



March 13, 2006

## USA Technologies Issues Letter to Shareholders

MALVERN, PA, March 13, 2006 - USA Technologies (OTCBB: USAT) issued the following Letter to Shareholders today:

Dear Shareholder,

There are many exciting developments occurring every week at USA Technologies, and I wanted to take a moment to update you on some of the highlights. First, I'd like to report that we are just a couple of weeks away from exhibiting an exciting new USA Technologies' product.

The new e-Port® technology will be employed in the very latest wireless activated cashless transactions in vending machines, and will be unveiled at the NAMA national vending industry trade show in Las Vegas on March 23.

We streamlined the e-Port technology, merged hardware, expanded software and gave it more functionality for a better quality product. Most importantly, for you as an investor, we expect the enhanced technology will drive revenue growth and improve our margins.

We are the industry leader in every market in which we compete, and now have 65 patents granted to protect our leadership.

I'd also like to report on other recent developments, and to tell you that all of our new products are seeing rising demand.

Less than a month ago we reported a record second quarter revenue for fiscal 2006. Last December we celebrated our first ever \$1 million month.

We recently predicted that sales of our energy miser product line alone would top 70,000 units for calendar 2006. This would represent approximately \$7 million in sales from this product line alone.

But don't forget to add sales of our e-Port®, e-Suds® and Business Express® product lines. All are growing faster, and we believe there's more to come as we anticipate announcing new developments in product technology, and exciting new customers.

We also generate revenue from USALive® networking and licensing fees that customers are committed to paying annually for services received. The network, supported by IBM, should during 2006 take us into new and different markets, opening up valuable new revenue streams.

But there's more. We made huge strides reining in expenses. Costs are down. Gross profits are at an all time high.

We have reached a historic moment in the Company's development. We believe history will show this was the turning point for the Company with rising sales along with exciting new products.

As a result of the reverse stock split, we are no longer a "penny stock." We launched our new image with a new symbol: USAT.

We already appear on the S&P Market Access Program, which means news about USAT is now available to every S&P subscriber and can be seen by 100,000 investment advisors. Most brokers are now free to recommend USAT stock.

We are in advanced negotiations with five more Fortune 100 companies who want our e-Port and Miser energy technology. I remind you we already have half a dozen Fortune 100 companies as customers, including one of the biggest companies in the world.

Our most exciting project is our relationship with one of the biggest financial firms and card companies to develop breakthrough radio frequency identification (RFID) technology to allow contactless credit and debit cards purchases from vending machines.

Vending machines equipped with e-Port swipe and contactless readers should appear soon in select locations in major cities. Some call the system "tap and go." The card companies want contactless credit and debit card transactions for ease of use and convenience, and especially to protect against identity theft.

The card companies consider the \$40 Billion U.S. vending market with 8 million machines to be the "last large frontier" for exploiting credit and debit cards. Our R&D team has been working with them for some time, developing and fine-tuning the RFID e-Port reader. I look forward to telling you more in the near future.

It's much the same for e-Suds. We are negotiating with two of the biggest commercial laundries in the Nation, and we are renegotiating contracts with half a dozen others. Our distributors have targeted a list of colleges and universities for our e-Suds product line this summer. They are also considering commercial laundries, including the huge New York laundry market.

One of our most consistent and successful product lines is our Business Express unattended business center service targeting the hospitality industry. More than 400,000 travelers used our service over the last year and 60 percent of transactions took place after hours, when hotel business centers were closed, but not the USA Technologies Business Express center.

Some of the most prestigious hotels in the nation have purchased our latest Business Express offering -- the PC Express®. It has been described as the replacement to the pay phone and has already been installed in four premier hotels in Philadelphia, Kansas, Florida and California. It's a PC with keyboard attached to a wall, and it does everything a desktop or Laptop does, and more.

A record number of school districts and colleges are buying our VendingMisers to cut the cost of operating vending machines on campus, and lower school energy costs. Just this week we sold 1,000 VendingMisers to the Orange County School District in Florida, the 12th biggest school district in the nation, and our biggest ever sale of vending misers to a single school district. This week we also announced we were shipping to 14 new school districts and colleges in five states. Schools are leading the charge in energy conservation.

This is a most exciting time for USA Technologies, and I thank you for your support.

Sincerely,



George R. Jensen Jr.  
Chairman and CEO  
USA Technologies, Inc.