for the parties met in Court on December 14, and agreed to enter into a stipulation to resolve temporarily the parties' disputes, subject to further proceedings in the instant action on an expedited schedule. The parties' stipulation provided, among other things, that the December 15 meeting would go forward for the sole purpose of tallying the votes, but that the meeting would immediately thereafter adjourn, and that any vote taken at the meeting would be subject to the outcome of further proceedings in this action, including the Company's counterclaims seeking that any vote taken at the December 15 meeting be declared null and void.

142. Counsel for the parties agreed on December 14, 2009 to have the stipulation reached by the parties on December 14 signed and entered by the Court as an Order. The Court, however, did not sign and enter the stipulation as an Order until December 17, 2009.

143. Notwithstanding that the Court had not yet entered the parties' stipulation as an Order on December 14, Plaintiffs, upon information and belief, contacted certain Company shareholders on December 14, and represented to them that an "existing Court Order" required that the annual shareholder meeting take place on December 15. This statement by Plaintiffs to shareholders constituted a false and/or misleading statement of material fact, and/or omitted material facts, in that there was no existing Court Order on December 14 requiring that the annual shareholder meeting occur on December 15, but rather there was only the parties' stipulation. Moreover, in making this statement to shareholders, Plaintiffs failed to advise them that, under the parties' stipulation, any votes tallied at the December 15 meeting would be subject to the outcome of further proceedings in this action, including the Company's counterclaims seeking that any vote taken at the December 15 meeting be declared null and void. In addition, even after Defendants' counsel complained to Plaintiffs' counsel about Plaintiffs' conduct in this respect, Plaintiffs continued with their misrepresentations concerning the entry of the Court Order. As a result, Plaintiffs' statement to shareholders on December 14 misleadingly made it appear as if the Court agreed with Plaintiffs' position in this dispute, and that the Court therefore immediately granted Plaintiffs' requested relief in this action.

144. Plaintiffs' false and misleading statement to shareholders on December 14 was a further unlawful attempt by Plaintiffs to prejudice shareholders against the Company, and the Company's slate of director candidates, in connection with the votes of shareholders at the December 15 meeting.

Facts Underlying Section 13(d) Violations

145. Plaintiffs and Aberdeen and its clients that own Company shares have entered into an agreement to act together to vote for Plaintiffs' slate of Class II director candidates.

146. Plaintiffs and SAC, which is a hedge fund that owns a large number of shares of the Company, have entered into an agreement to act together to vote for Plaintiffs' slate of Class II director candidates.

147. Plaintiffs and Aberdeen and its clients that own Company shares together are directly or indirectly, the beneficial owners of more than 5% of the Company's common stock.

148. Plaintiffs and SAC together are, directly or indirectly, the beneficial owners of more than 5% of the Company's common stock.

149. Plaintiffs have never filed a Schedule 13D with the SEC, nor sent a Schedule 13D to the Company or to NASDAQ, as required under these circumstances.

COUNT I – Violation of 15 U.S.C. § 78n(a)
for making Unfiled Proxy Solicitation
to More Than Ten (10) Persons

150. The Company incorporates herein by reference paragraphs 105 – 149 as if set forth fully herein.

151. Under 15 U.S.C. § 78n(a), a person may not solicit a proxy in contravention of SEC rules and regulations.

152. Under 17 C.F.R. § 240.14a-2(b)(2), the SEC prohibits a person from making a proxy solicitation to more than ten persons that has not been filed with the SEC.

153. As alleged above, Plaintiffs made the Unfiled Proxy Solicitation to more than ten persons.

154. The Company has been injured as a result of Plaintiffs' violations of these provisions because the Unfiled Proxy Solicitation contained false and misleading statements of material fact and omissions of material fact, thereby preventing a fair and truthful shareholder voting contest.

WHEREFORE, the Company respectfully requests judgment in its favor and against Plaintiffs and an Order: (A) declaring null and void any and all votes that Plaintiffs have obtained on the basis of their proxy solicitations to date; and (B) directing that the Annual Meeting – at which a new vote for the director candidates would take place – be held on June 15, 2010 with a new record date. The Company further respectfully requests such other relief as the Court deems proper.

COUNT II – Violation of 15 U.S.C. § 78n(a) Based on False and Misleading Statements of Material Fact, and Material Omissions in Plaintiffs' SEC Filings

155. The Company incorporates herein by reference paragraphs 105 – 154 as if set forth fully herein.

156. Under 15 U.S.C. § 78n(a), a person may not solicit a proxy in contravention of SEC rules and regulations.

157. Under 17 C.F.R. § 240.14a-9, "No solicitation subject to this regulation shall be made by means of any proxy statement, form of proxy, notice of meeting or other communication, written or oral, containing any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading. . . .."

158. As alleged above, Plaintiffs' various proxy solicitation materials, and Plaintiffs' statements to shareholders and others on December 14, 2009, contained numerous false and misleading statements of material fact, and omitted material facts.

159. The Company has been injured as a result of Plaintiffs' actions, which have prevented a fair and truthful shareholder voting contest.

WHEREFORE, the Company respectfully requests judgment in its favor and against Plaintiffs and an Order: (A) declaring null and void any and all votes that Plaintiffs have obtained on the basis of their proxy solicitations to date; and (B) directing that the Annual Meeting – at which a new vote for the director candidates would take place – be held on June 15, 2010 with a new record date. The Company further respectfully requests such other relief as the Court deems proper.

COUNT III -- Violation of Section 13(d) of the Exchange Act

160. The Company incorporates herein by reference paragraphs 105 - 159 as if fully set forth herein.

161. Plaintiffs and Aberdeen and its clients that own Company shares constituted a "group" under 15 U.S.C. § 78m(d)(3), 17 C.F.R. § 240.13d-3(a), and 17 C.F.R. § 240.13d-5(b)(1), for purposes of voting for Plaintiffs' Class II Director candidates.

162. Plaintiffs and Aberdeen and its clients that own Company shares, together, directly or indirectly, beneficially own more than 5% of the Company's common stock.

163. Plaintiffs and SAC constituted a "group" under 15 U.S.C. § 78m(d)(3), 17 C.F.R. § 240.13d-3(a), and 17 C.F.R. § 240.13d-5(b)(1), for purposes of voting for Plaintiffs' Class II Director candidates.

164. Plaintiffs and SAC, together, directly or indirectly, beneficially own more than 5% of the Company's common stock.

165. Plaintiffs have never filed a Schedule 13D with the SEC, nor sent a Schedule 13D to the Company or to NASDAQ, as required under these circumstances.

WHEREFORE, the Company respectfully requests judgment in its favor and against Plaintiffs and an Order: (A) declaring null and void any and all votes that Plaintiffs have obtained on the basis of their proxy solicitations to date; and (B) directing that the Annual Meeting – at which a new vote for the director candidates would take place – be held on June 15, 2010 with a new record date. The Company further respectfully requests such other relief as the Court deems proper.

/s/ David H. Pittinsky

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Attorneys for Defendants

Dated: December 18, 2009

CERTIFICATE OF SERVICE

I hereby certify that on this 18th day of December, 2009, I have caused a true and correct copy of the foregoing Answer and Affirmative Defenses of Defendants to Plaintiffs' Amended Complaint, and Counterclaims of Defendant USA Technologies, Inc. to be served on the following counsel via ECF:

Steven B. Feirson, Esquire
Michael S. Doluisio, Esquire
Tara L. Cooney, Esquire
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Counsel for Plaintiffs
Bradley M. Tirpak and Craig Thomas
d/b/a Shareholder Advocates for Value Enhancement

/s/ Joel E. Tasca
Joel E. Tasca

Exhibit 99.3

FOR IMMEDIATE RELEASE

USA TECHNOLOGIES FILES COUNTERCLAIMS AGAINST DISSIDENT SHAREHOLDER GROUP

USAT Says Dissidents' Actions Violated Securities Laws and Prevented Fair Proxy Contest

MALVERN, Pa. – December 21, 2009 –USA Technologies, Inc. (NASDAQ: USAT) (the "Company"), a leader in the networking of wireless non-cash transactions, today announced that the Company and its directors have filed an Answer, Affirmative Defenses, and Counterclaims in the United States District Court for the Eastern District of Pennsylvania against Bradley M. Tirpak and Craig W. Thomas, dissident shareholders seeking to replace three of the Company's directors with their own nominees. The Counterclaims are based on the dissidents' alleged violations of the Securities Exchange Act of 1934 (the "Exchange Act") in connection with their solicitation of proxies for the Company's Annual Meeting of Shareholders (the "Annual Meeting"). USAT's Answer, Affirmative Defenses, and Counterclaims as well as the dissidents' complaint have been filed as an exhibit to Form 8-K with the Securities and Exchange Commission (the "SEC").

USAT seeks, among other things, a declaration by the Court that any and all votes that the dissidents have obtained on the basis of their proxy solicitations be declared null and void, and that the Annual Meeting – at which a new vote for the director candidates would take place – be held on June 15, 2010, as rescheduled by USAT's Board of Directors, with a new record date.

USAT asserts in its Counterclaims, among other things, its view that the dissidents' actions have prevented a fair shareholder voting contest. In particular, USAT alleges that the dissidents violated Section 14(a) of the Exchange Act by making a solicitation for a proxy to more than ten persons without filing a proxy statement with the SEC. The Company also details the numerous false and misleading statements of material fact and omissions of material fact made by the dissidents in their various written proxy solicitations in order to prejudice USAT shareholders against the Company's slate of proposed directors. Furthermore, USAT asserts that the dissidents violated Section 13(d) of the Exchange Act because, in connection with the proposed vote for their director candidates, the dissidents formed a "group" with other large shareholders that, collectively, held more than five percent of the Company's shares, without filing a Schedule 13D with the SEC as required.

Shareholders with any questions may contact MacKenzie Partners, Inc., who is assisting the Company in connection with the Annual Meeting, toll-free at (800) 322-2885, (212) 929-5500 or USAT@mackenziepartners.com.

About USA Technologies

USA Technologies is a leader in the networking of wireless non-cash transactions, associated financial/network services and energy management. USA Technologies provides networked credit card and other non-cash systems in the vending, commercial laundry, hospitality and digital imaging industries. The Company has agreements with AT&T, Visa, MasterCard, Compass and others.

Forward-looking Statements
"Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995: All statements other than statements of historical fact included in this release, including without limitation the financial position, business strategy and the plans and objectives of the Company's management for future operations, are forward-looking statements. When used in this release, words such as "anticipate", "believe", "estimate", "expect", "intend", and similar expressions, as they relate to the Company or its management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of the Company's management, as well as assumptions made by and information currently available to the Company's management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors, including but not limited to, business, financial market and economic conditions, including but not limited to, the ability of the Company to retain key customers from whom a significant portion of its revenues is derived; the ability of the Company to compete with its competitors to obtain market share; the ability of the Company to estimate, anticipate, or control its cash and non-cash expenses, costs, or charges; the ability of the Company to obtain widespread and continued commercial acceptance of it products or services; or the outcome of the election of the Company's directors. Readers are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statement made by us in this release speaks only as of the date of this release. Unless required by law, the Company does not undertake to release publicly any revisions to these forward-looking statements to reflect future events or circumstances or to reflect the occurrence of unanticipated events.

Important Additional Information *
USA Technologies, Inc. ("USAT" or the "Company") filed a definitive proxy statement with the Securities and Exchange Commission (the "SEC") on October 27, 2009 in connection with the Annual Meeting of Shareholders originally scheduled to be held on December 15, 2009, and mailed the definitive proxy statement and a WHITE proxy card to shareholders, as well as a supplement to the proxy statement and additional soliciting materials. USAT and its directors and executive officers may be deemed to be participants in the solicitation of proxies in connection with such meeting. The Company's shareholders are strongly advised to read USAT's proxy statement as it contains important information. Shareholders may obtain an additional copy of USAT's definitive proxy statement and any other documents filed by the Company with the SEC for free at the SEC's website at http://www.sec.gov. Copies of the definitive proxy statement are available for free at http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=14591. In addition, copies of the Company's proxy materials may be requested at no charge by contacting MacKenzie Partners, Inc. at 1-800-322-2885 or via email at USAT@mackenziepartners.com. Detailed information regarding the names, affiliations and interests of individuals who are participants in the solicitation of proxies of USAT's shareholders is available in USAT's definitive proxy statement filed with SEC on October 27, 2009 and in USAT's supplement to proxy statement filed with SEC on December 2, 2009.

* As stated in USAT's Form 8-K filed with the SEC on December 9, 2009, the Annual Meeting of Shareholders has been postponed by USAT to June 15, 2010.

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