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FOUNDED 1866

November 9, 2009

Via Federal Express

The Honorable Michael Delaney
Office of the Attorney General of New Hampshire
33 Capitol Street
Concord, NH 03301

RE: Notice to State Residents of Possible Compromise of Cardholder Data

Dear Attorney General Delaney:

We are writing on behalf of our client, Cobra Electronics Corporation (“Cobra”), to advise you of a data security incident that affects approximately 31 residents of your state who have made purchases from Cobra via its Internet site. Cobra is a leading manufacturer of communication and related electronic equipment that does a modest amount of direct sales to consumers via its website, www.cobra.com. On June 14, 2009, Cobra’s technical group was notified by its customer service staff of some inconsistencies and problems with accessing the Cobra web site. Further examination of the issue revealed that a hacker had gained unauthorized access to the Cobra website on June 14 that allowed the individual access to the web server and certain data stored on the server.

Working in coordination with Cobra’s web site developer and its web hosting provider, Cobra moved immediately to isolate the issue, patch the vulnerability and return the web site to a secure, functional state. The site was taken completely down on June 23, 2009, and a number of changes were made, culminating with a complete re-launch of the site on July 3, 2009, using a newly installed operating system and code on a new drive. Although the intruder apparently used the Cobra.com site to attempt to download malicious software to customer computers, Cobra did not believe at the time that the intruder had access to any Cobra files containing personally identifiable information, such as cardholder information.

As part of a scheduled security review in late September 2009, Cobra discovered that historical data archived on its web server contained cardholder data, including names and card numbers, in an unencrypted format. Realizing that this data likely was present on the Cobra server when the intrusion occurred in June, Cobra took immediate steps to prevent the entry of any additional unencrypted data, to re-examine the events surrounding the June intrusion and to

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fully encrypt card data processed through the Cobra website. In early October 2009, Sidley Austin LLP engaged a forensic investigation firm to analyze the incident. On October 26, 2009, the investigators delivered the preliminary conclusion that no unauthorized access to or use of cardholder data had occurred during the period of June 16 through October 2, 2009. The forensic investigators were not able to reach a firm conclusion for the period prior to June 16, 2009, however, because the hosting provider could not provide the relevant hard drives. Moreover, after further investigation, the forensic team advised Cobra on November 3, 2009, that because the intruder was likely a professional attempting to download malware directly to customers, there also was a risk that the intruder would have found and accessed files containing unencrypted credit card numbers. Therefore, although there is still no evidence to indicate that the intruder actually accessed cardholder data at any time, Cobra has decided to provide notices to approximately 9,000 customers (i) whose card data may have been accessible on the server during the period the intruder had access to the data or (ii) whose data was entered after the intruder was shut out, but before card data on the web server was fully encrypted.

A copy of the letter that Cobra is sending to consumers in connection with this incident is enclosed. As you will see in the letter, Cobra is voluntarily offering customers a year of free credit monitoring and identity theft insurance through Equifax. Cobra also will be posting questions and answers to its website to help address customer concerns and providing a toll-free customer service line.

If you have any questions about the incident, or would like additional information, please do not hesitate to contact me directly at

Sincerely,



David E. Teitelbaum

Encl.



November 10, 2009

Equifax Promotion Code:

Dear Valued Cobra Customer:

We are writing to advise you about a compromise of the security of the Cobra website. We recently discovered that a hacker who penetrated the security of our website had the ability to access files that contained data on customer purchases made through the Cobra website. Although we have not been able to confirm that any credit card data was actually viewed or taken by the hacker, we are informing each customer who made a purchase on the Cobra website from November 18, 2007 through September 30, 2009 that their credit card information may be at risk.

We recommend that you remain vigilant to detect whether the credit card you used to make a purchase on the Cobra website is used without your authorization. You can do this by reviewing the statements for your credit card, and by monitoring your credit reports for unauthorized activity. To help you with this, Cobra is offering one year of free credit monitoring provided by Equifax. It includes toll-free customer service, 7-days a week, and \$1.0 million in identity theft expense insurance. On the reverse side of this letter is additional information about the Equifax product and instructions for registering by phone or via the internet. You will need to provide the unique individual code shown at the top of this letter when registering. If you wish to receive this free credit monitoring product, you must register by February 12, 2010. We encourage you to use this service.

If you suspect that your credit card or personal information has been misused, you should notify your card issuer immediately. Please also report this to Cobra by calling 773-836-7605.

Please be assured that Cobra takes the protection of our customer information extremely seriously and we have taken additional steps to improve the security of our website. We sincerely apologize for this unfortunate incident and for any inconvenience or concern it has caused. If you have any questions about this letter, please call 773-836-7605 or check our website www.cobra.com/creditcardquestions for more information. As an additional consideration to our customers who may be inconvenienced by this incident, we are pleased to offer a 20% discount on any purchase made through our customer service group prior to December 31, 2009. To take advantage of this offer, please call 773-889-3087.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Smith'.

Michael Smith
Senior Vice President & Chief Financial Officer
Cobra Electronics

Information About Enrolling in Equifax Credit Watch Gold with 3-in-1 Monitoring

To assist you in detecting the possible misuse of your personal information, we have arranged with Equifax, a nationwide consumer reporting agency, to help you protect your credit information, at no cost to you. This service will help provide you with an "early warning system" to detect changes to your credit file and help you to understand the content of your credit file at the three major credit reporting agencies—Equifax, Experian, and TransUnion.

How to Enroll

To sign up online for online delivery go to www.myservices.equifax.com/tri.

1. *Consumer Information:* Complete the form with your contact information (name, address and e-mail address) and click the "Continue" button. The information is provided in a secured environment.
2. *Identity Verification:* Complete the form with your Social Security Number, date of birth, telephone numbers, create a User Name and Password, read and agree to the Terms of Use, and click "Continue" button. The system will ask you up to two security questions to verify your identity. Note that on or around December 6, 2009, the website form will change to capture the Promotion Code provided below your name/address on the cover letter. Please provide the Promotion Code where requested.
3. *Payment Information:* During the "check out" process, enter the promotion code located below your name and address on the letter that accompanied these instructions in the "Enter Promotion Code" box. After entering your code press the "Apply Code" button and then the "Submit Order" button at the bottom of the page. (This code eliminates the need to provide a credit card number for payment.) If you enroll prior to December 6, 2009, you will enter the Promotion Code on this page.
4. *Order Confirmation:* Click "View My Product" to access your 3-in-1 Credit Report and other product features.

To sign up for U.S. Mail delivery, dial 1-866-937-8432 for access to the Equifax Credit Watch automated enrollment process. (Note that all credit reports and alerts will be sent to you via US Mail only.)

1. *Promotion Code:* You will be asked to enter your promotion code as provided above.
2. *Customer Information:* You will be asked to enter your home telephone number, home address, name, date of birth and Social Security Number.
3. *Permissible Purpose:* You will be asked to provide Equifax with your permission to access your credit file and to monitor your file. Without your agreement, Equifax can not process your enrollment.
4. *Order Confirmation:* Equifax will provide a confirmation number with an explanation that you will receive your Fulfillment Kit via the U.S. Mail (when Equifax is able to verify your identity) or a Customer Care letter with further instructions (if your identity can not be verified using the information provided). Please allow up to 10 business days to receive this information.

Additional Information

Directions for Placing a Fraud Alert: A fraud alert is a consumer statement added to your credit report. This statement alerts creditors of possible fraudulent activity within your report and functions as a request that they contact you prior to establishing any accounts in your name. Once the fraud alert is added to your credit report, all creditors should contact you prior to establishing any account in your name. To place a fraud alert on your credit file, visit www.fraudalerts.equifax.com, or simply contact Equifax's fraud line at (877) 478-7625, and follow the prompts. Once the fraud alert has been placed with Equifax, a notification will be sent to the other two credit reporting agencies, Experian and TransUnion, on your behalf.

Free Credit Report: Everyone is entitled to receive annually one free copy of their consumer credit report from each of the three national consumer reporting agencies. You may request your free annual consumer credit report immediately by visiting www.annualcreditreport.com or by calling (877) 322-8228.

Protecting Your Identity: You may also obtain important information from the U.S. Federal Trade Commission (FTC) about the steps you can take to avoid identity theft online at www.ftc.gov, by calling the FTC's toll-free identity theft helpline at 1-877-ID-THEFT (1-877-438-4338), or by writing to the FTC at: Federal Trade Commission, Consumer Response Center, 600 Pennsylvania Avenue, NW, Washington, DC 20580.