

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference

The documents listed in (a) through (d) below are incorporated by reference in the Registration Statement and made a part hereof. All documents subsequently filed by the Registrant pursuant to Section 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prior to the filing of a post-effective amendment to this Registration Statement which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be part hereof from the date of filing of such documents.

(a) The Registrant's annual report on Form 10-KSB for the fiscal year ended June 30, 1996; and

(b) The Registrant's Form 10-QSB Quarterly Report for the quarterly period ended September 30, 1996; and

(c) The Registrant's current report on Form 8-K filed on December 19, 1996.

(d) The Registrant's Form 10-QSB Quarterly Report for the quarterly period ended December 31, 1996.

Item 4. Description of Securities

The Company is authorized to issue up to 55,000,000 shares of Common Stock, no par value ("Common Stock"), and 1,200,000 shares of undesignated Preferred Stock, all of which has been designated Series A Convertible Preferred Stock, no par value ("Preferred Stock").

As of March 24, 1997, there were 26,648,144 shares of Common Stock issued and outstanding.

The foregoing amount does not reflect shares of Common Stock issuable by the Company upon the conversion of the Preferred Stock or any accrued and unpaid dividends thereon. As of March 24, 1997, 803,995 shares of Preferred Stock were issued and outstanding and are convertible into 9,647,940 shares of Common Stock through December 31, 1997 and 8,039,950 shares of Common Stock thereafter. As of March 24, 1997, there were \$2,952,962 of accrued and unpaid dividends on the Preferred Stock which are convertible at the rate of \$.83 per share of Common Stock through December 31, 1997 and at the rate of \$1.00 per share of Common Stock thereafter. As of March 24, 1997, a total of 22,205 shares of Preferred Stock have been converted into 222,050 shares of Common Stock and accrued and unpaid dividends thereon have been converted into 46,494 shares of Common Stock.

The foregoing amount also does not include the Common Stock issuable upon the exercise of the remaining 1,414,000 1995 Warrants, 1,866,000 1996 Warrants and 400,000 1996-B Warrants issued and outstanding as of March 24, 1997.

The foregoing amount also does not include the Common Stock issuable upon the exercise of the outstanding stock options or purchase rights to acquire Common Stock. As of March 24, 1997, the Company has issued to its Directors, executive officers, consultants, and employees options to acquire up to 221,000 shares of Common Stock at \$.65 per share, options to acquire up to 110,000 shares of Common Stock at \$.50 per share, options to acquire up to 700,000 shares of Common Stock at \$.45 per share, options to acquire up to 2,565,000 shares of Common Stock at \$.25 per share, and options to acquire up to 220,000 shares of Common Stock at \$.05 per share. The Company has also issued purchase rights to acquire up to 157,300 shares of Common Stock at \$1.00 per share. All options to purchase Common Stock were granted at prices at or above the market value on the date of the grant.

The holder of each share of Common Stock is entitled to one vote on all matters submitted to a vote of the shareholders of the Company, including the election of directors. There is no cumulative voting for directors.

The holders of Common Stock are entitled to receive such dividends as the Board of Directors may from time to time declare out of funds legally available for payment of dividends. No dividends may be paid on the Common Stock until all accumulated and unpaid cumulative dividends on the Series A Preferred Stock have been paid or converted. Upon any liquidation, dissolution or winding up of the Company, holders of shares of Common Stock are entitled to receive pro rata all assets of the Company available for distribution, subject to the liquidation preference of the Series A Preferred Stock of \$10.00 per share and any unpaid and accumulated dividends on the Series A Preferred Stock. Shareholders of the Company do not have any preemptive rights to subscribe for or purchase shares, obligations, warrants, or other securities of the Company.

Item 5. Interests of Named Experts and Counsel

Not Applicable.

Item 6. Indemnification of Directors and Officers

Section 1746 of the Pennsylvania Business Corporation Law of 1988, as amended ("BCL"), authorizes a Pennsylvania corporation to indemnify its officers, directors, employees and agents under certain circumstances against expenses and liabilities incurred in legal proceedings involving such persons because of their holding or having held such positions with the Company and to purchase and maintain insurance of such indemnification. The Company's By-laws substantively provide that the Company will indemnify its officers, directors, employees and agents to the fullest extent provided by Section 1746 of the BCL.

Section 1713 of the BCL permits a Pennsylvania corporation, by so providing in its By-laws, to eliminate the personal liability of a director for monetary damages for any action taken unless the director has breached or failed to perform the duties of his office and the breach or failure constitutes self-dealing, willful misconduct or recklessness. In addition, no such limitation of liability is available with respect to the responsibility or liability of a director pursuant to any criminal statute or for the payment of taxes pursuant to Federal, state or local law. The Company's By-laws eliminate the personal liability of the directors to the fullest extent permitted by Section 1713 of the BCL.

Item 7. Exemption from Registration Claimed

Not applicable.

Item 8. Exhibits

The following Exhibits are filed as part of this Registration Statement:

- 5 Opinion of Lurio & Associates
- 23.1 Consent of Lurio & Associates (included in the opinion filed as Exhibit 5 hereto)
- 23.2 Consent of Ernst & Young LLP, Independent Auditors
- 28 Consulting Agreement between Jerome M. Wenger and USA Technologies, Inc. dated December 1, 1996

Item 9. Undertakings

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or most recent post-effective amendment thereof) which, individually or together, represent a fundamental change in the information in the registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

Except that, subparagraph (i) and (ii) of this paragraph do not apply provided that the information required in a post-effective amendment is incorporated by reference from periodic reports filed by the issuer under the Securities Exchange Act of 1934.

(2) That for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be treated as a new registration statement relating to the securities offered herein, and shall treat the offering of such securities at that time as the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Wayne, Pennsylvania, on March 27, 1997.

USA TECHNOLOGIES, INC.

By: /s/ George R. Jensen, Jr.

 George R. Jensen, Jr.,
 President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated.

Signature -----	Title -----	Date -----
/s/ George R. Jensen, Jr. ----- George R. Jensen, Jr.	Chairman of the Board, President and Chief Executive Officer, (Principal Executive Officer)	March 27, 1997
/s/ Stephen P. Herbert ----- Stephen P. Herbert	Vice President, Director	March 27, 1997
/s/ Keith L. Sterling ----- Keith L. Sterling	Vice President, Director	March 27, 1997
/s/ Leland P. Maxwell ----- Leland P. Maxwell	Vice President, Chief Financial Officer	March 27, 1997
----- William W. Sellers	Director	March , 1997
/s/ Peter G. Kapourellos ----- Peter G. Kapourellos	Director	March 27, 1997
/s/ Henry B. duPont Smith ----- Henry B. duPont Smith	Director	March 27, 1997
/s/William Van Alen, Jr. ----- William L. Van Alen, Jr.	Director	March 27, 1997

EXHIBIT INDEX

Exhibit No.	Description	Page No.
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March 27, 1997

USA Technologies, Inc.
200 Plant Avenue
Wayne, PA 19087
Attn: Mr. George R. Jensen, Jr., President

Re: USA Technologies, Inc. -
Registration Statement on Form S-8

Dear Mr. Jensen:

We have acted as counsel to USA Technologies, Inc., a Pennsylvania corporation (the "Company"), in connection with a Registration Statement on Form S-8, filed with the Securities and Exchange Commission on the date hereof (the "Registration Statement"). The Registration Statement covers 160,000 shares of Common Stock of the Company issuable to Jerome M. Wenger pursuant to a Consulting Agreement between the Company and Jerome M. Wenger dated December 1, 1996 (the "Consulting Agreement").

In rendering this opinion, we have examined (i) the Articles of Incorporation, as amended, and By-laws of the Company; (ii) the resolutions of the Board of Directors evidencing the corporate proceedings taken by the Company to authorize the issuance of the Common Stock pursuant to the Registration Statement; (iii) the Registration Statement (including all exhibits thereto); (iv) The Consulting Agreement; and (v) such other documents as we have deemed appropriate or necessary as a basis for the opinion hereinafter expressed.

In rendering the opinion expressed below, we assumed the authenticity of all documents and records examined, the conformity with the original documents of all documents submitted to us as copies and the genuineness of all signatures.

Based upon and subject to the foregoing, and such legal considerations as we deem relevant, we are of the opinion that, when sold as contemplated by the Registration Statement and the Consulting Agreement, the Common Stock will be legally issued, fully paid and nonassessable.

USA Technologies, Inc.
March 27, 1997
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We hereby consent to the filing of this opinion as an Exhibit to the
Registration Statement.

Sincerely,

/s/ LURIO & ASSOCIATES

LURIO & ASSOCIATES

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-00000) pertaining to the registration of 160,000 shares of Common Stock of USA Technologies, Inc. of our report dated August 9, 1996, except for Note 12 as to which the date is September 10, 1996 with respect to the financial statements of USA Technologies, Inc. included in its Annual Report (Form 10-KSB) for the year ended June 30, 1996, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Ernst & Young LLP

Philadelphia, Pennsylvania
March 27, 1997

December 1, 1996

Mr. Jerome M. Wenger
The Next Super Stock
Two Wisconsin Circle, Suite 700
Chevy Chase, Maryland 20815

Dear Jerry:

This is to acknowledge and confirm the following terms of our Consulting Agreement. We are very pleased to be a client of yours again.

(1) You are actively involved in providing financial relations, consulting and advisory services to clients.

(2) The Company hereby engages you and you hereby agree to render financial public relations, consulting and advisory services to the Company, including promoting the Company to an established base of radio listeners around the country. It is understood and agreed that none of your services shall be in connection with the offer or sale of any securities of the Company in a capital raising transaction.

(3) Compensation

(a) The Company shall issue to you in consideration for providing the financial, public relations, consulting and advisory services set forth herein a total of 160,000 shares of fully vested, nonassessable, free trading Common Stock of the Company. Upon the effective date of the registration statement described in Paragraph 3(b) below, the Company shall issue such stock to you as follows:

December 31, 1996 (or, if later, the date of filing of the Form S-8 Registration Statement)	40,000
January 31, 1997 (or, if later, the date of filing of the Form S-8 Registration Statement)	40,000
February 28, 1997 (or, if later, the date of filing of the Form S-8 Registration Statement)	40,000
March 31, 1997	40,000

These issuances of the Company's stock shall be the only consideration that you are entitled to under this Consulting Agreement.

(b) Promptly after the date of this Consulting Agreement, the Company will cause a registration statement on Form S-8 to be filed with the Securities and Exchange Commission for the purpose of registering 160,000 shares of Common Stock of the Company issuable to you pursuant to Paragraph 3(a) above.

(4) This Consulting Agreement shall be for a term of four months commencing December 1, 1996 and terminating March 31, 1997. Any renewal or extension of this Consulting Agreement shall be upon a new written agreement signed by each of the parties.

(5) You will not directly or indirectly disclose to any other person, firm or corporation, nor use for your own benefit during or after the term of this Consulting Agreement, any trade secrets or other information designated as confidential by the Company which is acquired by you in the course of performing services hereunder. Trade secrets can include, but are not limited to, products or services under development, production methods and processes, sources of supply, customer lists, marketing plans, information concerning the filing or pendency of patent applications and information concerning the issuance of any securities of the Company.

(6) In performing your duties as set forth in this Consulting Agreement, you shall abide by all applicable laws, including federal and state securities laws, and shall make all disclosures required by such laws, including disclosures required as a result of you entering into this Consulting Agreement with the Company and in connection with your radio broadcasts.

(7) You hereby represent that you have obtained all licenses or registrations required in order to perform the services set forth in the Consulting Agreement. You also hereby represent that you are not prohibited from entering into this Consulting Agreement or from performing your obligations hereunder by any law, regulation, contract, decree, order or agreement.

(8) You and the Company hereby acknowledge that you are an independent contractor. You shall not hold yourself out as, nor shall you take any action from which others might infer, that you are a partner, agent or joint venturer of the Company.

(9) This Consulting Agreement sets forth the entire understanding of the parties relating to the subject matter hereof, and supersedes and cancels any prior communications, understandings and agreements between the parties. This Consulting Agreement cannot be modified or changed, nor can any of its provisions be waived, except by written agreement signed by all parties.

(10) This Consulting Agreement shall be governed by the laws of the Commonwealth of Pennsylvania. Any dispute arising out of this Consulting Agreement shall be adjudicated in the courts of the Commonwealth of Pennsylvania or in the federal courts located within the Commonwealth of Pennsylvania.

Jerry, please indicate your acceptance of the terms of this Consulting Agreement by signing and dating below where indicated and returning it to me.

USA TECHNOLOGIES, INC.

By: /s/ George R. Jensen, Jr.

George R. Jensen, Jr.
President and Chief Executive Officer

ACCEPTED:

/s/ Jerome M. Wenger

Jerome Maxwell Wenger