



January 4, 2007

USA Technologies Redeems \$4.3 Million in Convertible Senior Notes

Early Repayment Improves Balance Sheet, Reduces Interest Expense

MALVERN, PA, January 4, 2007 -- USA Technologies (OTC Bulletin Board: USAT) announced today that it has redeemed Convertible Senior Notes (the "Notes") having a face value of \$4,341,121 prior to their maturity. The redemption of the Notes, which were convertible into shares of the Company's common stock, carried interest rates of 10% and 12% and were scheduled to mature on June 30, 2007, December 30, 2007 and December 31, 2008. The early redemption of the Notes is expected to save the Company approximately \$500,000 in interest expense in calendar year 2007. The Company prepaid the Notes from cash on hand as well as the proceeds of the recently completed \$8.4 million private placement. After repayment of the notes, the Company reports that as of December 31, 2006, it had approximately \$8.4 million cash on hand, and roughly \$20 million in shareholder equity, which represents the strongest balance sheet in the history of the Company.

"We believe that the redemption of the Notes significantly improves the Company's balance sheet and strengthens its financial condition," said George R. Jensen, Jr., Chairman and CEO of USA Technologies. "The private placement that we recently completed with a quality group of institutional investors also provides us with the working capital necessary to capitalize on the numerous opportunities available for growth through expanded sales of the Company's e-Port® cashless payment product and sales of our EnergyMiser® energy management solutions. It will also allow USA Technologies to enhance relationships with many of our blue-chip list of customers, including MasterCard, Cadbury Schweppes, and the Coca-Cola Bottling Company of Philadelphia."

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.