

Clearly Better



Insituform®

Insituform. Clearly Better.

Insituform's performance was clearly better in 2008. Our profits were up. Our geographic footprint enlarged. Our rehabilitation solutions expanded and we increased the transparency of our financial reporting, making it easier to understand the operations and profitability of our underlying businesses.

Clearly, 2009 can be even better as we leverage our core strengths to grow profitably, focus on faster growing geographic markets and continue to seek ways to reduce costs without compromising quality.

Financial Highlights

FOR THE YEARS ENDED DECEMBER 31,					
	2008	2007	2006	2005	2004
Revenues	\$536,664	\$495,570	\$527,419	\$483,595	\$433,869
Gross Profit	129,597	99,108	129,003	121,026	102,627
Operating Income	33,882	13,530	36,311	35,545	17,155
Income from Continuing Operations	24,076	12,866	26,303	20,160	6,209
Net Income	21,640	2,543	24,678	13,160	597
Diluted Earnings Per Share:					
Income from Continuing Operations	\$ 0.86	\$ 0.47	\$ 0.96	\$ 0.75	\$ 0.23
Net Income	0.77	0.09	0.90	0.49	0.02

On front cover:

Noçair Bensalah, Director of Quality

Dear Fellow Stockholders,

To say that these are turbulent times would be a considerable understatement. Pick up a newspaper or magazine, watch a television or internet news report and you will quickly learn that the U.S. and global economies are dealing with the worst conditions since the early 1980's. Some are even suggesting that the only parallel for these economic times is the Great Depression of the 1930's. Responding to a seemingly unrelenting stream of poor economic data, political leaders are struggling to find the right mix of intercession in key but troubled industries and stimulation through government investment and tax subsidies.

With these measures they hope to restore consumer confidence to spur spending and ultimately investment. Of course, no one can be certain of the long-term implications of these unprecedented interventions by the government in key sectors of the economy and the equally unprecedented magnitude of the stimulus spending. This "persistent uncertainty," as investors look for clues as to when the worst of the crisis is past or that the fixes proposed by governments are having a positive impact, continues to stall the hoped-for recovery. The simple reason is that it is not clear if any of it will work. That lack of clarity has put many people and companies on the sideline, pushing the recovery date further into the future.

Clarity is important because many questions about companies today revolve around the issue of "transparency." Creating a more transparent organization was among my priorities when I arrived at Insituform last April. To that end, in 2008 we realigned our financial reporting by dividing our former rehabilitation segment into four reportable business segments: North American Sewer Rehabilitation, European Sewer Rehabilitation and Asia-Pacific Sewer Rehabilitation, along with Water Rehabilitation. Our other former reportable segment, Tite Liner, was renamed Energy and Mining. Beyond these formal changes, we have also sought to create a more open dialogue related to our markets, our performance within those markets, and our short- and long-term performance aspirations for the business. While this "persistent uncertainty"

may abound in the general economy, at Insituform we are clearly performing better in our core businesses, have made clear progress in the growth of our water and sewer rehabilitation markets, and have chosen a clear path to accelerate our growth and stockholder return potential with two significant acquisitions which expand and substantially complete our service offering in the energy and mining sector.

So, let's examine the results.

Our business made significant overall progress in 2008 with net income increasing 751 percent to \$21.6 million (or \$0.77 per diluted share) on revenues of \$537 million, compared to \$2.5 million (or \$0.09 per diluted share) on revenues of \$496 million in 2007. Income from continuing

operations, the best measure of our progress, increased 87 percent. For reasons I will discuss below, it was a solid year. But we can and will do more.

We are clearly performing better in our core businesses, have made clear progress in the growth of our water and sewer rehabilitation markets, and have chosen a clear path to accelerate our growth and stockholder return potential.

Overview of Operations

North American Sewer Rehabilitation.

2008 was an exciting turnaround year for our North American Sewer Rehabilitation business. Against essentially flat revenues, our operating profit improved by \$14 million, a seven-fold increase over 2007. We continue to transition our manufacturing operations to market-based pricing.

Combining this changed pricing practice with production efficiencies and cost savings increased manufacturing's operating income by over \$4 million. Additionally, third party tube sales increased by 126 percent – driving a \$1 million increase in profits. We realized nearly \$1 million in cost savings due to improvements in product and process quality in our North American Sewer Rehabilitation segment. These savings were the result of improved process controls in manufacturing, wetout and field installation, along with structured field training of our crews. Additionally, we reorganized our management structure to create a leaner, flatter organization. Going forward, this move alone is expected to produce annual cost savings of approximately \$4 million.

There is still more to do. Led by Chuck Voltz, Bruce Frost and a new general management team, we are excited about our plans to focus on key accounts, accelerate our quality programs and become a more efficient project management organization. While we expect the market to be flat in 2009, we expect even greater profitability as we drive to improve the return on this business.

Asia/Pacific Sewer Rehabilitation. Our Asia-Pacific Sewer Rehabilitation business made significant progress in penetrating this geographically large and diverse market in 2008. By year's end, the backlog for this segment had grown to \$46 million – up from literally nothing two years ago. We now have projects underway in India, Hong Kong and Australia and are selling CIPP tube in South Korea, China and Hong Kong.

While accomplishing these sales efforts, our management was also building our Asia-Pacific organization. During 2008, we opened our first wet out facility in the region and hired and trained approximately 160 new employees in our installation methods. Daniel Cowan, Vice President, Asia/Pacific, has relocated to Hong Kong to be closer to the action at this critical time of growth for this region.

For 2009, we see solid growth in our backlog for the region as India, China, Australia and Singapore all continue to invest in environmental infrastructure. We will continue to focus on large-diameter installations and small-diameter tube sales, as we believe this optimizes our return in the region. We believe this business will be a solid contributor to our profits in 2009.

European Sewer Rehabilitation. Our European Sewer Rehabilitation segment experienced a disappointing year in 2008, primarily due to execution issues, costs associated with the reorganization of the European management team and a sharp decline in the United Kingdom market in the last half of 2008. While revenues in our European contracting operations rose slightly from \$93 million in 2007 to \$98 million in 2008, our operating income (excludes corporate allocations) declined from \$5 million to \$2 million over the same period.

There were some bright spots during the year. Our business in The Netherlands had a record year for both revenues and profits and our German joint venture also showed improved profitability in the second half of 2008. By year's end, the restructuring efforts and an increased focus on eliminating execution errors were beginning to positively impact our performance.

While we expect the market to be flat in 2009, we expect the changes we have made will position us for improved profitability.

Water Rehabilitation. Revenues from our Insituform Blue® product line increased dramatically to over \$13 million in 2008, up from \$4 million in 2007, primarily due to work completed on an ongoing project on Madison Avenue in New York City. While this unit did not contribute positive earnings in 2008, significant strides were made in terms of execution capability and product development. Prospects for new orders and growth in this segment continue to be robust, and we expect to see significant growth in our backlog in 2009.

We began 2008 by announcing the largest drinking-water pipeline rehabilitation project to date for our Insituform Blue® operations, involving the rehabilitation of approximately 19 miles of water pipeline beneath and around the famed Nathan Road in Kowloon, Hong Kong. In North America, our work on Madison Avenue in New York City was complemented by project assignments in Minnesota, Texas and British Columbia. A water main renewal project for South Salt Lake City, Utah won the Project of the Year Award from the Utah Chapter of the American Public Works Association.

More importantly, our technology portfolio is beginning to catch up to our aspirations for this market. We have enhanced our robotics capabilities so that we can now install mechanical taps in 6-inch diameter water lines. Our InsituMain™ product gives us a fully structural cured-in-place pipe (CIPP) solution for a wide range of pressures and diameters. Lastly, productivity improvements allow us to be competitive with dig and replace options in most cases. As we continue to drive productivity up and costs down, we expect the conversion to trenchless technologies to accelerate. We reconfirm our commitment to double our Water Rehabilitation segment's revenues annually through 2012.

Energy and Mining. Our Energy and Mining segment also contributed significantly to our success in 2008, with 46 percent top-line growth from last year. This segment enjoyed record profits on revenues of \$61 million, up from \$42 million last year. For the first year in our history, revenues for this segment were balanced between North America and our international market. In addition to a record year in Chile, we undertook our first project in China, supplied materials in Madagascar and began marketing our services in Brazil, where we expect to complete our first project in 2009.

While the short- to intermediate-term impact of the current global recession remains unclear, the long-term principles for the energy and mining markets remain strong. To that end, we took steps late in the year to expand this business segment beyond the current lining capability. Specifically, on February 2, 2009, we announced agreements to acquire The Bayou Companies, L.L.C., with principal offices in New Iberia, Louisiana, and Corrpro Companies, Inc. with principal offices in Houston, Texas. These companies, together with our Tite Liner® products, give Insituform a broad product offering in the industrial sector, which will make Insituform a significant competitor in this space.

With combined revenues of approximately \$316 million, these two companies are both profitable and well-run. Their products and services complement ours, and they have strong backlog positions allowing them to better weather the current economic and commodity pricing situation. We believe these acquisitions should increase our company's annual revenues by approximately 60 percent and practically double our EBITDA, while significantly diversifying our business in the energy and industrial sectors to include coatings and cathodic protection. Equally important, we expect these acquisitions to greatly expand our addressable markets in the industrial sector. We have gone from a \$60 million business with an estimated \$200 million addressable market to a \$375 million business with estimated addressable markets of \$1.7 billion in North America and almost \$4 billion worldwide. This is the type of organic growth platform that we believe accelerates our ability to deliver a premium return to our stockholders.

We closed The Bayou Companies acquisition on February 20, 2009 and expect to close the Corrpro Companies acquisition on March 31, 2009.

Outlook for 2009

Without question, we will face both challenges and opportunities in 2009 and beyond. Because many projects on our books for 2009 are part of long-term projects that are already funded, they should not be directly impacted by municipal belt-tightening. Over time, we may benefit

from increased infrastructure spending in the United States, brought on by the recently passed economic stimulus plan. Our business plan, however, does not depend on this economic plan or the increased funding for pipeline rehabilitation it may generate.

We will continue to pursue initiatives that enhance our capabilities, improve our quality and lower our costs. We will continue to push the conversion of the U.S. drinking water rehabilitation market to trenchless technologies. We will work with the management teams of The Bayou Companies and Corrpro Companies to ensure that these acquisitions are accretive to our stockholders.

Clearly, we took important steps forward by improving our performance in 2008. We intend to continue to deliver favorable financial results to serve the needs of our customers around the world and to increase our transparency as a company—clearly a better way of doing business. These are turbulent times indeed. But we believe they are also times of enormous opportunity for Insituform.

Thank you for your interest in Insituform, and I look forward to updating you on our progress in the coming months.



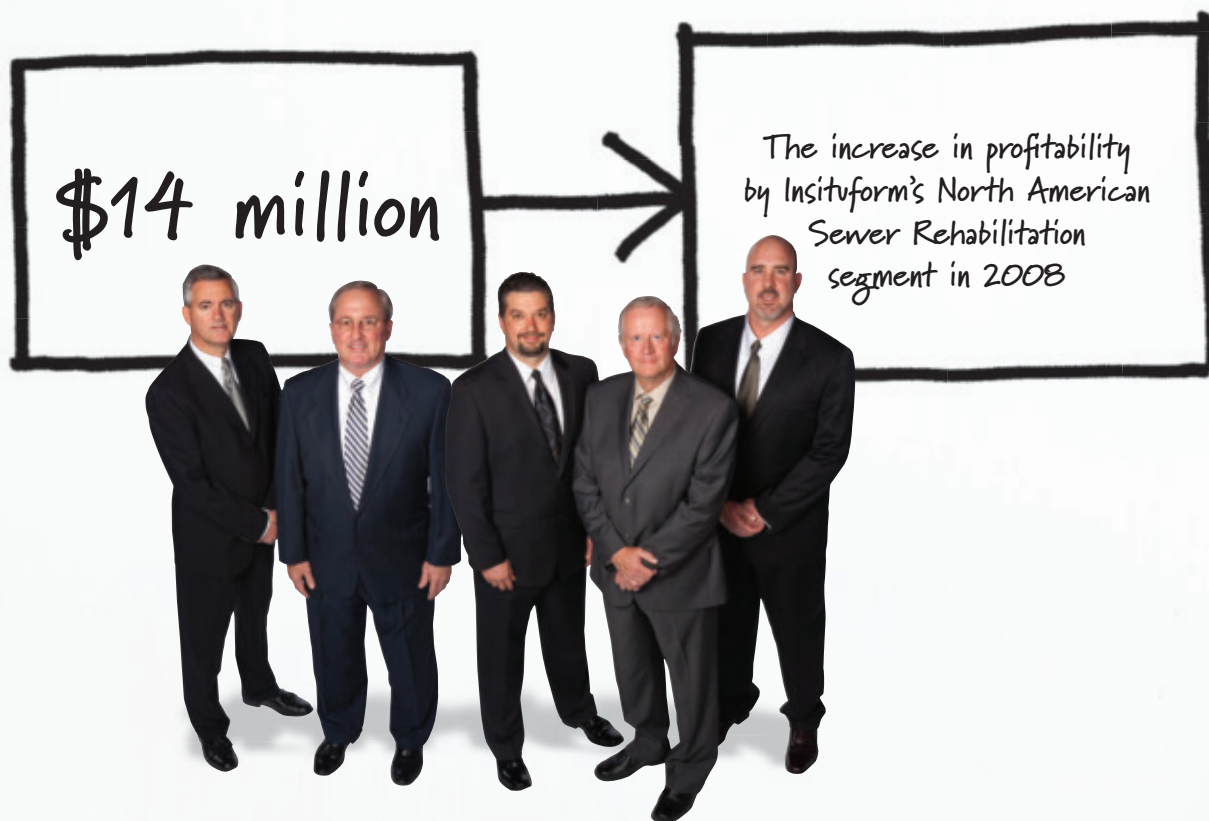
J. Joseph Burgess
President and CEO



J. Joseph Burgess (middle), President and Chief Executive Officer leads a senior management team that includes David F. Morris (left), Senior Vice President, General Counsel and Chief Administrative Officer and David A. Martin (right), Vice President and Chief Financial Officer.

Clearly more profitable.

Insituform's North American Sewer Rehabilitation business is on the rebound.



Insituform's North American Sewer Rehabilitation (NAR) Leadership

(From left) Charles E. Voltz, Senior Vice President, NAR leads the North American Sewer Rehabilitation leadership team, which includes: Bruce A. Frost, Vice President, NAR Services; Bobby C. O'Dell, General Manager; Kenneth W. Foster, Vice President, Canada; and Joseph A. Lane, General Manager.

Contributing Factors:

Third party
tube sales

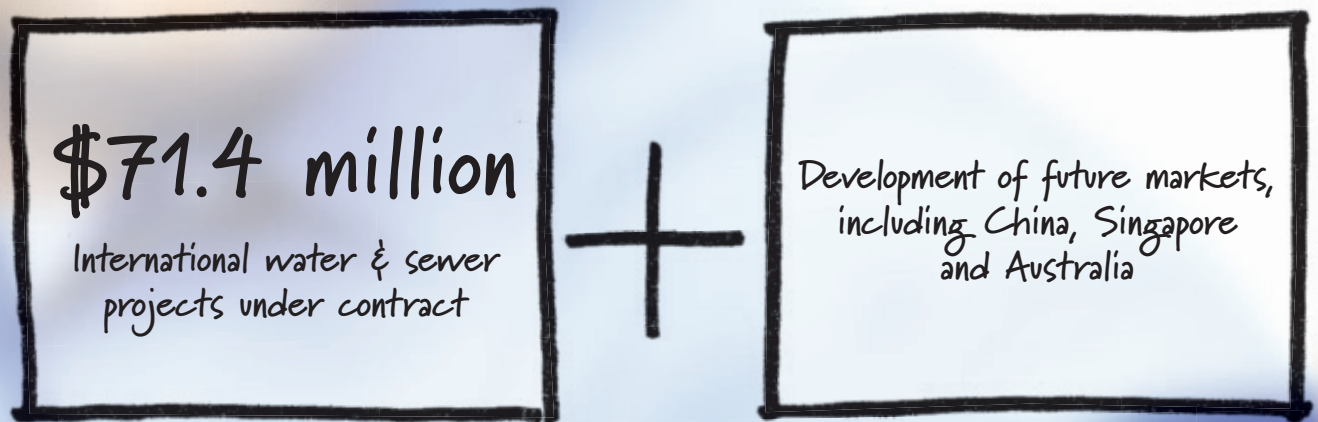
Manufacturing
improvements
and cost
reductions

Management
reorganization

Quality and
logistics
improvements

- Improved material flow increased productivity
- Upgraded equipment reduced downtime
- Lean manufacturing principles improved efficiency

- Enhanced process controls at tube manufacturing plant
- Structured field training of crews
- Reduced variability of supplied materials
- Improved wet out and field installation processes



Opposite Page: Insituform's International Rehabilitation Leadership

Daniel E. Cowan, Vice President, Asia/Pacific (on left) and Alexander J. Buehler, Vice President, Europe.

Clearly international in scope.

Insituform taps into the demand for infrastructure renewal throughout the world.



Insituform has operations in 36 countries and on six continents.

Over the next two years, an Insituform joint venture will rehabilitate more than eight miles of medium- and large-diameter sewer lines in New Delhi, India.

The Delhi Jal Board in India has announced plans to spend more than \$1 billion to upgrade its sewer network that serves a population of 14 million people.

Singapore, which has rehabilitated more sewer lines per capita than any city in the world, has \$280 million in additional sewer rehab work planned for the next five years.



Clearly in demand.

The Water Rehabilitation segment's backlog is growing with infrastructure rehabilitation projects.

\$4M

Water Rehabilitation
revenues in 2007



From Madison Avenue

In the summer of 2008, we began rehabilitating 10,000 feet of a century-old water main that runs beneath New York City's Madison Avenue using our Insituform Blue® products without closing the busy street to traffic.

To the United Kingdom

In Matlock, Derbyshire, nearly a mile of cast iron pipe was rehabilitated using the InsituGuard™ system. The project is a candidate for the best large renovation award from the United Kingdom Society for Trenchless Technology.

To British Columbia

We are using the InsituGuard™ system to rehabilitate nearly three miles of water pipes in residential neighborhoods in Victoria, British Columbia – a city renowned for its use of environmentally sound practices.

\$13M

Water Rehabilitation
revenues in 2008



Insituform Blue Leadership

Charles E. Voltz, Senior Vice
President, NAR (on left)
and Gary R. Wiegmann,
General Manager.

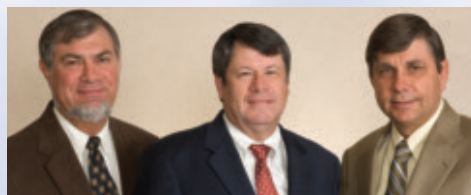
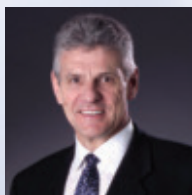
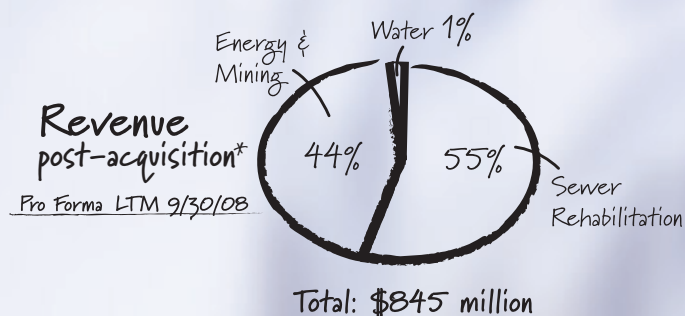
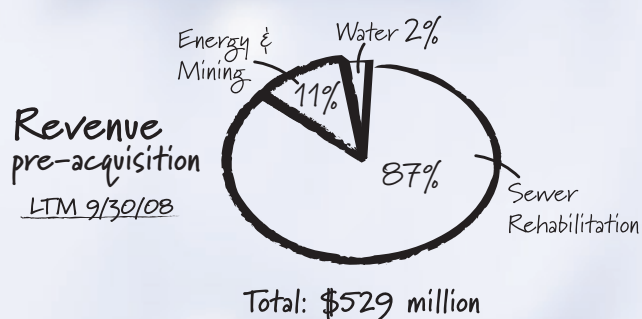


To Hong Kong

In 2008, we
began our largest
drinking water
pipeline project to
date — approximately
19 miles of water
pipeline beneath and
around the famed
Nathan Road in
Kowloon, Hong Kong.

Clearly growing.

Our Energy and Mining segment provides solutions to the oil, gas, chemical and mining markets.



Insituform's Energy and Mining Leadership

(From left) Dorwin E. Hawn, Vice President, United Pipeline Systems; Jerry E. Shea, Jr., Managing Director, Business Development, The Bayou Companies; E. Stewart Shea III, Managing Director, Administration, The Bayou Companies; and James T. Shea, Managing Director, Operations, The Bayou Companies

*Includes completed acquisition of The Bayou Companies, L.L.C. and pending acquisition of Corpro Companies, Inc.

**Acquisition is expected to be completed March 31, 2009

United Pipeline Systems

Provides internal lining systems that protect oil, gas, mineral and chemical pipelines from corrosion and abrasion

Organic Growth '08

- The first year in our history with balanced revenues between North American and international markets.
- Year over year growth: 46%

Growth by Acquisition '09

- Acquiring two companies that serve mining & energy markets with combined 2008 revenues of approximately \$316 million.

The Bayou Companies

Provides products and services such as pipeline coating, insulation and prefabrication to the onshore and offshore oil and gas industry

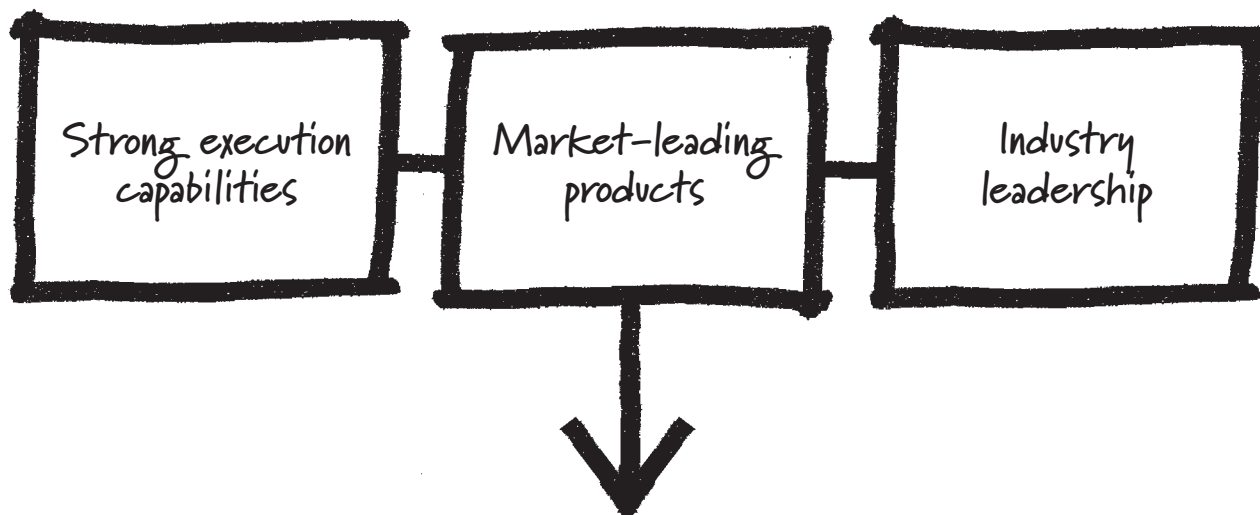
Corrpro Companies**

Premier provider of corrosion-protection products and infrastructure maintenance services, including cathodic protection and engineering design in North America

Clearly positioned for the future.

Insituform is prepared to build on its strengths in 2009 and beyond.

Insituform will leverage three core strengths to enhance growth, profitability and returns.



Insituform has strong execution capabilities. Our broad capabilities include highly trained and skilled management and project execution teams. Our success is measured by our ability to deliver high-quality results at a lower cost than our competitors.

Insituform has market-leading products. In 2008, we expanded the technical envelope of our InsituGuard™ technology for water pipe renewal. The drinking water market will also soon benefit from our second-generation iTAP® device, the robotic tool we use to reinstate service connections from inside the main, as well as our InsituMain™ system, a fully structural cured-in-place pipe (CIPP) solution for pressure pipeline rehabilitation.

We increased the application of our iPlus Infusion®, Insituform's next-generation, small-diameter CIPP solution, using it on 27 percent of all small-diameter installations in 2008, up from 12 percent in 2007. Use of the iPlus™ Composite product for medium- and large-diameter pipe also increased.

Insituform has a broad product line with a global distribution channel. This unique global reach, breadth and depth of products and our international client base is unmatched in our industry. Our leadership of the industry is indisputable, a fact which benefits our stockholders as we pursue new opportunities, such as our acquisitions of The Bayou Companies and Corrpro Companies.

Board of Directors



Alfred L. Woods
Chairman of the Board
President, Woods Group



J. Joseph Burgess
Strategic Planning Committee
President & CEO,
Insituform Technologies, Inc.



Stephen P. Cortinovis
Corporate Governance & Nominating Committee (Chair), Strategic Planning Committee
Co-owner, Lasco Foods, Inc.



Stephanie A. Cuskley
Audit Committee (Chair), Compensation Committee, Corporate Governance & Nominating Committee
CEO, NPower
Executive Director, NPower, NY



John P. Dubinsky
Strategic Planning Committee (Chair), Audit Committee, Compensation Committee
President & CEO, Westmoreland Associates, LLC
President & CEO, CORTEX



Juanita H. Hinshaw
Compensation Committee (Chair), Audit Committee, Corporate Governance & Nominating Committee
President & CEO, H & H Advisers

Corporate Information

Executive Officers of Insituform Technologies, Inc.

J. Joseph Burgess
President and Chief Executive Officer

David F. Morris
Senior Vice President, General Counsel,
Chief Administrative Officer and Secretary

David A. Martin
Vice President and Chief Financial Officer

Holly Shoener Sharp
Vice President, Human Resources
and Environmental, Health and Safety

Independent Accountants

PricewaterhouseCoopers LLP
800 Market Street
St. Louis, Missouri 63101

Transfer Agent & Registrar

American Stock Transfer & Trust Company
59 Maiden Lane
New York, New York 10038

Price Range of Securities

The Company's common shares, \$.01 par value, are traded on The Nasdaq Global Select Market under the symbol "INSU." The following table sets forth the range of quarterly high and low sales prices for the years ended December 31, 2008 and 2007, as reported on The Nasdaq Global Select Market. Quotations represent prices between dealers and do not include retail mark-ups, mark-downs or commissions.

Period	High	Low
2008:		
First Quarter	\$ 15.46	\$ 11.01
Second Quarter	19.15	14.13
Third Quarter	18.57	13.66
Fourth Quarter	20.82	9.26
2007:		
First Quarter	\$ 29.81	\$ 18.88
Second Quarter	23.00	18.64
Third Quarter	22.95	14.73
Fourth Quarter	16.94	12.03

Form 10-K

A copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2008, as filed with the Securities and Exchange Commission, is available, free of charge, on our website, www.insituform.com. It also is available without charge upon request by writing to the Company's investor relations department at 17988 Edison Ave., Chesterfield, MO 63005.



www.insituform.com

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