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USA Technologies Completes \$4 Million Private Placement with a large Boston-based Institutional Investment Advisor

MALVERN, Pa., December 19, 2005 - USA Technologies (OTCBB:USTT) announced today that it has completed a \$4 million private placement of common stock with a large Boston-based institutional investment advisor (the "Investor"). Proceeds will be used for working capital and other general corporate purposes. The Company issued to the Investor 40 million shares of common stock at \$0.10 per share.

As a condition of the transaction, and at the request of the Investor, the Company has agreed to file a proxy and call a Special Shareholder Meeting in which it will seek approval to effectuate a 1-for-100 reverse stock split. USA Technologies believes that such a reverse stock split will, among other things, increase the marketability of its stock and would cause the Company's shares to no longer be a 'penny stock'. The financing does not contain any reset provisions.

"We believe today's announcement represents a milestone event for our shareholders," said George R. Jensen, Chairman and CEO of USA Technologies. "The increased investment, at a nominal discount to market, from one of our existing shareholders, which is also one of the largest and most prestigious investment funds in the country, represents a strong endorsement of the potential for our technology. We have always recognized that at the appropriate time the Company would have to realign its capital structure to expand its investor base. Today, as the Company is growing its revenues, we believe it is such a time. This funding will allow us to further support our growing customer base and marketing initiatives. The reverse stock split will also allow us to increase our visibility in the investment community. The timing could not be better, as the Company has never been better positioned for growth."

Statement under the Private Securities Litigation Reform Act:

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