



Policy #: **POL – 3.2**

Effective Date: **July 25, 2006**

Subject: **Policy with Respect to Stock Ownership of
Non-Employee Directors**

Maintained By: **General Counsel**

Approved By: **Board of Directors**

Applies to: **All Non-Employee Directors**

Supersedes: **N/A**

Purpose

The Board of Directors has established a policy for directors who are not employees of Insituform Technologies, Inc. (the “**Company**”) with respect to continuing stock ownership levels expected of each such director. Directors who are employees of the Company will not be subject to this policy, but instead will be subject to the “Policy with Respect to Stock Ownership of Officers (Tier 0 and Tier 1).”

This policy is effective as of July 25, 2006 (the “**Effective Date**”).

Policy

Policy for Existing Non-Employee Directors Serving as of the Effective Date

On or before the third anniversary of the Effective Date, each non-employee director of the Company serving as of the Effective Date and as of the third anniversary of the Effective Date, will be required to hold at least Ten Thousand (10,000) shares of the Company’s common stock. As of the Effective Date, each non-employee director of the Company holds deferred stock units from grants during 2005 and 2006 equal to at least Six Thousand Four Hundred (6,400) shares that will be deemed to be held by such director for purposes of this policy. The balance of the shares of common stock that a non-employee director must hold under this policy on or prior to the third anniversary date of the Effective Date, and thereafter, can either be in the form of shares of common stock beneficially owned by the director or in the form of deferred stock units held by the director.

Policy for New Non-Employee Directors Elected or Appointed after the Effective Date

For each non-employee director of the Company who is elected or appointed after the Effective Date, on or before the fourth anniversary of such director’s election or appointment as a director of the Company, the director will be required to hold at least Ten Thousand (10,000) shares of the Company’s common stock. The shares of common stock that a non-employee director must hold under this policy on or prior to the fourth anniversary of such director’s election or appointment, and thereafter, can either be in the form of shares of common stock beneficially owned by the director or in the form of deferred stock units held by the director.

Amendment, Revision or Termination of Policy

The Board of Directors has the authority to amend, modify or revise any of the terms of this policy at any time after the Effective Date. The Board also has the authority to terminate this policy at any time after the Effective Date. Neither an amendment, modification or revision of this policy, nor a termination of this policy, will have any effect on the terms and conditions of the deferred stock unit or any other equity awards held by the non-employee directors at the time of such amendment, modification, revision or termination.