



655 15th Street, NW
Washington, DC 20005



2401 Pennsylvania Ave, NW
Washington, DC 20037

August 22, 2003

VIA FACSIMILE

Ms. Meg Whitman
President and CEO
eBay Inc.
2145 Hamilton Avenue
San Jose, CA 95125

Dear Ms. Whitman:

The Food Marketing Institute (FMI) and the Grocery Manufacturers of America (GMA), on behalf of our nation's food retailers and grocery manufacturers, request that eBay take immediate steps to discontinue the sale or auction of grocery coupons on your Web site. We have good reason to believe that the sale of most of the coupons offered by sellers is unlawful: we believe in all cases the sale violates the explicit terms of the coupons, which state that they are non-transferable, and infringes on the intellectual property rights of the grocery manufacturer that issues them. Furthermore, many of the coupons appear to be counterfeit.

eBay policies make it clear that it is committed to protecting the intellectual property rights of third parties. As the site notes, "For your protection, some items here are not allowed ('prohibited'), regardless of their legality, because they almost always violate copyright or trademark laws." Products like credit cards, counterfeit currency and stamps, lottery tickets, postage meters and a variety of other products that may violate specific laws or public policies are prohibited. Grocery coupons should be placed in this category of prohibited items.

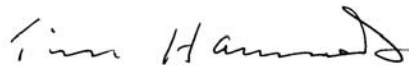
The problem of fraudulent coupons is a growing one. Experts estimate that coupon fraud costs the industry between \$500 million and \$800 million annually. There have been press reports that groups financing terrorist activity have raised considerable amounts of money through coupon fraud. The Internet and other new technologies have exacerbated the problem with individuals and groups now able to create fraudulent coupons or to modify coupons easily. For example, earlier this year there were a series of press reports about a Web site that encouraged consumers to print out product codes and use them to re-price products.

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As noted above, even if the coupon being sold is not counterfeit or obtained through fraudulent means, its sale is usually unlawful. Grocery coupons generally may not be transferred prior to redemption and their sale is clearly in violation of the intellectual property rights of the grocery manufacturer.

For all these reasons, we urge eBay to place grocery coupons on its prohibited item list as quickly as possible. If you have questions or need further information please feel free to call either of us at 202-220-0888 (Tim Hammonds) or 202-337-9400 (Manly Molpus). Thank you for your attention to this important matter.

Sincerely,



Tim Hammonds
President and CEO
Food Marketing Institute (FMI)



C. Manly Molpus
President and CEO
Grocery Manufacturers of America (GMA)