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**R E D W O O D
T R U S T**

Redwood Trust's Hansen Plans Retirement as President

Nicholas Promoted to Chief Investment Officer

MILL VALLEY, Calif.--(BUSINESS WIRE)--

Doug Hansen has announced his decision to retire as President of Redwood Trust, Inc. (NYSE:RWT) by the end of 2008. He will remain a Director of the Company and, during 2008, he will continue to work on management succession and new business development.

George Bull, Redwood's CEO and Chairman, announced the appointment of Brett Nicholas as Chief Investment Officer. Nicholas and Marty Hughes, Redwood's Chief Financial Officer, will serve as Co-Chief Operating Officers and be responsible for managing the day-to-day operations of the Company, reporting directly to Bull.

"I am looking forward to the opportunity of continuing to work with George, and with Brett and Marty in their new roles and responsibilities," said Hansen. "I remain committed to Redwood, and confident in its leadership and its prospects for significant growth. Redwood has been a major part of my life, and I am excited by the chance to focus my energies on finding new opportunities for its future."

George Bull remarked, "Doug and I founded this Company in 1994. Together, we have made it a company that reflects our values and commitment to excellence. I look forward to having the benefit of Doug's superb counsel and friendship as we continue to build the company for its shareholders."

For more information about Redwood Trust, Inc., please visit our website at:
www.redwoodtrust.com.

CAUTIONARY STATEMENT: This press release contains forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ from our expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as "anticipate," "estimate," "will," "should," "expect," "believe," "intend," "seek," "plan" and similar expressions or their negative forms, or by references to strategy, plans, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described in our Annual Report on Form 10-K for the year ended December 31, 2006 under the caption "Risk Factors." Other risks, uncertainties, and factors that could

cause actual results to differ materially from those projected are described below and may be described from time to time in reports we file with the Securities and Exchange Commission (SEC), including reports on Forms 10-K, 10-Q, and 8-K. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Important factors, among others, that may affect our actual results include: changes in interest rates; changes in prepayment rates; general economic conditions, particularly as they affect the price of earning assets and the credit status of borrowers; the availability of high quality assets for purchase at attractive prices; declines in home prices; increases in mortgage payment delinquencies; changes in the level of liquidity in the capital markets which may adversely affect our ability to finance our real estate asset portfolio; changes in liquidity in the market for real estate securities, the re-pricing of credit risk in the capital markets, rating agency downgrades of securities and increases in the supply of real estate securities available for sale, each of which may adversely affect the values of securities we own; the extent of changes in the values of securities we own and the impact of adjustments reflecting those changes on our income statement and balance sheet, including our stockholders' equity; our ability to maintain the positive stockholders' equity necessary to enable us to pay the dividends required to maintain our status as a real estate investment trust for tax purposes; and other factors not presently identified. This press release may contain statistics and other data that in some cases have been obtained from or compiled from information made available by servicers and other third-party service providers.

Source: Redwood Trust, Inc.