

Annual General Meeting of Shareholders

Ballistic Recovery Systems, Inc.
South St. Paul, Minnesota

Address by Larry E. Williams CEO, President and Chief Operating Officer, BRS Inc.

Good morning. Welcome to the 2008 annual meeting of Ballistic Recovery Systems shareholders.

This presentation contains forward-looking information as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking information involves risks and uncertainties. Management cautions that forward-looking statements are not guarantees, since there are inherent difficulties in predicting future results, and that actual results could differ materially from those expressed or implied in forward-looking statements.

BRS realized exceptional challenges in 2007 in terms of financial performance for the year, but also had exceptional gains in 2007 in terms of market acceptance of the product and meeting the diversification strategy for the Company's long-term financial strength. Our new DoD and non-aviation business is only six months underway, but is leading our revenue growth up by over 16% year-to-date two quarters into FY 2008 over FY07.

Operating revenues grew to \$9,402,351 in 2007, a 2.3% increase over 2006 and was the fourth straight year of sales growth.

It was not a year however without significant turbulence in the financial performance of BRS. In 2007, although we added more than \$1.1 million to our total assets, which now total over \$6.5 million, we did report a loss of \$1.6 million. To contrast this very sizable loss and write down, the total was comprised of:

- Accounting adjustments associated with inventory and allocation of expenses from our operations in Mexico
 - \$784,000 of costs was not properly allocated to inventory – we could have captured back nearly \$500,000 of this cost, but chose to write down the inventory rather than absorb into current inventory. While increasing the loss, we believe the net effect of taking this inventory write-off is to improve the margins moving forward.
 - Issues with the price extensions that inflated the value of the inventory – overstating the inventory balance during the year
- Impairment of goodwill at \$103,774
- Additional \$30,000 in debt reserve
- Increased capital expenditures for Mexico expansion and opening a new manufacturing facility in Pine Bluff, North Carolina
- Investment in training and quality control was higher than expected.
- The delay in the close of the Head Lites joint venture created a significant delay in orders which led to very low production efficiency

We concluded that the previous disclosure controls and procedures required improvement as of the end of our fiscal year because of inventory and monitoring controls related to the operations in Mexico. We are currently taking steps to improve these controls.

Our efforts included additional analyses and other procedures to ensure that our consolidated financial statements included in the annual report were prepared in accordance with accounting principles generally accepted in the United States. These measures included, among other things:

- Expansion of our year-end closing procedures
- Dedication of significant internal resources and external consultants to scrutinize account analyses and reconciliations at a detailed level, each of which represent changes in our internal controls or financial reporting
- As a result of these and other expanded procedures, we concluded that the consolidated financial statements included in the annual report present fairly, in all material respects, our financial position, results of operations and cash flows for the period presented in conformity with accounting principles generally accepted in the United States.
- We have also, as of February 4, 2008, appointed a new chief financial officer.
- On a going forward basis, management will continue to evaluate our internal controls and procedures.

While these issues have distressed our company and resulted in a delay in the filing of timely SEC reports, we have thus far been able to sidestep any major damage.

We are investing in a more robust ERP system and believe such enhancements to our system and monitoring of internal controls will be adequate to provide reasonable assurance that our internal controls objectives will be met in subsequent periods.

This year was also notable for significant gains across all lines of business.

GA Sales - We derive approximately 74% of our revenue from contracted sales to original equipment manufacturers. The general aviation market continues to be the most significant part of our business. Our largest GA customer, Cirrus continues to be a great customer as our business with them has flourished as their aircraft sales remain strong. Cirrus delivered 710 aircraft in 2007 compared to 721 aircraft shipped in 2006.

According to the General Aviation Manufacturers Association (GAMA), Cirrus remains the market leader in high performance, single-engine piston, four-place airplanes. We currently operate under a Purchase and Supply Agreement which has a rolling automatic renewal term unless either party terminates with 18 months advance notice. The BRS backlog for Cirrus products remains strong at nearly \$9 million through the end of the 2Q08.

One of the key performance statistics in our diversification strategy is to see continued reduction in our dependence on one customer. Sales from our general aviation products, which consist primarily of sales to Cirrus, increased \$356,249 or 5.4% in FY07 representing 74.4% of our overall revenue.

One of the most significant accomplishments for BRS during 2007 was the contract with Cessna to offer the BRS as an option on their new LSA aircraft. In addition to this milestone, Cessna is also offering through its over 350 service stations, the BRS-172 and BRS-182. According to GAMA, Cessna delivered 674 Cessna 172/182 aircraft during calendar year 2007 compared to 736 Cessna 172/182 units in calendar year 2006.

Recreational/Light Sport Aircraft (LSA) - In FY07, our recreational product lines accounted for approximately 22.3% of our revenues. Sales from our recreational and LSA products decreased (\$290,688), or (12.2%) for the year ended September 30, 2007.

Other revenue - increased by \$177,215, or 112.2%, due to new product lines associated with the Mexico operations such as our reflective safety vests and military parachutes.

Personal Protective Equipment - On November 16, 2007, we acquired through our majority owned subsidiary, Advanced Tactical Fabrication Inc., or ATF, substantially all of the assets of Head Lites Corporation, or HLC, a Minnesota corporation which manufactures high visibility personal safety products. ATF, which is 90% owned by us and 10% by HLC, is based in South St. Paul and has production facilities in Pinebluff, North Carolina and a production line at BRS facilities in Tijuana, Mexico.

Product Liability Insurance – As a manufacturer of aviation and safety products, the Company has in the past been exposed to products liability litigation on both our general aviation and recreational products. As a significant risk factor in the past, BRS was affected by the lack products liability insurance. The issues we faced posed unique challenges based on our business, our products and our place within the industry. Every product liability matter presented its own challenges. We responded to these challenges initially by reaching an agreement for indemnification and coverage with Cirrus in exchange for substantial price discounts. This was at the time a function of our business model and the nature of insurance industry.

The board was keenly aware of the risk to shareholders and set specific goals, based on our business needs, economics and the impact of potential liability as well as managing risk. Effective October 2007, we have secured products liability insurance for all products.

ISO 9001:2001 Registration – We achieved ISO registration for our BRS de Mexico facility in July and we passed our assessment one week ago today and will receive registration for our facilities here in Minnesota within a few weeks.

LAMA – Last month, we successfully passed an ASTM Audit conducted by the Light Aircraft Manufacturers Association.

ORGANIZATION UPDATE

I feel it important to provide an update on the BRS organizational footprint and product development status.

It is at this meeting, the entire BRS organization must bid a reluctant farewell to our chairman, Bob Nelson who is retiring from the board. Bob had a profound influence, not just on the strategic direction of the business, but on the culture and character of the Company. His sound judgment and deep sense of humanity will be missed.

I am fortunate to be supported by a senior management group whose leadership has helped guide BRS through the challenges of the past year. The depth of our employees' expertise and resourcefulness is reflected by the diversity of their respective backgrounds. With their demonstrated commitment to serving the best interests of our shareholders this superb team, along with the entire BRS family of employees, stand ready to meet the challenges of this interesting phase of our company. Please allow me to introduce the members of the senior staff here today:

David Blanchard, GM BRS
Carl Langr, CFO
Ken Marek, Purchasing

Norman Girdwood, GM BRS Fabrication
Frank Hoffmann, VP Engineering
Gary Moore, VP Sales

BRS today is comprised of:

- BRS Parachutes headquartered in South St. Paul within a 13,000 square foot assembly plant next door. We have 27 employees here. We will be moving into a new 18,000 square foot office/manufacturing facility in August of this year.
- BRS Fabrication, a division of BRS, is located within a 36,000 square foot facility in Pine Bluff, North Carolina where we have 14 employees. This facility specifically addresses the requirements of the Department of Defense to manufacture textile products in the United States, commonly referred to as the Berry Amendment.
- BRS de Mexico, a wholly owned Mexico subsidiary housed in a 26,000 square foot facility in Tijuana, Mexico. BRS de Mexico and its 70 employees have manufactured over 2,200 parachutes since inception. We have three primary product lines:
 - BRS Sport Parachute Systems (~700 per year)
 - CIMSA Parachutes
 - ATF Products
- Advanced Tactical Fabrication (ATF) is 90% owned by BRS and is headquartered in South St. Paul with 6 employees and has a manufacturing line at BRS facilities in Tijuana, Mexico and Pine Bluff, North Carolina.

Combined with independent sales and support facilities, BRS has a true global presence.

FY2007 IN REVIEW

- Sales Increase – Total sales increased \$210,622, or 2.3%, from \$9,191,729 for FY06 to \$9,402,351 for FY07.
- Cirrus – We delivered 678 units to Cirrus in FY07 compared to 706 in FY06.
- Cessna Sales - Our sales and marketing efforts resulted in the sale and delivery of eight BRS-182 units during fiscal year 2007. Through the first six months of FY08, we have delivered a total of nine Cessna units – already exceeding all of FY07 sales.
- Recreational/LSA Sales Decline – Our recreational and LSA aircraft product line sales decreased by (12.2%) during FY07 compared to the prior fiscal year driven mostly by an expected downturn in recreational sales and leveling off of sales to Flight Design for the CT aircraft. LSA and recreational sales accounted for 22.3% of our revenues for fiscal year 2007 versus 26.0% of our revenues for fiscal year 2006. The LSA and recreational aircraft products business relies on customer acceptance of our parachute concept and the existence of installation designs for light sport and recreational aircraft. We delivered 192 LSA units in fiscal year 2007. The LSA market in and of itself has been weaker than expected.
- International Market – We currently work with approximately 30 dealers and distributors worldwide. Sales to international customers accounted for approximately 47.5% of our recreational aviation product sales in 2007.
- Gross Margin – Gross margin as a percentage of revenues was 16.0% for fiscal year 2007 compared to 36.2% for fiscal year 2006. The largest factors contributing to this reduction in gross margin were investment in new product lines for diversification, Mexican production facility inefficiencies and excess non-productive labor in our Mexico facility of production overhead due, among other things, to the delay in closing the Head Lites acquisition.
- Selling, General and Administrative - Selling, general and administrative costs as a percentage of sales were 27.9% for both fiscal years 2007 and 2006.
- Payroll and Employee Benefit Expenses - Payroll and employee benefit expenses increased \$317,339, or 17.1%, from \$1,860,186 for FY06 to \$2,177,525 for FY07. This increase was primarily due to increased health care insurance costs and the addition of personnel to respond to increased business in new markets. As a percentage of overall sales, the payroll and employee benefit expenses increased by 3.0%, from 20.2% for the year ended September 30, 2006 to 23.2% for the year ended September 30, 2007.
- Legal –
 - In April 2005, Sue Jean McGrath, individually and as successor in interest to Charles W. McGrath, deceased, sued Cirrus Design Corporation, Ballistic Recovery Systems, Inc., and Aerospace Systems and Technologies, Inc., in the U.S. District Court, Northern District of

California. The plaintiffs alleged vicarious liability, strict product liability, negligence and breach of warranty against the defendants arising from the crash of a Cirrus Design SR22 airplane near Sugar Bowl, California. On December 6, 2007, the court granted summary judgment dismissing all defendants, including BRS. The plaintiffs have agreed not to pursue an appeal in exchange for our agreement not to seek recoverable costs.

- On September 16, 2005, an action was commenced against us by Robert Treat Rayner, in the Circuit Court of the 5th Judicial Circuit in and from Lake County Florida. The Complaint alleges that plaintiff was injured when his ultralight aircraft crashed while being towed by another ultralight. Plaintiff alleges that he deployed his BRS system, but that it failed to deploy properly. BRS is undertaking an investigation of the claim and has responded to the suit. The case is currently in discovery. At this time, BRS believes that it has strong defenses to the suit and will vigorously defend against the claims.
- Restatement - On January 11, the Audit Committee of our Board of Directors concluded that the consolidated financial statements included in our quarterly reports on Form 10-QSB for the quarters ended March 31, 2007 and June 30, 2007 should no longer be relied upon due to errors contained therein. The Audit Committee determined restatements of the consolidated financial statements for the affected periods were required due to errors in the valuation of inventories and allocation of production overhead. These Restatements had a negative impact on our financial position, financial results, and operations.
- Removal from OTCBB - On December 31, 2007, we filed with the SEC notifying them that we were not able to file our annual report within the prescribed time period because we were in the process of reconciling some inconsistencies in the accounting of inventory. While we intended to file this annual report by January 15, we required additional time to reconcile the accounting of inventory.

Effective February 20, 2008, our common stock has been removed from quotation from the Over-the-Counter Bulletin Board, due to our inability to timely file our annual report. Although we anticipate obtaining quotation of our common stock on the OTCBB once we have made our necessary public filings with the SEC, this process will require a market maker registered with FINRA to file an application on our behalf with the OTCBB for such quotation. There can be no assurances that we will successfully obtain such quotation on the OTCBB.

MARKET INDICATORS

We are beginning to see an impact to the GA market in response to the general economy. The piston engine airplane market was stable in 2007. Although down slightly 2.9 percent from 2006, this sector posted the second best year in the past two decades. Our primary general aviation product is standard on the Cirrus SR20 and SR22 aircraft. For fiscal year 2007, sales to Cirrus accounted for approximately 74.4% of our revenues. One of our growth strategies addresses customer concentration by pursuing more general

aviation business from other manufacturers and diversifying our products through other business lines like military parachute systems and the reflective safety vests.

INDUSTRY TRENDS

According to GAMA (the General Aviation Manufacturers Association), the strong world market continues to drive general aviation sales and shipments. While the U.S. economy grew 2.2 percent in real terms in 2007 according to preliminary data, the economies of emerging markets such as China and India are expanding at rates between three and four times that. This is translating into solid demand for GA products in markets outside of North America.

In 2007, U.S. overall GA exports rose 28.2 percent. Of all general aviation airplanes manufactured in the U.S. in 2007, exports accounted for 34.8 percent of the total.

General aviation is a safe form of transportation. According to the NTSB aviation accident statistics released last week, while the overall number of general aviation accidents rose from 1,518 in 2006 to 1,631 in 2007, the number of fatalities in 2007 was down from 703 to 491 (a 30 percent decrease), making it the lowest annual total in more than 40 years.

BRS products were used eight times during calendar 2007 resulting in saving 10 pilots and passengers bringing our total lives saved through the end of 2Q08 to 211.

FUTURE GROWTH

By now, you might be thinking, “don’t tell us what the company did yesterday. Tell us what you are going to do tomorrow.”

I will describe the changes shaping the future of our company and discuss how your company is leading the way. We have a tremendous position in – and impact on – the aviation industry. We have the best technology in our industry, and we are constantly investing and innovating to make sure it remains the best.

Primary drivers for our future growth are:

General Aviation Sales - Expansion of the GA market beyond Cirrus to other GA manufacturers such as Cessna and Diamond Aircraft.

Light Sport Aviation - As GA manufacturers commit to opening a wider door into general aviation by offering light sport aircraft, we expect that a more affordable way to learn to fly will spur continued demand in the light end of general aviation. We now have 12 approved LSA installations with more on the way.

Very Light Jet Aviation – This fledgling market continues to be a growth opportunity for BRS if we can capture the necessary technology to offer a successful product.

DoD - We are actively seeking opportunities to manufacture parachute systems and support components for military applications. Additionally we are working to incorporate our parachute recovery systems aboard current and future planned unmanned aerial vehicles for the United States Department of Defense (DoD) and similar foreign agencies (Ministry of Defense). We are currently manufacturing DoD related products and systems in our facilities in North Carolina.

Repack Market - All of our parachute recovery systems require repack, or refurbishment, for continued service. The average refurbishment cycle on recreational aircraft is six years, and ten years for general aviation aircraft. We have seen a steady rise in demand for repacks as we have more and more fielded products – nearly 29,000 over the history of the company including over 3,500 Cirrus units delivered. The first Cirrus installations occurred in 1999 and we expect the repacks to increase significantly beginning next year.

Non-Aviation - We are actively seeking new non-aviation product lines of a “cut-and-sew” nature from a variety of safety-related firms to manufacture in our Mexican facility. These opportunities require high quality, precise assembly processes in a customizable and quick-change environment. Our Tijuana facility fulfills these requirements; our trained and highly skilled workforce familiar with sewing techniques translate seamlessly to these diversified product lines.

Personal Protective Equipment - Our subsidiary, Advanced Tactical Fabrication, Inc., or ATF, manufactures, markets, and distributes products within the Personal Protective Equipment (PPE) industry utilizing the Head Lites™ brand high visibility components and trims, Vis-Mat™ brand high visibility vest apparel, headwear and accessories, Vis-Tac™ brand load-bearing tactical vest platforms, plus ELMO™ brand emergency lighting systems. We also anticipate that ATF will develop custom personal safety products, along with full-package supply chain management for United States or foreign-sourced cut-and-sew fabrication.

COMPETITION

We believe we are the only manufacturer of whole-aircraft emergency parachute systems in the general aviation market and are the only US-based manufacturer in the domestic recreational aviation market. Currently, we are aware of four foreign competitors in the international recreational aviation market and the LSA market. One foreign competitor has entered the US market as a standard component on a newly designed LSA airplane. While data is not publicly available, we believe these competitors are smaller than BRS.

The top 10 LSA manufactures to date make up 77.6% of the S-LSA sales (fixed wing aircraft). The remaining manufactures have just 22.4% of the market share. BRS has installation designs complete for three of the top 10 manufactures.

These three manufactures who offer BRS installations account for 28.4% of the total market - or 317 fixed wing aircraft delivered. Flight Design is the LSA market leader and is our second largest customer. The Flight Design CT, which has the BRS standard

on all aircraft, has a 20.2% total market share with 226 aircraft delivered. The remaining 22.4% of the top ten market share of fixed wing LSA account for only an additional 249 aircraft delivered. The rest of the market is made up of weight shift (trikes), powered parachutes and gliders which account for 277 aircraft delivered.

If you look at the aircraft that offer the BRS system as an option it appears we have about a 10% penetration rate. For example, AMD has delivered 47 aircraft and ordered five recovery units. The same can be said for EuroFox, they have delivered 25 aircraft and have purchased two BRS units. This 10% penetration seems to be the norm when the BRS is sold as an option - this is an area that needs to improve and we continue to work hard with the aircraft manufacturers. The goal still has to be getting manufactures to offer recovery systems as standard equipment.

The closest competitor to BRS in the LSA market is the Sting Sport delivered in the United States with a GRS system standard. They only delivered 55 aircraft in comparison to the CT at 226, and own only a 4.6% market share. Competition for the recreation market internationally remains strong, particularly in Europe. BRS is however making gains as we work our European strategy and take advantage of the favorable exchange rate between the Euro and the US Dollar.

ENGINEERING

In fiscal year 2007, we expended \$556,314 in engineering, compared to \$465,415 expended in fiscal year 2006. We expect engineering costs to approximate \$840,000 for fiscal year 2008.

With continued focus on a new 3600 increased capacity parachute and the 5500 series aimed at very light jets and unmanned aerial vehicles, we expect certification of both systems before the end of FY08.

In the past year, our engineering team developed a novel product for which patent protection has been applied. The invented device is a microprocessor based controller which will be able to calculate the appropriate moment in which a drogue parachute can be released in order to deploy the main parachute. A drogue parachute is a small parachute that is used to stabilize and slow down faster aircraft, such as a Very Light Jet. The proper timing of the release of this drogue is critical: if it happens too early, the main parachute will tear, if it happens too late, the aircraft may be very close to the ground. With this invention, BRS continues to lead the way with innovative ideas to meet customer requirements of the future.

THE BRS PATH FORWARD

What can you expect from BRS in 2008? You can expect us to maintain the momentum, remaining with our proven strategy and building on the past successes. You can also expect us to look at new opportunities to develop in the aviation, DoD and non-aviation markets. Some of the primary projects and programs underway for FY08 are:

3600 and 5500 Programs – We are in the final stages of the canopies for these two key programs. Our engineering staff has been working directly with the FAA on a streamlined certification procedure to accomplish certification in the most efficient manner. We feel very confident in both of these products through the extensive developmental testing we have accomplished over the last year and a half.

MRP Upgrades – A key need facing us today is the inadequacy of our MRP system. This was a significant contributing factor into our accounting issues at the end of FY07. We have been working for some months now with a consultant that has designed and defined the architecture for a new system that we plan to have implemented by year end. This new system will give us the necessary visibility and real-time reporting to stay on top of things like variance analysis and inventory levels. We are reviewing all pricing and conducting margin analysis on all BRS and ATF products

New Building – In response to our expansion and need to add a repack center to address the coming Cirrus repacks, we were faced with the need for expansion. We have operated for nearly two years from two separate facilities here on the airport. We began working with the City of South St. Paul over a year ago and secured a deal whereby the City would build a new, purpose-built facility for BRS. This 18,000 square foot building under construction now, will consolidate operations here and provide manufacturing space as well as a defined repack center. We expect occupancy by mid-August of 2008.

DoD Bids – DoD related business is a large part of both our growth and diversification strategies. We have underway several bids for DoD related business including:

- Tactical Vests
- Personnel Parachute Chest Harness
- Guardian Angel (USAF Special Forces)

ATF Sales/Expansion – As this business matures, we expect to see continued growth and improvement in sales for ATF. We have reached agreement with our biggest ATF customer, Fechheimer Brothers, and have secured business worth over \$500,000 in the next year. This represents significant progress to meeting our budgeted sales goals for ATF. We are reviewing our ATF product offering to standardize products.

ISO Registration – As mentioned previously, we passed our audit and have achieved ISO registration for the South St. Paul facilities. The paperwork has been submitted and we should receive our registration certificate within 30-days.

SUMMARY and CONCLUSION

2007 was a year of some unanticipated difficulties for BRS but we also gained terrific success as well. What began with a problem related to the bill of materials associated with a part number change on 19 parts, developed into a full-scale crisis, impacting dramatically financial results of the Company. The moves we have made through FY07, although costly, enable us to take advantage of opportunities in the market when a better climate returns – a double win for our shareholders.

The board and management remain committed to delivering superior long-term results and ask for your patience in transitioning through growth obstacles. We have a tradition of sound governance, ethics and integrity. Looking ahead, I believe that the Company's prospects remain strong. Today we are well positioned to extend our leadership in the aviation industry with a talented and dedicated workforce. I believe the following critical areas will guide us through FY08:

- YTD Sales – Our experienced management team is in place and we continue to make systems improvements to achieve better results.
 - ATF Sales – are performing well and have offset entirely the downturn in our Cirrus business. This is a very strong indication that our diversification strategy is working.
 - Cessna Sales – so far, six months into FY 08, we have already sold more Cessna units that the entire fiscal year 2007.
 - LSA – BRS remains the industry leader enjoying continued worldwide product acceptance of whole-airplane recovery parachutes with LSA customers like Flight Design, Cessna and Cirrus.
- Engineering – Our engineering group has the challenge of matching the market demands for new parachute applications with the technological demands of product performance. Parachutes, while simple in concept, are complicated and challenging to develop with long and expensive development cycles. We are investing in engineering to deliver the sort of performance and improvements to remain the market and technological leader. Our product development efforts have been demonstrated as our engineering group has delivered new products such as the 3600 and 5500 systems - key to our growth.
- ISO Registration and LAMA Audit – As we gain more and more customers and expand into new markets, standardization within a solid quality assurance base are absolutely essential. We have devoted significant attention and funding to achieve certifications and registrations to verify our quality systems. The ISO registration in both Mexico and now South St. Paul and our successful completion of the LAMA audit are great examples of the progress we have made in this area.
- BRSM Direct Labor Costs – While we experienced excessively high labor costs in Mexico during the transition and growth necessary to bring new product lines into BRS operations, we have worked diligently to bring these rates down to the necessary levels to ensure profitability. The intent of the Mexican operations has always been to exist as a production facility only.

The board at BRS has chosen to take a long-term view. We do not want to focus on maximization of short-term profit, an objective that carries increased risk and greater potential for significant losses. We may continue to experience some losses, the moves we have made are an investment in the future are based on building strength through diversification. A diversified product suite, across various industries, protects us against problems and cycles in specific markets. Our growing operations in the United States and internationally offer significant and profitable growth opportunities.

I would like to thank you, our shareholders, for your support. Thank you.