

## Compensation Committee Charter of USA Technologies, Inc.

### **1. Purpose**

The Compensation Committee (the “Compensation Committee”) of the Board of Directors (the “Board”) of USA Technologies, Inc. (the “Company”) is appointed by the Board (i) to assist the Board to discharge the Board’s responsibilities relating to compensation of the Company’s directors and executive officers, (ii) to recommend to the Board the director and executive officer compensation plans, policies and programs of the Company, and (iii) to have responsibility for producing the Compensation Committee Report described in Item 407(e)(5) of Regulation S-K and to review the Company’s compensation discussion and analysis prepared by management of the Company for inclusion in the Company’s proxy statement or annual report.

### **2. Members**

There shall be not less than two members of the Compensation Committee, one of whom shall be elected by the Board to serve as Chairman of the Compensation Committee (the “Committee Chairman”), and each of whom shall meet the independence and experience requirements of the NASDAQ Stock Market, Inc. (“NASDAQ”). Thus, the members of the Compensation Committee shall meet the following criteria:

Each shall meet NASDAQ’s director independence criteria. In addition, at least two members of the committee must qualify as “non-employee directors” as defined in Rule 16b-3 under the Securities Exchange Act of 1934, and as “outside directors,” as defined in Section 162(m) of the Internal Revenue Code and Treasury regulations thereunder.

### **3. Appointment; Authority and Duties**

**Appointment.** The Board shall appoint members of the Compensation Committee. The Board may remove or replace any member of the Compensation Committee at any time.

**Professional Advisors.** The Compensation Committee shall with the prior approval of the Chief Executive Officer have the authority, and is hereby authorized to incur costs, to retain special legal, accounting, compensation or other consultants to advise the Compensation Committee and/or to assist in the evaluation of director, chief executive officer and other executive officer’s compensation and shall have authority to approve the consultant’s fees and other retention terms. The Compensation Committee may request any officer or employee of the Company or the Company’s outside counsel or independent compensation consultant to attend a meeting of the Compensation Committee or to meet with any members of, or consultants to, the Compensation Committee.

**General Duties.** The Compensation Committee shall annually review and recommend for approval to the Board corporate goals and objectives relevant to chief executive officer and other executive officer’s compensation, evaluate the chief executive officer and other

executive officer's performance in light of those goals and objectives, and recommend for approval to the Board the chief executive officer's and other executive officer's compensation levels based on this evaluation. Executive officers refer to all officers who are required to file reports under Section 16 of the Securities Exchange Act of 1934. In recommending for approval to the Board the long-term incentive component of the chief executive officer and other executive officer's compensation, the Compensation Committee may consider, among other things, the Company's performance and relative stockholder return, the value of similar incentive awards to other executives at comparable companies, and the awards given to the chief executive officer and other executive officers in past years.

(1) The Compensation Committee shall annually review and recommend for approval to the Board the compensation of all directors, the chief executive officer, and all other executive officers, including incentive compensation plans and equity-based plans. The Compensation Committee shall recommend for approval to the Board all grants of options, restricted stock or restricted stock units under the Company's equity incentive plans except as provided therein. If the Compensation Committee does not consist entirely of directors who qualify as "non-employee directors" under Rule 16b-3 and as "outside directors" under Section 162(m) of the Internal Revenue Code, all awards of performance-based compensation and all grants under the Company's option plans shall be made by a subcommittee of at least two directors who meet such qualifications. The vote of at least two directors who meet such qualifications shall be deemed the vote of a subcommittee of such directors.

(2) The Compensation Committee shall annually review and recommend for approval to the Board, in each case and when and if appropriate, for the president, chief executive officer, and other executive officers, (i) the annual base salary level, (ii) annual incentives, (iii) the long-term incentives, (iv) employment agreements, severance arrangements, and change in control agreements/provisions, and (v) any special or supplemental benefits.

(3) The Compensation Committee may form and delegate authority to subcommittees when appropriate.

(4) The Compensation Committee shall make regular reports to the Board and shall cause the Compensation Committee Report described in Item 407(e)(5) of Regulation S-K to be included in the Company's annual report or proxy statement to its shareholders.

(5) The Compensation Committee shall review the Company's compensation discussion and analysis prepared by management of the Company and to be included in the Company's proxy statement or annual report.

(6) Subject to the approval thereof by the Board, the Compensation Committee shall have the authority to amend and/ or interpret any award within the provisions of the compensation plans and equity-based plans of the Company.

(7) The Compensation Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for their consideration and approval. The Compensation Committee shall annually review its own performance.

(8) Each member of the Committee shall be paid the fee set by the Board for his or her services as a member.

**4. Compensation Committee Meetings**

The Compensation Committee will hold meetings at such times and at such places as it shall deem necessary.

**5. Effective Date**

This Compensation Committee Charter shall become effective immediately upon its approval and adoption by the Board of Directors of the Company. This Compensation Committee Charter shall be reviewed on an annual basis to assess its adequacy and any amendments or modifications shall be approved by the Board.

**Dated:** September 21, 2007