



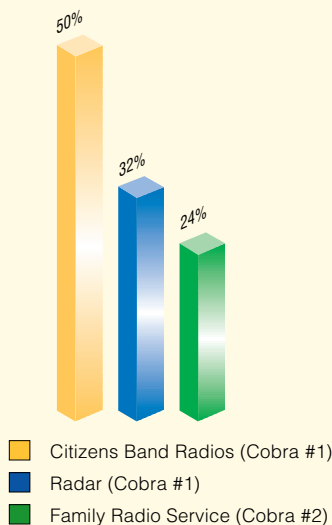
Cobra Electronics Corporation
1999 Summary Annual Report

ABOUT THE COVER

“Reshaping The Future” was the theme for The 2000 International Consumer Electronics Show and sums up the efforts for the future of Cobra Electronics. Cobra is committed to its consumers and shareholders by leading the market with two-way communications products.

Cobra has taken great strides in technology and development, taking the Citizens Band Radio, Family Radio Service and Radar Detector markets by storm. With new models and new product lines, Cobra is reshaping the future at home and abroad.

**Cobra Product Lines
U.S. Market Share
1999**



CORPORATE INFORMATION

Company Profile

Cobra Electronics Corporation (Nasdaq: COBR), headquartered in Chicago, IL, is a leading designer and marketer of consumer electronics products for two-way communications. Cobra is the number one brand in Citizens Band radios and radar detectors and a strong number two in the rapidly growing Family Radio Service (“FRS”) category. Products include microTALK™ Family Radio Service two-way radios, SoundTracker® and NightWatch™ Citizens Band radios, 9 Band™ detectors with the exclusive Strobe Alert™ technology, HighGear™ accessories, Safety Alert® receivers and Safety Alert transmitters for emergency, road construction and public utility vehicles and the railroad industry. Cobra products are sold in major retail outlets

throughout the U.S. and around the world. Visit Cobra on the world-wide web at <http://www.cobraelectronics.com>.

Transfer Agent and Registrar

Shareholder address changes should be sent directly to:
American Stock Transfer & Trust Co.,
40 Wall Street, New York, NY 10005,
(212) 936-5100.

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 Gerald M. Laures, Vice President-Finance and Corporate Secretary, or by e-mail to Glaures@cobraelectronics.com.

Annual Meeting

You are cordially invited to Cobra Electronics Corporation’s annual meeting of shareholders, to be held on Tuesday, May 9, 2000 at 11:00 a.m. The meeting will be held at the offices of Sidley & Austin, Bank One Plaza, 10 South Dearborn Street, Chicago, IL 60603, on the 55th Floor in Room 2-C.

Record date for voting at the meeting is April 7, 2000.

Summary Annual Report

This report is in a summary format. It is intended to present 1999 results in a simple, readable style. The more detailed operational and financial material is now part of the Proxy Statement.

(Thousands of dollars except per share amounts)	1999	1998	Change
Operating Data:			
Net sales	\$118,693	\$103,414	14.8%
Gross profit	30,152	24,661	22.3%
Operating income	6,612	4,914	34.6%
Income before taxes	5,757	3,797	51.6%
Net income*	3,983	14,200	(72.0)%
Net income per common share:*			
Basic	.66	2.30	(71.3)%
Diluted	.65	2.20	(70.5)%

* In 1998, the company had a one-time income tax credit of \$10.4 million for the reversal of the company's valuation allowance on its deferred tax asset. If adjusted for the tax rate used in 1999, 1998's net income and net income per diluted share would have been \$2.6 million and \$.41, respectively.

FINANCIAL HIGHLIGHTS

As of December 31:

Total assets	59,579	64,419	(7.5)%
Short-term debt	4,083	14,316	(71.5)%
Shareholders' equity	41,572	37,496	10.9%
Book value per share	6.80	6.18	10.0%
Shares outstanding	6,118	6,066	0.9%

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JAMES BAZET, *President & Chief Executive Officer*

We are reshaping Cobra's future. We are reshaping the look, feel and technology of the products we sell. We are reshaping the landscape of the business to expand consumer reach by extending our retail and international distribution network. We are reshaping the Cobra brand — building valuable brand equity. Through this process, we have delivered on our promise to accelerate sales and earnings growth.

1999 was an exceptional year. Financial performance was very

increased 52 percent to \$5.8 million from \$3.8 million in 1998. Net income for the year was \$4 million, or \$0.65 per diluted share, compared with net income of \$14.2 million, or \$2.20 per diluted share, for 1998, which included a one-time income tax benefit of \$10.4 million for the reversal of Cobra's valuation allowance on its deferred tax assets. If adjusted for the tax rate used in the current period, net income and diluted earnings per share for 1998's full year would have been \$2.6 million and \$0.41, respectively.

From a balance sheet perspective, we also made significant improvements in 1999. Inventory levels at December 31, 1999 were \$8.7 million, compared with \$14.2 million at the end of last year, a 39 percent reduction. Short-term debt decreased to \$4.1 million at December 31, 1999 versus \$14.3 million one year earlier, partly due to lower inventory levels. Increased earnings and the fact that we do not pay income taxes because of our net operating loss carryforwards also contributed to the short-term debt reduction.

Focus on Product Innovation and Technology Leadership

There were many successes in 1999. Highlights include: impressive domestic market success in our leading-edge microTALK line of Family Radio Service two-way radios; continued market-leading safety enhancements of our radar detector

Report to Shareholders

“
1999 was a year of impressive top line and bottom line growth for Cobra.
”

strong. There were outstanding achievements in product innovation. We entered new markets, developed new customer alliances and widened our overall customer reach.

Throughout this summary annual report we will present the foundation of our efforts to reshape our future. These efforts have not and will not be achieved without a tremendous amount of focus. We are focused on what is most important — introduction of new, exciting products and technology improvements; development of our distribution network; expansion of our major market positions; and translation of that energy into solid financial returns to shareholders.

Sales in 1999 increased 15 percent to \$118.7 million from \$103.4 million in 1998. Pretax income

lines; and the introduction of the NightWatch line of illuminated Citizens Band radios. These successes, among the others we outline in the pages that follow, were driven in response to what our customers have told us is important to them. We have accepted the challenge and are reshaping our business to respond and deliver.

Focus on New Markets and Distribution Channels

As part of our goal to reshape Cobra's future, we have identified the European market as a key area of opportunity for our products. Late in the year, we began to take advantage of this opportunity by introducing a new European line of microTALK radios. We initially launched the line in the United Kingdom to very positive customer response, and added additional distributors in Germany, Finland, France, Spain, Sweden and Turkey, where sales are just beginning.

Also, during 1999, we greatly expanded our reach into the office supply distribution channel. As a result, we have as customers the big three office supply retailers — Office Depot, OfficeMax and Staples.

Focus on the Future

As existing markets continue to evolve and as new distribution channels and markets open, our challenge is to anticipate what consumers want and provide them



CARL KORN, *Chairman of the Board*

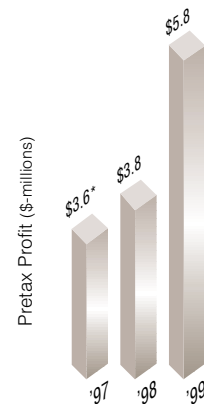
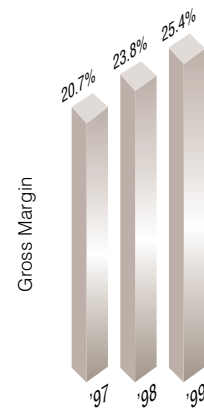
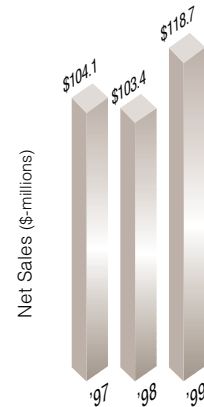
what they need. To do this we will continue to develop innovative two-way communications products that meet and exceed our customers' expectations and deliver value to consumers – and, in turn, to our shareholders.

We thank you for your support as we reshape Cobra's future.... together.

Carl Korn
Chairman of the Board

James R. Bazer
President and Chief Executive Officer

Chicago, Illinois
March 30, 2000



* Excludes a one-time building sale gain



◀ **EVOLUTION OF 9 BAND DETECTORS**

"Reshaping Radar Detection" from pencil concept to finished product.

leading-edge products to more consumers. The Cobra brand has a strong and proud history of high quality, innovative products. We

RESHAPING THE FUTURE



2000 EDITOR'S CHOICE AWARD

▲ Award for microTALK 315 WX

believe the more markets and shelf space we occupy, the more Cobra will be the obvious consumer choice.

One of the first steps to reshaping the future was to reshape our products, making them more appealing to a broader consumer base. To this extent, the company employed the help of an award winning design firm, Product Development Technology ("PDT"), to add functional and fashionable appeal to our innovative products.

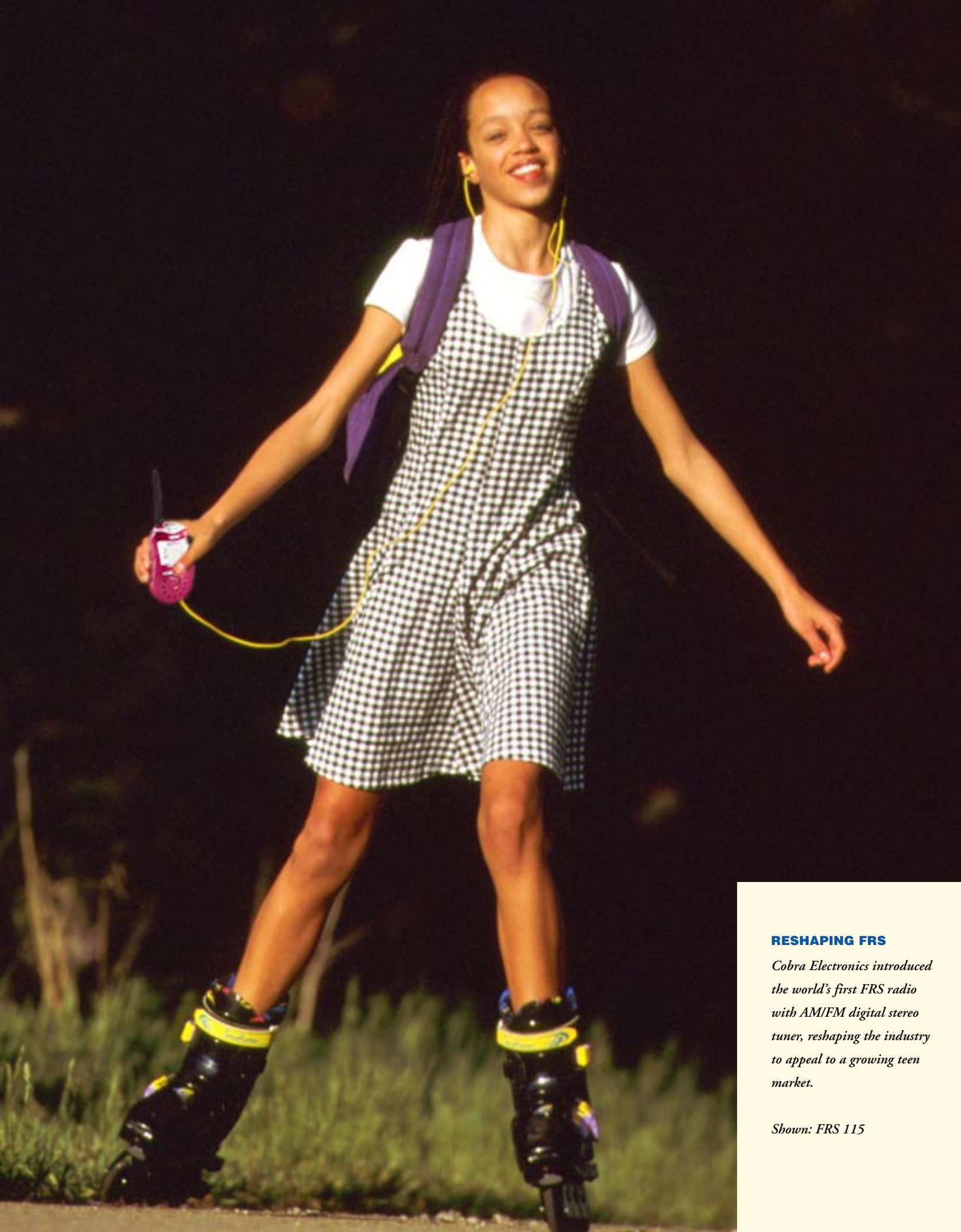
The combination of Cobra's many first-to-market features and PDT's award winning designs will ensure that we continue to grow profitable market share well into the future.

Cobra is a newly energized company that is laser focused on reshaping its future. In 1999, we identified four initiatives essential to Cobra's continued success. The major areas we believe key to successful implementation of the reshaping strategy include: expanding our distribution, exploring new market opportunities, developing new and innovative products and expanding our traditional geographic boundaries.

By focusing on these four areas we will be able to deliver more of our

**Design & Engineering Showcase
CES Innovations Awards
Presented to Cobra**

- 1997**
 - Handheld CB Radio
 - Cordless Phone
 - Radar Detector
- 1998**
 - 6 Band™ Detectors (2 models)
 - FRS Radio
 - CB Radio
 - CB Microphones
 - Cordless Phone
- 1999**
 - microTALK radios (3 models)



RESHAPING FRS

Cobra Electronics introduced the world's first FRS radio with AM/FM digital stereo tuner, reshaping the industry to appeal to a growing teen market.

Shown: FRS 115

RESHAPING DISTRIBUTION

Cobra products are now sold by almost every retailer. That has been one of our goals. To achieve this, we worked to expand our presence in the traditional consumer electronics channels and introduced the Cobra brand in non-traditional channels that would be complementary to our products and brand.

We were able to accomplish this on the strength and dominant position of our high quality products, including Family Radio Service two-way radios, radar detectors and Citizens Band radios. By offering more feature-filled, competitive products, Cobra has added important retail partners. Cobra has also grown its presence with a wider offering of products with longtime partners including Kmart and Sears.

Even more exciting is how Cobra has now reached the popular office supply retailers. The new key customers in this category include OfficeMax, CompUSA, Office Depot and Staples. Putting better products, in more categories, on more shelves, in more stores will assure that we continue to build brand equity long into the future.





◀ EXPANDING PRODUCT PLACEMENT

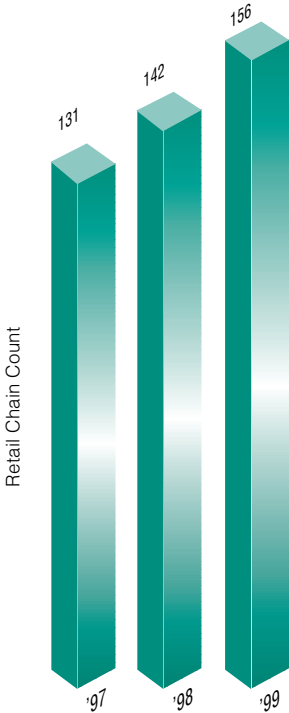
In 1999 Cobra has added over 10 major retail accounts, expanding its reach to consumers from office supply to computer retailers. In 2000 Cobra expects significant growth in the amount of shelf space it occupies among major retailers.

◀ RESHAPING MARKET AWARENESS

Cobra has reshaped and redesigned retail point of purchase. Shown here is the Cobra 80-2 Clear Call™ sold at Kmart stores nationwide.

▶ COBRA'S RETAIL ACCOUNTS

Cobra has grown its retail chain accounts nearly 20% since 1997. With new models and new product lines, the number of retail accounts will increase to over 200.



www.cobraelectronics.com

In 1999 Cobra's sales through its web site increased substantially. For 2000 one of Cobra's key initiatives is to better position the company to capitalize on the rapid growth in e-commerce. To do this, Cobra will be making significant investments in added personnel focused solely on building and supporting web sales and in major enhancements to the site in terms of design and functionality.



◀ RESHAPING TRENDS

With extensive market research, Cobra is setting the FRS market trend in its new line with vibrant colors and distinctive shapes for 2000.

helping to establish Cobra as a consumer electronics company serving new markets including families, businesses and outdoor enthusiasts.

RESHAPING MARKETS

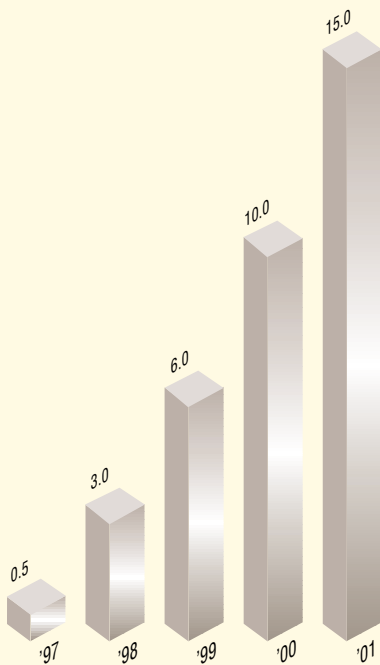
Our microTALK line of two-way radios is a driving force in the effort to position Cobra as one of the leading two-way communications companies in the consumer electronics industry. Just three years ago, we identified Family Radio Service as a category with substantial growth potential and one that would help us reshape the company. We have exceeded our goals for this category. We are now a strong second in the market, with twice the market share of our nearest competitor.

Moreover, according to research from 1998, the FRS industry is expected to more than double in factory unit sales by 2001 as compared to 1999 sales figures. Our microTALK line is

In 1999, after extensive market research, Cobra introduced HighGear, a new accessories division that offers a complete line of quality Citizens Band radio speakers, microphones, antennas and other accessories.



Finally, this year Cobra successfully surpassed the competition and took over the number one market share position in radar detection. The market's overwhelming response to our innovative 6 Band line of detectors made this goal a reality.



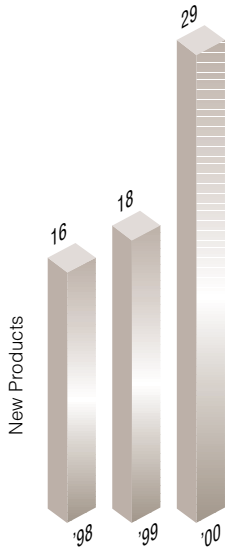
Estimated growth in FRS industry sales
(Units in millions)



RESHAPING MARKETS

New for 2000, Cobra's PRO 2000 WX, a five-mile range GMRS/FRS radio with weather alert, is reshaping the recreation market.

RESHAPING PRODUCTS



Number of new products introduced at International Consumer Electronics Show

A hallmark of Cobra's tradition is to continuously find new and innovative ways to enhance our products. Whether it's our market-leading Citizens Band radios and radar detectors, or innovative microTALK radios, we refuse to stand still.

Our award-winning look, shapes and features of our microTALK radios have added to our strong position in the Family Radio Service market. We will continue to add first-to-market features to our microTALK line, moving to further validate our commitment to making the best Family Radio Service radios with the best value.

In 1999, Cobra became the largest FRS supplier to Kmart stores nationwide. In addition, our leading radar line was named "Radar Line of

Choice" in Best Buy stores. In 2000, our radar detectors will offer the industry's first 9 Band radar line with Cobra's exclusive patented SafetyAlert and Strobe Alert warning systems. Cobra also is raising the bar for Citizens Band radios by introducing the 29 NW ST LE, a special edition Citizens Band radio with unique features in a limited edition format.

These major product initiatives strengthen our philosophy that no matter how far we have taken a technology or product feature, there is still more room to improve and enhance. This was evidenced by the twenty plus new products the company introduced at the January 2000 International Consumer Electronics Show.

COBRA'S STROBE ALERT WARNING SYSTEM - A MAJOR ADVANCE IN DRIVING SAFETY

Cobra proudly introduces Strobe Alert warning system, a system designed to increase driver awareness and safety.

Cobra is the exclusive provider of this system in detectors with over 50,000 transmitters currently in use.

◀ *When the light bar of an emergency vehicle is activated, the Strobe Alert transmitter is powered. It emits infrared and visible light pulses. When these specially coded pulses are received by the receptor, signals are generated that control the action of the traffic lights to ensure right-of-way for the emergency vehicle. These same signals are transmitted to Cobra's 9 Band radar detectors.*

► **RESHAPING PRODUCTS**

Cobra's microTALK radios are not just a family product as more and more professional markets are finding use for them.

▼ **RESHAPING RADAR**

The new ESD 9850 radar detector not only detects the standard police laser and radar signals, but is now equipped with an eight-point compass and Safety Alert and Strobe Alert technologies. The 9 Band detectors are now becoming a useful travel tool.



► **RESHAPING CITIZENS BAND RADIOS**

Cobra salutes its professional Citizens Band radio operators with a unique limited edition 29 NW ST LE radio. With two color

NightWatch illumination, champagne platinum vinyl outer case with embossed Cobra logo, this radio also includes a certificate of authenticity.





◀ RESHAPING BOUNDARY SALES

Cobra's 1999 international sales and distributors by country.

Cobra PMR has received favorable reviews from various respected European media outlets, including *Radio Active* and London's *Saturday Times*. Though our overseas effort is

RESHAPING BOUNDARIES



Cobra's Hong Kong office is located in the familiar Gateway Towers, 25 Canton Road, Kowloon.

Cobra is expanding its geographic boundaries to reshape its future. Our international initiative is taking off in 2000 as we establish ourselves in foreign markets. In 1999, we signed the first of many international distributor agreements throughout Europe, serving a number of new markets including Denmark, Finland, France, Germany, Norway, Portugal, Spain, Sweden, Turkey and the United Kingdom. Through these agreements, Cobra successfully shipped the international version of its microTALK radios, the Private Mobile Radio ("PMR") and six versions of its Citizens Band radios to a wide variety of countries. The

still in its early stages, we are already experiencing positive sales in almost 30 international markets around the globe.

By looking far beyond our shores to establish and strengthen the Cobra brand name around the world, we will convey the same message of Cobra quality, value and innovation that we have earned in North America and create new areas in which to grow our business and increase revenues, profits and shareholder value.



**RESHAPING
INTERNATIONAL
AWARENESS**

The Cobra microTALK Private Mobile Radio (PMR) has taken the European community market by storm. PMR is being used as an alternative to the standard form of two-way communication.

CONSOLIDATED STATEMENTS OF INCOME

Cobra Electronics Corporation

In thousands, except per share amounts	Years Ended December 31,		
	1999	1998	1997
Net sales	\$118,693	\$103,414	\$104,098
Cost of sales	88,541	78,753	82,547
Gross profit	30,152	24,661	21,551
Selling, general and administrative expense	23,540	19,747	16,655
Operating income	6,612	4,914	4,896
Other income (expense):			
Interest expense	(878)	(1,204)	(1,276)
Gain on sale of building	—	—	1,132
Other income (expense), net	23	87	(60)
Income before income taxes	5,757	3,797	4,692
Tax provision (benefit)	1,774	(10,403)	—
Net income	\$ 3,983	\$ 14,200	\$ 4,692
Net income per common share:			
Basic	\$ 0.66	\$ 2.30	\$ 0.76
Diluted	\$ 0.65	\$ 2.20	\$ 0.73
Weighted average shares outstanding:			
Basic	6,020	6,181	6,207
Diluted	6,107	6,469	6,459

QUARTERLY FINANCIAL DATA

In thousands, except per share amounts	Quarter Ended							
	March 31		June 30		September 30		December 31	
	1999	1998	1999	1998	1999	1998	1999	1998
Net sales	\$19,874	\$21,172	\$26,213	\$22,440	\$34,346	\$26,223	\$38,260	\$33,579
Cost of sales	14,809	16,921	19,700	16,976	26,082	19,720	27,950	25,136
Gross profit	5,065	4,251	6,513	5,464	8,264	6,503	10,310	8,443
Selling, general and administrative expense	4,829	3,737	5,091	4,096	6,362	5,300	7,258	6,614
Operating income	236	514	1,422	1,368	1,902	1,203	3,052	1,829
Tax provision (benefit)	23	—	442	—	442	—	867	(10,403)
Net income	37	237	833	1,265	885	678	2,228	12,020
Net income per share (a):								
Basic	0.01	0.04	0.14	0.20	0.15	0.11	0.37	1.98
Diluted	0.01	0.04	0.14	0.19	0.15	0.11	0.36	1.92
Weighted average shares outstanding:								
Basic	6,077	6,218	6,019	6,235	5,981	6,210	6,003	6,066
Diluted	6,223	6,625	6,122	6,539	6,077	6,383	6,116	6,273
Stock Price								
High	5 1/8	8 5/8	4 5/8	6 3/4	4 1/2	5 5/8	6 3/8	6 1/4
Low	3 1/2	5 5/8	3	4 3/4	3	3 1/2	3 5/32	3 5/8
End of Quarter	3 3/4	6 1/4	4	5 1/16	3 3/16	3 3/4	4 15/16	4 11/16
Trading Volume	724	2,931	1,259	2,050	1,077	1,684	2,477	1,304

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

CONSOLIDATED BALANCE SHEETS

Cobra Electronics Corporation

In thousands	At December 31,	
	1999	1998
Assets:		
Current assets:		
Cash	\$ 93	\$ 100
Receivables, less allowances for claims and doubtful accounts of \$1,381 in 1999 and \$985 in 1998	25,565	27,055
Inventories, primarily finished goods	8,689	14,213
Deferred tax asset	4,997	6,945
Other current assets	4,192	1,747
Total current assets	<u>43,536</u>	<u>50,060</u>
Property, plant and equipment, at cost:		
Land	330	330
Buildings and improvements	3,619	3,614
Tooling and equipment	13,915	12,765
	<u>17,864</u>	<u>16,709</u>
Accumulated depreciation	(13,042)	(11,960)
Net property, plant and equipment	<u>4,822</u>	<u>4,749</u>
Cash surrender value of officers' life insurance policies	5,499	4,553
Deferred tax asset	4,581	4,089
Other assets	1,141	968
Total assets	<u>\$59,579</u>	<u>\$ 64,419</u>
Liabilities and Shareholders' Equity:		
Current liabilities:		
Accounts payable	\$ 2,792	\$ 3,145
Accrued salaries and commissions	1,326	844
Accrued advertising and sales promotion costs	2,800	1,804
Accrued product warranty costs	2,916	2,211
Other accrued liabilities	1,456	2,283
Short-term debt	4,083	14,316
Total current liabilities	<u>15,373</u>	<u>24,603</u>
Deferred compensation	2,634	2,320
Total liabilities	<u>18,007</u>	<u>26,923</u>
Shareholders' equity:		
Preferred stock, \$1 par value, shares authorized—1,000,000; none issued	—	—
Common stock, \$.33 ⅓ par value, 12,000,000 shares authorized, 7,039,100 issued for 1999 and 1998	2,345	2,345
Paid-in capital	20,301	20,799
Retained earnings	24,455	20,472
	<u>47,101</u>	<u>43,616</u>
Treasury stock, at cost (921,009 shares for 1999 and 973,184 for 1998)	(5,529)	(6,120)
Total shareholders' equity	<u>41,572</u>	<u>37,496</u>
Total liabilities and shareholders' equity	<u>\$59,579</u>	<u>\$ 64,419</u>

FIVE YEAR FINANCIAL SUMMARY

Cobra Electronics Corporation

In thousands, except per share amounts	Years Ended December 31,				
	1999	1998	1997	1996	1995
Operating Data:					
Net sales	\$ 118,693	\$ 103,414	\$ 104,098	\$ 90,324	\$ 90,442
Gross profit	30,152	24,661	21,551	16,370	16,577
Selling, general and administrative expense	23,540	19,747	16,655	14,374	16,097
Operating income	6,612	4,914	4,896	1,996	480
Gain on sale of building	–	–	1,132	–	–
Tax provision (benefit)	1,774	(10,403)	–	–	–
Net income (loss)	3,983	14,200	4,692	601	(1,145)
Net Income (Loss) Per Share:					
Basic	0.66	2.30	0.76	0.10	(0.18)
Diluted	0.65	2.20	0.73	0.10	(0.18)
As of December 31:					
Total assets	59,579	64,419	48,279	42,596	50,081
Short-term debt ^(a)	4,083	14,316	10,995	13,277	19,368
Shareholders' equity	41,572	37,496	23,673	18,713	18,174
Book value per share	6.80	6.18	3.81	3.29	3.20
Shares outstanding	6,118	6,066	6,218	6,242	6,227

(a) Represents borrowings under the Company's credit agreement.

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, 1999, which were presented in accordance with accounting principles generally accepted in the United States of America and which were audited by Deloitte & Touche 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 23, 2000) 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

Cobra Electronics Corporation

Corporate Officers

Carl Korn
Chairman

James R. Bazet
President and Chief Executive Officer

Anthony A. Mirabelli
Senior Vice President—
Marketing & Sales

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
Senior Vice President/ General Manager
Ryobi Finance Corporation

Carl Korn
Chairman

Gerald M. Laures
Vice President—Finance and
Corporate Secretary
Cobra Electronics Corporation

Ian R. Miller
Strategic Business Advisor,
Former President
Monsanto Consumer Food Worldwide

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

Corporate Headquarters

Cobra Electronics Corporation
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Chicago, Illinois 60707
Phone (773) 889-8870
Fax (773) 889-1678
Consumer Service (773) 889-3087
Internet Web Site:
<http://www.cobraelectronics.com>

Independent Accountants

Deloitte & Touche LLP,
Chicago, Illinois

Corporate Counsel

Sidley & Austin, Chicago, Illinois

Cobra Europe

Michael B. Kavanagh, Managing Director
204 Upper Glenageary Road
Glenageary
Co. Dublin, Ireland
Phone 353.1. 235.2311
Fax 353.1. 235.2303

Cobra Electronics (HK) Limited

Daniel S. Schiff, General Manager
1907 Tower One, The Gateway
25 Canton Road, Tsimshatsui,
Kowloon, Hong Kong
Phone (852) 2369 0211
Fax (852) 2724 4875



The background of the page is a solid black color. Overlaid on this are several large, overlapping, curved shapes in shades of light blue and white. These shapes appear to be parts of a larger, complex geometric structure, possibly a stylized letter or a logo, but they are cut off by the edges of the page. The lighting is dramatic, with the white and light blue areas being the brightest, creating a strong contrast with the black background.

Cobra Electronics Corporation
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