

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are unsure of what action you should take we recommend that you immediately consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, another appropriately authorised independent financial advisor.

If you have sold or transferred all your Existing Shares in Redstone plc, please send this document together with the accompanying Form of Proxy immediately to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale of transfer was effected, for onward transmission to the purchaser or transferee.

The Directors of Redstone plc, whose names and functions appear on page 4 of this document, and the Company accept responsibility, both collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Redstone plc

(incorporated in England and Wales under the Companies Act 1985 with registered number: 3336134)

Proposed consolidation of Existing Shares Proposed amendment to rules of the Long Term Incentive Plan and Notice of Extraordinary General Meeting

Your attention is drawn to the letter from the Chairman of Redstone plc (the “Company”) which is set out on pages 4 to 5 of this document and which recommends that you vote in favour of the resolutions to be proposed at the Extraordinary General Meeting referred to below.

NOTICE OF AN EXTRAORDINARY GENERAL MEETING OF THE COMPANY TO BE HELD AT THE OFFICES OF OSBORNE CLARKE, ONE LONDON WALL, LONDON, EC2Y 5EB ON 29 MARCH 2007 AT 11.30AM IS SET OUT AT THE END OF THIS DOCUMENT.

Please complete the accompanying Form of Proxy for use at the Extraordinary General Meeting. To be valid, the accompanying form of Proxy should be completed, signed and returned as soon as possible by post to Bill Newsham, Capita Registrars Limited, Proxies Department, PO Box 25, Beckenham, Kent BR3 4BR and, in any event, so as to arrive by not later than 48 hours before the Extraordinary General Meeting. Completion and return of the Form of Proxy will not preclude shareholders from attending and voting at the Extraordinary General Meeting should they so wish.

EXPECTED TIMETABLE

Last time and date of receipt of proxies	11.30am 27 March 2007
Extraordinary General Meeting	11.30am 29 March 2007
Admission and dealings in the New Ordinary Shares expected to commence	8.00am 30 March 2007

DEFINITIONS

The following definitions apply throughout the document and in the accompanying Form of Proxy unless the context otherwise requires:

“Act”	the Companies Act 1985, as amended;
“Board”	the board of directors of the Company;
“Consolidation”	the proposed consolidation of every 10 Existing Shares into one New Ordinary Share pursuant to the Resolution;
“certificated form” or “in certificated form”	an Ordinary Share recorded on the Company’s share register as being held in certificated form (i.e. not in CREST);
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which CRESTCo is the operator (as defined in those regulations);
“CRESTCo”	CRESTCo Limited, the operator of CREST;
“Directors”	the directors of the Company as at the date of this document whose names are set out on page 4 of this document;
“Existing Shares”	the existing Ordinary Shares in issue at the date of this document;
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened by the notice set out at the end of this document to be held on 29 March 2007 at 11.30am or any adjournment thereof;
“Form of Proxy”	the Form of Proxy accompanying this document for use by Shareholders in connection with the Extraordinary General Meeting;
“Group”	the Company and its subsidiary undertakings (as defined in the Act) from time to time;
“Long Term Incentive Plan” or “LTIP”	the Redstone plc Long Term Incentive Plan;
“New Ordinary Shares”	the new ordinary shares of 10p each in the capital of the Company following the Consolidation;
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company;
“Redstone” or the “Company”	Redstone plc;
“Registrars”	Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
“Resolutions”	the resolutions to approve the Consolidation and amend the LTIP set out in the notice of EGM at the end of this document;
“Shareholders”	holders of Existing Shares;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland; and
“uncertificated” or “in uncertificated form”	an Ordinary Share recorded on the Company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Regulations 2001, may be transferred by means of CREST.

Redstone plc

(incorporated in England and Wales under the Companies Act 1985 with registered number 03336134)

Directors:

A Coppin, *Non Executive Chairman*
M A Balaam, *Chief Executive Officer*
T H Perks, *Chief Financial Officer*
D G Payne, *Non Executive*
O J Vaughan, *Non Executive*
G V Spencer, *Non Executive*
T R Sherwood, *Non Executive*

Registered Office:

80 Great Eastern Street
London
EC2A 3RS

13 March 2007

Dear Shareholder

Proposed Consolidation and amendment to LTIP

Introduction

I am writing to you today with details of your Board's proposal to seek shareholder approval at an Extraordinary General Meeting to consolidate the Ordinary Shares and amend the LTIP.

Consolidation

By consolidating the Ordinary Shares of the Company, it is hoped to make the shares more attractive to institutional investors. The Existing Shares could be considered by some as "penny shares" which is not reflective of the status of the business given its recent growth. The Directors also believe that the Consolidation will reduce volatility and improve the trading characteristics of the shares, thus assisting in the future growth of the business.

In view of this, the Board is recommending that the Company's ordinary share capital be consolidated. It is proposed that every 10 Existing Shares should be consolidated into one New Ordinary Share. The following table sets out the number of authorised and issued ordinary share capital as at 12 March 2007 (being the last practicable date prior to the publication of this document) and as it is expected to be following the Consolidation:

	<i>Authorised</i>	<i>Issued</i>
Existing Shares	2,000,000,000	1,446,899,478
New Ordinary Shares	200,000,000	144,689,948

The Directors further propose that, pursuant to Article 12.1(a) of the Company's Articles of Association, fractional entitlements to New Ordinary Shares arising in connection with the Consolidation be sold in the market and the new proceeds of such sales be distributed amongst the Shareholders entitled to such fractions in due proportions, unless such net proceeds are less than £3.00 per entitled Shareholder, in which event the net proceeds of such sale will be retained for the benefit of the Company.

The Consolidation should not affect in itself the total market capitalisation of the Company or the value of individual shareholdings (disregarding adjustments for fractional entitlements) but will mean that for every 10 Existing Shares held, Shareholders will instead receive one New Ordinary Share with a nominal value of 10 times that of an Existing Share.

The New Ordinary Shares will have the same rights as those currently accruing to the Existing Shares under the Company's Articles of Association, including those relating to voting and entitlement to dividends.

Share certificates in respect of Existing Shares will remain valid but will only have a face value of 1/10th of your shareholding at the close of the Extraordinary General Meeting subject to Resolution 1 being passed.

Amendment to LTIP

In light of the recent transactions undertaken by the Company, its issued share capital has almost doubled since the introduction of the LTIP in December 2005 and, therefore, your Board considers it appropriate that the LTIP be amended so as to apply to all the shares in issue today, 1,446,899,478, rather than when the LTIP was introduced which was 733,909,263 Existing Shares.

Resolution 2 is therefore proposed to amend the LTIP accordingly.

Extraordinary General Meeting

Notice of an Extraordinary General Meeting to be held at 11.30am on 29 March 2007, at which resolutions to approve the Consolidation and the amendment to the LTIP will be proposed, is set out at the end of this document.

Action to be taken

You will find herewith a Form of Proxy for use at the Extraordinary General Meeting. Whether or not you intend to be present at the meeting, you are requested to complete the Form of Proxy and return it in accordance with the instructions printed thereon so that it is received as soon as possible and in any event not later than 11.30am on 11 March 2007. Completion and return of a Form of Proxy will not prevent you from attending the meeting and voting should you wish to do so.

Directors' recommendation and intentions

The Directors believe that the Consolidation and the amendment to the LTIP described in this document are in the best interests of the shareholders as a whole. Accordingly, the Directors unanimously recommend you to vote in favour of Resolutions to be proposed at the Company's Extraordinary General Meeting, which will authorise the Consolidation and the amendment to the LTIP as they intend to do in respect of their aggregate beneficial holdings of 7,102,128 Existing Shares representing approximately 0.49 per cent. of the issued ordinary share capital of the Company.

Yours faithfully

A Coppin
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of Redstone plc will be held at 11.30am at the offices of Osborne Clarke, One London Wall, London, EC2Y 5EB on 29 March 2007 for the purpose of considering and, if thought fit, passing the following resolutions which will be passed as Ordinary Resolutions:

1. **That:**

- (a) every 10 ordinary shares of 1 pence each in the capital of the Company forming part of the authorised and issued share capital be and are hereby consolidated into 1 new ordinary share of 10 pence each and that, in accordance with Article 12.1(a) of the Company's articles of association, the Company be and is hereby authorised to sell any fractional entitlements to shares arising from such consolidation at the best price reasonably obtainable and to distribute the net proceeds of such sale amongst the shareholders entitled to such fractions in due proportions UNLESS the value of such fractional share is, after deduction of the proper expenses of such sale, less than £3.00, whereupon the net proceeds of such sale shall belong to and be vested in the Company; and
- (b) every 10 ordinary shares of 1 pence each in the capital of the Company forming part of the authorised and unissued share capital be consolidated into 1 new ordinary share of 10 pence each.

2. **That:**

- (a) the rules of the Redstone plc Long Term Incentive Plan ("Plan") approved by shareholders on 21 December 2005 be amended as follows:

that the definition of "LTIP Shares" in the Plan rules be replaced with the following:

"means the ordinary issued share capital of the Company being such number of shares in existence as at 13 March 2007 being 1,446,899,478 ordinary shares of 1p each";
- (b) that the necessary consequential amendments will be made to the rules and the arrangements in place with the Trustee of the Redstone plc Long Term Incentive Plan in order to satisfy the Awards be adjusted accordingly to reflect the amendment."; and
- (c) the directors be authorised to do all acts and things necessary or expedient to implement the changes.

BY ORDER OF THE BOARD

Peter Hayes
Secretary

Date: 13 March 2007

NOTES

- 1. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead. Such proxy need not be a member of the Company. In the case of a company, the proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing. To be effective a form of proxy (enclosed with this notice) and the authority (if any) under which it is signed or a notarially certified or office copy of such authority must be received at the office of the Company's registrars, Capita Registrars Limited, Proxies Department, PO Box 25, Beckenham, Kent BR3 4BR at least 48 hours before the time fixed for the meeting. Appointment of a proxy will not preclude a member from attending the meeting (or any adjournment thereof) and voting in person should that member subsequently so decide.
- 2. The Company pursuant to the Uncertificated Securities Regulations 2001 specifies that only those shareholders registered in the register of members of the Company at the close of business on 27 March 2007 shall be entitled to attend or vote at the aforesaid general meeting in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 3. In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy, but the vote of the senior (in the order in the register of members) who tenders a vote will be accepted to the exclusion of the others.

