



'EVOLVE'



Cobra[®]
Annual Report 2003

CORPORATE PROFILE

COBRA ELECTRONICS CORPORATION IS A LEADING GLOBAL MANUFACTURER OF COMMUNICATION AND NAVIGATION PRODUCTS, WITH A TRACK RECORD OF DELIVERING INNOVATIVE AND AWARD-WINNING PRODUCTS. BUILDING UPON ITS LEADERSHIP POSITION IN THE GMRS/FRS TWO-WAY RADIO, RADAR DETECTOR AND CITIZENS BAND RADIO INDUSTRIES, COBRA IDENTIFIED NEW GROWTH OPPORTUNITIES AND HAS AGGRESSIVELY EXPANDED INTO THE GPS, MOBILE NAVIGATION AND MARINE MARKETS OVER THE LAST SEVERAL MONTHS. THE CONSUMER ELECTRONICS ASSOCIATION, FORBES AND DELOITTE & TOUCHE HAVE ALL RECENTLY RECOGNIZED COBRA FOR THE COMPANY'S INNOVATION AND INDUSTRY LEADERSHIP.

FINANCIAL HIGHLIGHTS

(In thousands, except per share amounts)

	2003	2002	Percent Change
OPERATING DATA:			
Net sales	\$ 114,811	\$ 135,840	(15.5)%
Gross profit	30,655	34,277	(10.6)%
Operating income	3,140	3,203	(2.0)%
Income before taxes	3,143	3,066	2.5%
Net income	1,841	1,720	7.0%
Net income per share:			
Basic	0.29	0.27	7.4%
Diluted	0.28	0.26	7.7%
AS OF DECEMBER 31:			
Total assets	\$ 76,233	\$ 74,782	1.9%
Shareholders' equity	57,701	55,879	3.3%
Book value per share	8.99	8.70	3.3%
Shares outstanding	6,420	6,420	0.0%



'EVOLVE'

- Cobra's New GMR5 Radios



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JAMES R. BAZET, PRESIDENT & CHIEF EXECUTIVE OFFICER



CARL KORN, CHAIRMAN OF THE BOARD

REPORT TO OUR SHAREHOLDERS

2003 MARKED A KEY POINT IN THE EVOLUTION OF COBRA ELECTRONICS INTO

ONE OF THE PREMIER COMMUNICATION AND NAVIGATION BRANDS IN THE WORLD.

WE ENTERED NEW MARKETS WITH STRONG GROWTH OPPORTUNITIES THAT WILL

LEAD US INTO THE FUTURE WHILE BUILDING UPON OUR LEADERSHIP POSITION IN

OUR EXISTING CATEGORIES. THIS DIVERSIFICATION STRATEGY OF PRODUCT LINES

AND MARKETING CHANNELS WILL PROVIDE GROWTH IN REVENUES AND EARNINGS

IN THE COMING YEARS.

In 2003, we remained leaders in our core businesses, including two-way radios, radar detection and Citizens Band radios, and entered into businesses with tremendous growth potential, namely marine electronics and recreational global positioning systems. In 2004, we will continue our strategic reinvention of Cobra by entering the mobile navigation market and launching our first mapping GPS unit, the handheld GPS 1000.

Cobra's 2004 line continues our tradition of delivering innovative and user-friendly products. Cobra's mobile navigation products, the SkyNav™ 2000 and the SkyNav™ 3000, received rave reviews at the 2004 International Consumer Electronics Show, including a "Best in Mobile Electronics Innovation Award" for the SkyNav 3000. Our handheld GPS products feature the fastest satellite acquisition time available to consumers and intuitive drop-down menus. Our premium marine radio features the largest LCD display in the industry and the first integrated speaker/microphone. Each of these

innovations makes the radio easier to use in heavy seas or over the noise of engines. Cobra also introduced the industry's first full line of extended range GMRS/FRS two-way radios with 3, 6, 8 and 10-mile ranges.

In conjunction with these product launches, we are establishing new marketing and distribution channels. Those who have observed Cobra for the last several years know that our growth was fueled by innovative product development married with aggressive marketing and merchandising. The result was growth from approximately 17,000 storefronts in 1998 to more than 38,000 today. The products we launched in 2003 and are launching today offer an even greater opportunity with both domestic and foreign accounts.

Here in the United States, we are establishing a presence in the marine, outdoor and sporting goods markets, including serving premier retailers such as Bass Pro Shops, Galyan's and Gander Mountain. Many of these accounts have picked up several

SKUs across our product lines, including two-way radios, marine VHF radios and handheld GPS. Both retailers and consumers in these markets tend to stick with their established brands, so these are not easy markets to penetrate. However, this same tendency can make it rewarding to be persistent and establish a loyal following in this channel.

We are also penetrating the automotive accessories aftermarket, or the 12-volt market, with both our existing and new products. While we have had tremendous success with customers such as Pep Boys and Advance Auto in the past, there is a broader market that has become tremendously excited by the new Cobra products, especially mobile navigation products. Cobra views this channel as one that can offer more consultative sales assistance – a product sold through these retailers tends to stay sold.

As we look to international markets, Cobra's new products are providing a broader offering and critical mass to our sales

efforts. Our handheld GPS products already are on retail shelves in Europe and we are moving quickly towards having our marine radios available for these consumers also.

Our success in our new product categories has not diminished our enthusiasm for our existing lines. In the two-way radio market, Cobra retained a leading worldwide market share in 2003 and will continue to build share through innovation and aggressive marketing. Cobra widened its already substantial lead in the radar detector market in 2003 and will introduce a new line of 11 Band™ products in 2004, again incorporating the innovative and attractive designs

and exclusive features for which Cobra is known. Citizens Band radio benefited from two limited edition products in 2003 – a Harley Davidson® model and a Dale Earnhardt® model.

Our financial results in 2003 and current financial position provide the foundation to execute this plan for diversification of our product lines and marketing channels. Net income for the year increased seven percent to \$1.8 million despite a decline in sales to \$114.8 million. Cash flow remained positive and Cobra ended 2003 with no interest-bearing debt and a cash balance of \$4.7 million, \$1.9 million greater than our cash balance one year earlier.

We hope that it is evident that your Board of Directors and the entire management team are excited by our prospects for 2004 and beyond. We have established the groundwork for growth in revenues, earnings and shareholder value. We appreciate your continued support and will strive to earn it on a daily basis.

Sincerely,



Carl Korn
Chairman of the Board



Jim Bazet
President & Chief Executive Officer

March 30, 2004

Fiscal Year 2003 saw the first shipments of Cobra's new handheld GPS units. The GPS 100 and GPS 500 units shipped in the second and third quarters, respectively.

Bringing these user-friendly, high-performance models to market is an important milestone in the history of Cobra. Knowing the GPS technology is still in its infancy, Cobra, embodying its role as an industry innovator, committed the resources and strategic vision to develop this emerging technology.



**COBRA'S LEADERSHIP POSITION AS A DEVELOPER AND
MARKETER OF GPS TECHNOLOGIES FOR THE CONSUMER
PROVIDES LONG-TERM OPPORTUNITY FOR THE COMPANY.
NOT ONLY IS GPS A NEW PRODUCT CATEGORY WITH
HIGH BARRIERS-TO-ENTRY, DISCOURAGING LOW-PRICED
COMPETITORS, IT PROVIDES NEW GROUPS OF CONSUMERS,
NEW CHANNELS OF DISTRIBUTION AND COUNTLESS
OPPORTUNITIES TO CROSS-MARKET HANDHELD GPS UNITS**



**WITH EXISTING PRODUCTS
LIKE GMRS/FRS RADIOS.**

maps and intuitive interfaces are just a few of the features
GPS Product Line superior to the competition. The GPS
offering ASAP™ II (Accelerated Satellite Acquisition
Wide Area Augmentation System), street-level detail mapping
MB memory SD card and computer interface cable.

Cobra's award-winning SkyNav 3000 Mobile Navigation System eliminates the need to download from computers and comes with street-level detail maps of all 48 contiguous states in the U.S. and most major cities in Canada, providing true "Plug and Go" systems. Users can beam an address directly to the unit from selected PDAs with an infrared port, an exclusive feature only from Cobra.



During 2003, Cobra continued its development of another GPS product category, mobile navigation systems. Investing in product development talent, and forging new strategic alliances including Cobra's alliance with operating system expert Horizon Navigation — and obtaining access to the #1 mapping provider in mobile navigation, NAVTECH®, — will enable Cobra to introduce another superior line of products, SkyNav 2000 and 3000 Mobile Navigation Systems. Named the "Best of Innovations 2004"

at the International Consumer Electronics Shows (ICES) in January 2004, the SkyNav 3000 garnered industry acclaim.

It is this commitment to developing the highest performing and most user-friendly products that propels Cobra to leadership positions in its chosen markets. Cobra will pursue new markets with the same passion of its initial pursuit and current preservation of its leadership positions in consumer radar detectors, GMRS/FRS radios, and Citizens Band radios.

In addition to its pioneering work in consumer GPS, Cobra is also pursuing new opportunities in the marine market. Cobra's new line of marine transceivers and power inverters for 2004 were unveiled in January at ICES to positive reviews. Boat enthusiasts and owners are projected to spend more than \$1.9 billion by 2005, while boating equipment retailers, marinas and sporting goods retailers offer yet another new channel of distribution. Demographically, this target market is older with higher income and a strong awareness of the Cobra brand. Coupling the new Cobra line-up of innovative marine products with established brand equity provides limitless opportunity in a new market category. Exhibiting at marine trade shows and targeted advertising are part of the launch plans for Cobra's 2004 marine product line.

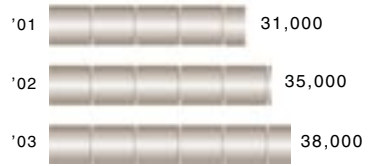
Cobra's new fixed mount VHF Marine Transceiver, with up to 25-watts of power, is submersible. With industry firsts like 2-inch channel numbers on the largest display available, these units sold out in a major marine/outdoor retailer's catalog by December 2003.





With the longest available range in the GMRS/FRS two-way radio category, Cobra's microTALK® radios, like the PR 950 being used by this U.S. soldier in Iraq, have features that serve both casual consumers and professionals. There are seven 22-channel models offering 3, 6, 8 and 10-mile ranges, VibrAlert®, Call Alert, VOX Hands Free Operation, 10-channel memory, scan feature and 38 privacy codes for 836 possible channel combinations. Photo courtesy of U.S. News and World Report, May 26, 2003.

Cobra U.S. Retail Storefronts



Cobra keeps current users loyal while gaining new ones through its perpetual pursuit of innovation. With more than 38,000 U.S. storefronts secured in 2003, Cobra continues to increase its business. From its radar detectors to Citizens Band radios to GMRS/FRS radios, Cobra leads the industry in user-friendly products.

In November 2003, *TIME Magazine* declared Cobra's PR 4000 WX GMRS/FRS radio "... a clear winner in the group..." According to the reviewer, "Cobra's overall design, clearer

sound and cool extras, like a built-in digital compass and stopwatch made it our favorite."

With the GMRS/FRS market estimated to be a \$213 million market in 2004, Cobra intends to further capitalize on its market-leading global position by pursuing new channels of distribution, expanding the target demographic and offering greater value to consumers both through new product features and creating exclusive "Value Packs" of Cobra products with chargers, battery packs and related products.

It is the continued success of established, constantly evolving product lines like radar detectors, GMRS/FRS and Citizens Band radios that helped Cobra gain more U.S. retail sales outlets and log record sales in Europe in 2003. Cobra's new XRS 9700 radar detector, for example, received recognition as a Showcase Honoree in the ICES Innovations Design and Engineering Awards. This is the seventh year in a row Cobra has received this award for its radar detectors, conveying the Company's continued commitment to maximize its leadership position.

Six new radar detectors for 2004, like the award-winning XRS 9700 (far lower right), include exclusive features like IntelliShield™ False Signal Rejection, digital performance, Strobe Alert®, SmartPower™ and IntelliMute™ providing an unequalled detection experience.





Cobra's Xtreme Street Communicator™ creates an instant chat room between cars. With no service fees, the reliable Citizens Band technology enables people in transit to stay in touch. Offering exclusive features like the illuminated blue communicator and antenna, 2-channel simultaneous monitoring and an illuminated LCD display, the Xtreme Street Communicator will keep caravans in constant communication.

One of Cobra's longest standing product lines is Citizens Band radios. A reliable, cost effective, time-tested personal communication product, the Citizens Band radio has found a new audience in the younger car and truck owner. Less costly and more reliable than a cell phone, Cobra's Xtreme Street Communicator gives drivers an easy-to-use edge when on the road and the "cool blue" glow adds to the appeal.

The breadth of Cobra products in Personal Communications (Citizens Band and GMRS/FRS radios) and Navigation (radar detectors and mobile navigation systems) available

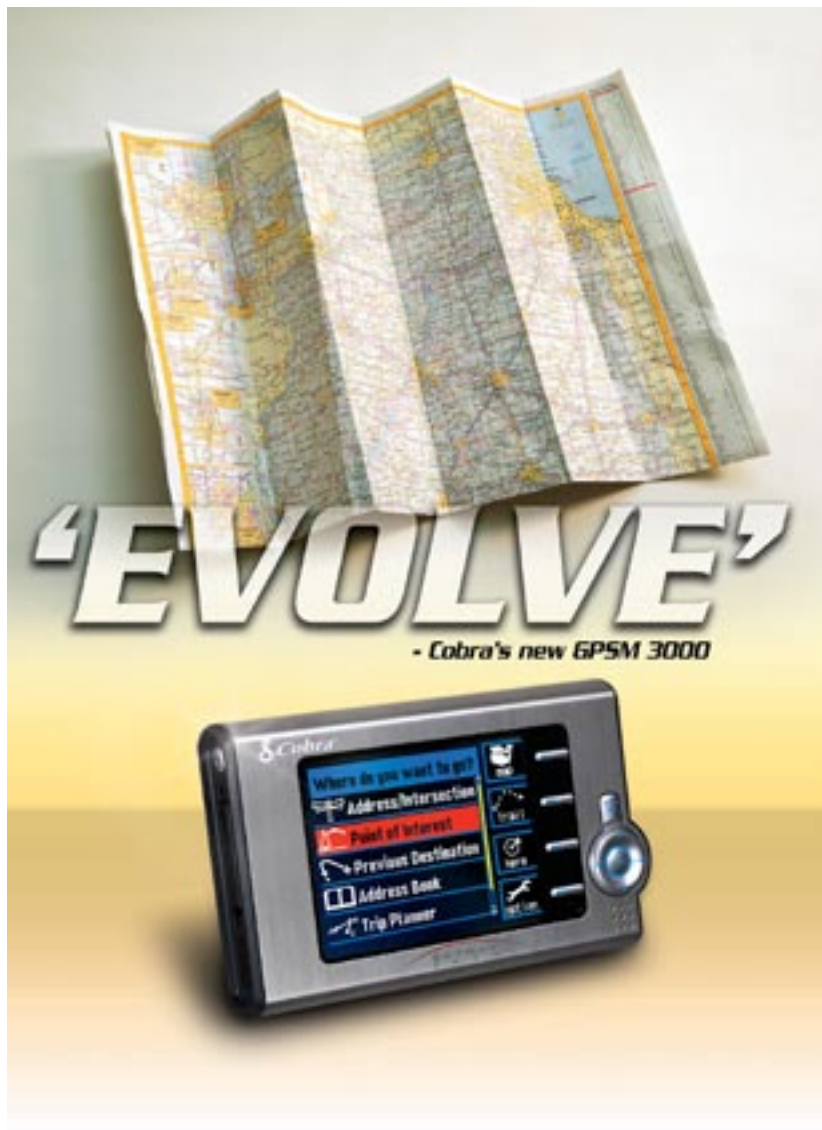
to retailers offers yet another avenue of opportunity—the auto aftermarket. Projected to reach more than \$8 billion in gross sales by 2006, the auto aftermarket will help Cobra drive profitability in a whole new way. A new category of retailers (auto superstores) and different target demographics for existing and new products further expands Cobra's reach and depth into new revenue potential. With nearly 230 million vehicles on U.S. roads, Cobra's 2004 marketing effort will focus on the auto aftermarket through increased consumer advertising and exhibiting at auto trade shows.

Cobra's microTALK PR 4250 WX radio offers a Cobra—exclusive 10-mile range with NOAA weather radio, 22 channels with 38 privacy codes, VOX hands-free operation, rechargeable batteries and wall charger. As today's consumer evolves, so too will Cobra's products to better meet their ever-changing needs. Channels of distribution, like sporting goods stores, offer new opportunities for Cobra to refocus its marketing and increase product placement.

Unlike a newcomer, Cobra enters these new channels of distribution and target markets with something powerful—brand equity. With a track record of more than 40 years in consumer electronics, Cobra stands for key characteristics like innovation, reliability and excellent value. By harnessing the power of the Cobra brand and always working to uphold its best qualities in any endeavor, Cobra Electronics can maximize its potential and minimize the competition.

Today's consumer electronics users are technology savvy. They clearly see how technology can help improve their lives. Whether it's easier communication with their families or simplifying travel to a destination, consumers know they can rely on Cobra products to help. ■





By diversifying products lines, the channels of distribution and the target audiences, Cobra decreases its reliance on any single category. During this evolution of the Company, Cobra has identified those emerging technologies offering the greatest potential and staked a claim. As the Company pursues leadership positions, innovation propels Cobra to not only beat the competition, but also set the bar for the industry. And as perpetual innovators know, the bar is never stationary; it is a moving target. Named as one of Deloitte & Touche's Fast Track 50 companies in Chicagoland in 2003 for the fourth year in a row, Cobra Electronics is one of the "companies that will lead the world in technology and innovation, both here in Chicago, and around the world, for years to come."

Fiscal 2003 was a pivotal year in the evolution of Cobra Electronics. Investing in the future by forging new alliances, hiring new product research and development talent, evaluating and refocusing our channel distribution strategies, expanding target market demographics and, most importantly, developing superior consumer electronics products made 2003 an important year in Cobra's evolutionary process. With a focus on technology in three key categories of Personal Communications, Marine and Navigation, Cobra Electronics heads boldly into 2004 and beyond.

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,		
<i>In thousands, except per share amounts</i>	2003	2002	2001
Net sales	\$ 114,811	\$ 135,840	\$ 150,031
Cost of sales	84,156	101,563	111,042
Gross profit	30,655	34,277	38,989
Selling, general and administrative expense	27,515	31,074	28,404
Expenses for the terminated Lowrance acquisition	—	—	1,402
Operating income	3,140	3,203	9,183
Other income (expense):			
Interest expense	(162)	(228)	(787)
Other income (expense), net	165	91	(117)
Income before income taxes	3,143	3,066	8,279
Tax provision	1,302	1,346	3,594
Net income	\$ 1,841	\$ 1,720	\$ 4,685
Net income per common share:			
Basic	\$ 0.29	\$ 0.27	\$ 0.75
Diluted	\$ 0.28	\$ 0.26	\$ 0.73
Weighted average shares outstanding:			
Basic	6,420	6,373	6,236
Diluted	6,495	6,505	6,403

CONSOLIDATED BALANCE SHEETS

<i>In thousands, except share data</i>	At December 31,	
	2003	2002
ASSETS		
Current assets:		
Cash	\$ 4,736	\$ 2,829
Receivables, less allowances for claims and doubtful accounts of \$577 in 2003 and \$1,179 in 2002	22,437	24,784
Inventories, primarily finished goods	20,668	20,956
Deferred income taxes	5,265	6,552
Other current assets	3,285	3,468
Total current assets	<u>56,391</u>	<u>58,589</u>
Property, plant and equipment, at cost:		
Land	330	330
Buildings and improvements	4,464	4,542
Tooling and equipment	21,379	19,865
	<u>26,173</u>	<u>24,737</u>
Accumulated depreciation	(19,466)	(17,317)
Net property, plant and equipment	<u>6,707</u>	<u>7,420</u>
Other assets:		
Cash surrender value of officers' life insurance policies	6,564	5,966
Other	6,571	2,807
Total other assets	<u>13,135</u>	<u>8,773</u>
Total assets	<u>\$76,233</u>	<u>\$74,782</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 3,073	\$ 4,292
Accrued salaries and commissions	1,189	881
Accrued advertising and sales promotion costs	2,766	2,002
Accrued product warranty costs	1,524	2,137
Other accrued liabilities	1,453	2,133
Total current liabilities	<u>10,005</u>	<u>11,445</u>
Non-current liabilities:		
Deferred compensation	4,556	3,785
Deferred income taxes	3,836	3,673
Other long term liabilities	135	—
Total non-current liabilities	<u>8,527</u>	<u>7,458</u>
Total liabilities	<u>18,532</u>	<u>18,903</u>
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$1 par value, shares authorized—1,000,000; none issued	—	—
Common stock, \$.33 1/3 par value, 12,000,000 shares authorized, 7,039,100 issued for 2003 and 2002	2,345	2,345
Paid-in capital	19,772	19,772
Retained earnings	39,890	38,049
Accumulated comprehensive income	16	35
	<u>62,023</u>	<u>60,201</u>
Treasury stock, at cost (619,323 shares for 2003 and 2002)	(3,922)	(3,922)
Officer's note receivable	(400)	(400)
Total shareholders' equity	<u>57,701</u>	<u>55,879</u>
Total liabilities and shareholders' equity	<u>\$76,233</u>	<u>\$74,782</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>In thousands</i>	Years Ended December 31,		
	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 1,841	\$ 1,720	\$ 4,685
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	2,732	2,738	2,213
Loss (gain) on cash surrender value (CSV) of life insurance	(306)	79	81
Tax benefit from stock options exercised	–	43	228
Deferred taxes	1,450	407	2,443
Loss on sale of fixed assets	2	3	190
Changes in assets and liabilities:			
Receivables	2,463	17,014	(5,826)
Inventories	312	1,234	(3,317)
Other current assets	77	(1,049)	712
Other assets	(2,408)	(1,514)	204
Accounts payable	(1,251)	1,357	(465)
Accrued liabilities	(268)	(2,441)	203
Deferred compensation	771	457	360
Other long term liabilities	135	–	–
Net cash flows from operating activities	<u>5,550</u>	<u>20,048</u>	<u>1,711</u>
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Capital expenditures	(1,500)	(2,333)	(3,361)
CSV of life insurance premiums	(292)	(292)	(164)
Long term loan receivable	(1,725)	–	–
Net cash flows used in investing activities	<u>(3,517)</u>	<u>(2,625)</u>	<u>(3,525)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:			
Net borrowings (repayments) under the line-of-credit agreement	–	(15,378)	2,002
Transactions related to exercise of stock options, net	–	509	433
Transactions related to officer's note receivable	–	(400)	–
Net cash flows from (used in) financing activities	<u>–</u>	<u>(15,269)</u>	<u>2,435</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(126)</u>	<u>–</u>	<u>–</u>
Net increase in cash	1,907	2,154	621
Cash at beginning of year	2,829	675	54
Cash at end of year	<u>\$ 4,736</u>	<u>\$ 2,829</u>	<u>\$ 675</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	\$ 162	\$ 277	\$ 837
Income taxes	530	600	572

QUARTERLY FINANCIAL DATA (UNAUDITED)

<i>In thousands, except per share amounts</i>	Quarter Ended							
	March 31		June 30		September 30		December 31	
	2003	2002	2003	2002	2003	2002	2003	2002
Net sales	\$20,554	\$21,042	\$26,622	\$36,264	\$26,304	\$35,924	\$41,331	\$42,610
Cost of sales	15,440	16,281	18,866	27,040	19,232	27,528	30,618	30,713
Gross profit	5,114	4,761	7,756	9,224	7,072	8,396	10,713	11,897
Selling, general and administrative expense ^(a)	5,810	5,073	7,057	8,098	6,615	7,729	8,033	10,174
Operating income (loss)	(696)	(312)	699	1,126	457	667	2,680	1,723
Tax provision (benefit)	(306)	(156)	272	492	261	216	1,075	795
Net income (loss)	(453)	(236)	407	621	391	338	1,496	997
Net income (loss) per share ^(b) :								
Basic	(0.07)	(0.04)	0.06	0.10	0.06	0.05	0.23	0.16
Diluted	(0.07)	(0.04)	0.06	0.09	0.06	0.05	0.23	0.15
Weighted average shares outstanding:								
Basic	6,420	6,315	6,420	6,349	6,420	6,407	6,420	6,420
Diluted	6,479	6,460	6,487	6,570	6,506	6,553	6,511	6,477
Stock Price:								
High	7.200	8.250	7.100	9.250	7.340	8.420	7.560	7.000
Low	5.840	6.040	5.950	7.400	5.760	6.180	6.250	5.800
End of Quarter	6.020	7.540	6.930	8.250	6.840	6.250	7.550	6.540
Trading Volume	388	946	845	1,332	550	609	644	509

(a) The fourth quarter of 2003 includes the reversal of \$1.2 million of unclaimed program funds from 2002.

(b) The total quarterly income per share may not equal the annual amount because net income per share is calculated independently for each quarter.

FIVE YEAR FINANCIAL SUMMARY

<i>In thousands, except per share amounts</i>	Years Ended December 31,				
	2003	2002	2001	2000	1999
OPERATING DATA:					
Net sales	\$ 114,811	\$ 135,840	\$ 150,031	\$ 143,204	\$ 118,693
Gross profit	30,655	34,277	38,989	39,421	30,152
Selling, general and administrative expense	27,515	31,074	28,404	26,600	23,540
Expenses for the terminated Lowrance acquisition	–	–	1,402	–	–
Operating income	3,140	3,203	9,183	12,821	6,612
Tax provision	1,302	1,346	3,594	4,132	1,744
Net income	1,841	1,720	4,685	7,189	3,983
Net income per share:					
Basic	0.29	0.27	0.75	1.17	0.66
Diluted	0.28	0.26	0.73	1.12	0.65
AS OF DECEMBER 31:					
Total assets	76,233	74,782	89,592	77,761	59,579
Short-term debt	–	–	–	13,376	4,083
Long-term debt	–	–	15,378	–	–
Shareholders' equity	57,701	55,879	53,972	48,626	41,572
Book value per share	8.99	8.70	8.56	7.89	6.80
Shares outstanding	6,420	6,420	6,303	6,166	6,118

The financial statements and selected financial data included herein have not been audited. The information was derived from the full consolidated financial statements for the year ended December 31, 2003, which were presented in accordance with accounting principles generally accepted in the United States of America and which were audited by Grant Thornton LLP in accordance with auditing standards generally accepted in the United States of America. Copies of the full consolidated financial statements and of the independent auditors' report that expressed an unqualified opinion (dated February 18, 2004) are included in the Company's Proxy Statement and in its Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission, both of which are available on request.

CORPORATE INFORMATION

TRANSFER AGENT AND REGISTRAR

Shareholder address changes should be sent directly to:
American Stock Transfer & Trust Co.
59 Maiden Lane
New York, NY 10007
(718) 921-8206

FORM 10-K AND PROXY STATEMENT

A copy of the company's Form 10-K and Proxy Statement will be sent to shareholders upon written request to Michael Smith, Senior Vice President and Chief Financial Officer, or by e-mail to msmith@cobra.com.

ANNUAL MEETING

You are cordially invited to Cobra Electronics Corporation's annual meeting of shareholders, to be held on Tuesday, May 11, 2004 at 11:00 a.m. The meeting will be held at the offices of Sidley Austin Brown & Wood LLP, Bank One Plaza, 10 South Dearborn St. Chicago, IL 60603 on the 55th Floor in Room 2-C.

Record date for voting at the meeting is April 2, 2004.

SUMMARY ANNUAL REPORT

This report is in a summary format. It is intended to present 2003 results in a simple, readable style. The more detailed operational and financial material is part of the Proxy Statement.

CORPORATE OFFICERS

Carl Korn
Chairman of the Board

James R. Bazet
President and
Chief Executive Officer

Anthony A. Mirabelli
Senior Vice President—
Marketing & Sales

Michael Smith
Senior Vice President
and Chief Financial Officer

Gerald M. Laures
Vice President—Finance
and Corporate Secretary

BOARD OF DIRECTORS

James R. Bazet
President and
Chief Executive Officer
Cobra Electronics Corporation

William P. Carmichael
Retired Senior Vice President
Sara Lee Corporation

James W. Chamberlain
President, Ryobi North America
Inc. and Senior Vice President/
General Manager
Ryobi Finance Corporation

Henry G. Chiarelli
Vice President/
Division Manager
CompUSA

Carl Korn
Chairman of the Board

Ian R. Miller
Founder/Owner, The Brand
Practice LLC
Business/Marketing/Branding
Experts

Barry S. Rosenstein
Managing Partner
JANA Partners LLC

Harold D. Schwartz
President, Chez & Schwartz, Inc.
Marketing Consultants

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CORPORATE COUNSEL

Sidley Austin Brown & Wood LLP,
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