

Q1

2006

BUSINESS REVIEW

A quarterly report for investors, management and employees of USA Signal Technology, Inc.

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USA Signal Technology goes public – USSG.PK

APRIL 2006 Announcement from Bob Stevenson, President & CEO of USA Signal Technology, "We are pleased to begin trading as a public company in April 17, 2006. Having access to the public capital markets will enable the company to reach its goals in a timely manner." He added, "The millions of dollars and years of research and development are now culminating in initial beta tests of our systems. More information will be forthcoming as we continue rolling out test sites and gathering data on the effectiveness of the installations."

About USA Signal Technology

Since early 2003, when the Company was formed, it has developed 22 different products and two systems that can potentially dominate the (a) traffic intersection market, and (b) commuter railroad safety markets.

USA Signal Technology manufactures intelligent 2nd generation traffic signal products and systems, railroad surveillance and illegal trespass detection systems, and software coupled with the products that are designed to observe, track and disseminate live, real-time video data. The technology is designed to provide information to local municipalities traffic management professionals and other officials in a manner so critical decisions can be made in a real-time mode.

The companies "Intelligent Traffic Intersection System, ITIS", utilizes a wireless Wi-Fi mesh network that in it's complete deployment can continue to operate during a power "brown-out" and other catastrophic conditions when normal AC power is disrupted. The infrastructure generated when the USA Signal ITIS is deployed lets municipalities utilize an existing funded entity to create a state-of-the-art traffic control system that new technologies like RFID tags for asset tracking, sensors for monitoring pollution and bio-chemical agents can be easily and cost-effectively deployed. The system also generates a Wi-Fi hot-spot that can be structured to generate a revenue stream for the municipality.

The USA Signal Railroad Crossing Surveillance and Illegal Trespass Detection system was designed to detect abnormal or illegal presence/trespass at rail crossings and in remote rail locations, to perform perimeter security checks, and to detect low-grade explosives at commuter rail terminals. Once the detection is verified an audio and video signal is sent to the approaching commuter train-engineering cabin so appropriate emergency action can be taken.



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Business Outlook



Addison, TX 04/07/2006

City of LA Product Testing:

On March 25th USA Signal submitted its 8 & 12-inch "intelligent" Red, Green and Yellow traffic signals to LightMetrics in Burbank, Ca for testing and certification for the City of Los Angeles. LightMetrics is the approved laboratory for testing of traffic signal devices for the City of Los Angeles and Caltrans.

This effort is in response to a letter received by USA Signal from the office of the general manager of the City of Los Angeles asking that all parties interested to re-submit their signals to Light Metrics for testing. Originally the city had awarded a 22 million dollar order to Republic Electric for a 5-year installation of GE Gelcore LED signals. That order has been cancelled. The city has now decided to have two types of signals on its approved vendor list. One signal that is standard, like the GE product, and one signal that is intelligent like the USA Signal product. The new product specifications attached to the letter asked for units to be submitted that had certain minimum capabilities and units that had advanced features. The minimum specification capabilities can normally be met by some manufacturers. The specification also asked for units to be submitted that were "intelligent" and that had additional features, such as to dimming at night and be capable of turning itself off, and send its operational status back so maintenance can be scheduled. To date, out of the submitted products to the testing lab, the USA Signal products are the only

ones that meet or exceed both the standard and advanced performance specifications.

In earlier testing all competitor units submitted to the testing lab failed the performance test except the USA Signal and GE products. In other tests performed by the LA DOT, the competitor products have failed over time. The LA DOT needs reliable signals in their "Critical Path Intersection" plan, therefore, they have expressed desire to use only the USA Signal products.

The testing is scheduled to be completed and reports issued by April 15, 2006.



Safe Harbor Statement -

The press releases by USA Signal Technology (USSG) may contain information that constitutes forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Any such forward-looking statements involve risk and uncertainties that could cause actual results to differ materially from any future results described within the forward-looking statements. Risk factors that could contribute to such differences include those matters more fully disclosed in the Company's reports filed with the Securities and Exchange Commission. The forward-looking information provided herein in this Newsletter or any of USSG press releases represents the Company's estimates as of the date of the posting or press release, and subsequent events and developments may cause the Company's estimates to change. The Company specifically disclaims any obligation to update the forward-looking information in the future. Therefore, any forward-looking information by the company or its employees, officers & directors should not be relied upon as representing the Company's estimates of its future financial performance as of any date subsequent to the publication.

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