



September 27, 2007

USA Technologies Issues Letter to Shareholders

MALVERN, PA, September 27, 2007 - USA Technologies (NASDAQ: USAT) issued the following Letter to Shareholders today:

Dear Shareholder:

As we approach the second quarter of fiscal year 2008, USA Technologies is driving aggressively into the sales growth stage of its business.

In fiscal 2007, we positioned USA Technologies to capitalize on many recent industry developments. Revenue in 2007 rose to \$9.2 million, an increase of 43% compared to fiscal 2006. This increase was primarily due to increased sales of our e-Port device and our growing relationship with MasterCard Worldwide.

So much has happened over the past 12 months, and especially since our shareholder meeting last May, that I wanted to take a minute and share with you some of our success, and look a little into the future.

NASDAQ Global Markets

USA Technologies is trading on the NASDAQ. If you missed this important event, you can see video of the listing on our website. More recently, we were upgraded from the NASDAQ Capital Market to the NASDAQ Global Market.

It means we are one of 1,450 companies meeting stringent financial and liquidity requirements. The upgrade is important because it gives USA Technologies increased market visibility and access to the institutional marketplace. It is a giant step and reflects our continued revenue growth.

Strongest balance sheet

We entered Fiscal 2008 a stronger, more versatile company. We have more than \$28 million in shareholder equity, and in excess of \$11 million in cash and short-term investments. We have prepaid all our outstanding convertible notes. Our balance sheet has never been stronger.

We also entered the new fiscal year with our strongest product line ever, products that are responding to the very latest emerging marketplace needs and trends across all the industries we have targeted and are leading in - online and wireless cashless transaction technology and services, energy conservation technology, online and wireless laundry services, and business center services.

Product line that responds to emerging trends

Industry surveys show that the global marketplace is moving rapidly to cashless transactions. Our e-Port is a leading proven product in cashless technology operating in vending machines.

America increasingly is turning to energy conservation technology to lower consumption and cost, and the threat of global warming. Our EnergyMiser is the only comprehensive product line specifically designed to lower energy consumption and CO2 emission in vending and snack machines, coolers, and plug loads linking commercial appliances.

Hotels want to lower the cost of providing business center services to attract business travelers. Our Business Express is designed to provide 24x7 unattended access to business services, overcoming the need for hiring office staff.

Our e-Suds online laundry service is taking the drudgery out of college laundry, adding ease and convenience, while freeing up students to better utilize their time for study. Soon, we will be announcing our launch into an exciting, even bigger laundry market - multi-apartment high-rise buildings.

MasterCard partnership

Nowhere is our growth and success more evident than with our e-Port G6 cashless payment product line, and our expanding partnership with MasterCard, Coca-Cola Bottlers, Cadbury Schweppes, Canteen and many other bottlers, vending and card companies.

MasterCard recognizes that the \$46 billion vending industry is an extraordinary cashless opportunity, especially for contactless cards. There are 20 million contactless cards in the marketplace and millions more are coming. Contactless cards are the cards of the future, and the e-Port G6 accepts not only MasterCard's PayPass, but all forms of contactless card payment, including American Express' ExpressPay, Chase Bank's Blink, and Visa's Contactless.

MasterCard "seeding" vending market with e-Port

The multi-functional G6 represents the finest in creativity and leading edge technology. It responds to all forms of transaction technology, from traditional magnetic stripe and contactless, to Near Field Communications (NFC), which allows purchases from vending machines with cellular phones.

MasterCard is aggressively rolling out its contactless PayPass card payment system, using the e-Port G6 to seed the vending and other unattended POS marketplaces. Together, we are enjoying significant success.

We launched our first major e-Port G6 deployment with MasterCard mid last year when the Coca Cola Bottling Company of Philadelphia installed G6 e-Port terminals in 1,000 vending machines in the Philadelphia area. Earlier this year we announced the deployment of another 5,000 G6 e-Port terminals with MasterCard, first with Cadbury-Schweppes, then the Coca-Cola Great Plains Bottling Company, followed shortly after by Coca-Cola United. Then six of the biggest vending companies in the US announced they were transitioning to cashless with e-Port.

Coca-Cola Enterprises expands adoption of e-Port

Coca-Cola Enterprises Inc., the world's largest non-alcoholic beverage bottler, has agreed to install cashless payment terminals in selected vending machines in the Atlanta, Boston, Chicago, Denver, Las Vegas, Miami, New York and Seattle markets. The deployment of up to 7,500 G-6 e-Port terminals represents the broadest single deployment of the cashless vending terminals to date, and would more than double the number of e-Port terminals installed in Coca-Cola system vending machines in the United States.

Soon after, Canteen Vending Services, the world leader in vending, announced it too was installing e-Port terminals that accept MasterCard PayPass on vending machines starting with its Jacksonville, Florida marketplace.

Recurring revenues with every e-Port sale

USA Technologies receives recurring revenue from its e-Ports. We earn \$10 per month for each installation, plus a transaction fee. As our hardware sales grow, and give us a bigger presence in the marketplace, our recurring revenue grows.

e-Port also reaches beyond the vending and kiosk industries to include the huge self-serve point-of-sale (POS) industry. Our e-Port Connect? offering that we launched earlier this year, is a comprehensive portfolio of turnkey services for the unattended POS markets.

Tapping the self-service POS market

Summit Research estimates North American consumers spent more than \$475 billion at self-checkout lanes, ticketing kiosks and other self-service POS locations in 2006. Expenditures at self-service kiosks are expected to rise 33 percent in 2007, and self-service deployments are forecast to increase 127% by 2008.

With e-Port Connect, we are taking the cashless services that we have finely tuned in our existing markets and directing them into new unattended POS opportunities such as kiosks, parking, tolls, mass transit and others.

Enhancing the consumer's shopping experience

Among the reasons are the convenience, speed and simplicity of using credit and debit cards wherever they pay for a product or service. The e-Port enhances the consumer's shopping experience. With the G6, consumers tap their card and go. It takes mere seconds.

World is going cashless

Most of all, the world economy is going cashless and e-Port responds to the emerging cashless trend. Already, more than 50 percent of payments today are cashless.

MasterCard says they have already seen a 32% increase in average ticket sales -- what consumers purchase from vending machines. Cadbury-Schweppes reports it has noticed a 12% increase in overall sales. Not only are they providing consumers with what they want, but also they are seeing their business grow. Surveys show that consumers are willing to use credit or debit cards to buy soda, coffee and snacks. They also show that consumers are prepared to pay tolls if the option is available. The same goes for mass transit, parking and other self-serve point-of-sale terminals.

Federal Reserve decision drives sales

The Federal Reserve Board's Regulation E decision to eliminate the requirement to provide receipts for debit card transactions under \$15 has already begun to drive sales in fiscal 2008. The Board's decision removes a major barrier for the large-scale adoption of cashless acceptance in the multi-billion dollar-vending, kiosk, laundry and other small ticket self-serve markets.

EnergyMiser responds to emerging conservation trend

Another emerging and accelerating trend is energy conservation technology to help lower energy consumption and CO2 emissions. Energy is clearly a national security issue, and energy consumption, energy cost and Global Warming are important issues. Our EnergyMiser technology can lower energy consumption and CO2 emissions by up to 46%. It is inexpensive, easy to install, and pays for itself in a year or less.

Bed Bath and Beyond VendingMiser Challenge

Bed Bath and Beyond, America's premier home furnishings retail chain, installed VendingMisers on vending machines in 800 stores to help lower energy consumption and CO2 emission, and challenged stores nationwide to follow their example. The action drew praise from the Sierra Club who is considering our EnergyMiser one of the top 10 energy conservation technologies for 2007.

Last month Humboldt County in California installed VendingMisers on vending machines in seven cities, following the example set by the South Bay Council of Governments who installed VendingMisers in 15 cities in the Los Angeles area. Oklahoma City completed installing VendingMisers citywide earlier this year, and the city of Houston, Texas, will complete installation shortly.

Texas mandates for efficient vending machines

The Texas Legislature will mandate that all vending machines located in Public Sector buildings must be equipped with energy conservation technology. We worked with the Legislature to formulate the legislation. The State Government of Pennsylvania is considering implementing similar action and is currently assessing vending machine numbers in public buildings.

EnergyMisers can significantly lower energy consumption in vending machines, and the private and public sectors are responding. Energy consumption continues to grow, Global Warming remains a concern, and energy costs are showing little sign of easing. USA Technologies EnergyMiser is proven energy conservation technology that not only responds to environmental concerns, but also adds to the bottom line.

USAT reaping the rewards

We have been preparing for this moment in our development since we took our first steps as a technology start-up in 1993. Today we are a company of tremendous possibilities and we are committed to meet the demands of today's networked world.

The markets we serve are coming together. We invested aggressively. We positioned the company in the markets where we saw the most opportunity. Now we are beginning to reap the rewards. Thank you for all your support.

Sincerely,



George R. Jensen Jr.
Chairman and Chief Executive Officer
USA Technologies, Inc.

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.