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

Redwood Trust, Inc. Announces Offering Of Exchangeable Senior Notes Due 2019

MILL VALLEY, Calif., Nov. 17, 2014 /PRNewswire/ -- Redwood Trust, Inc. ("Redwood") (NYSE: RWT) today announced that its indirect wholly-owned subsidiary, RWT Holdings, Inc. ("Holdings"), plans to offer, subject to market and other conditions, \$200.0 million aggregate principal amount of its exchangeable senior notes due 2019 (the "Notes") in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). The initial purchasers will have a 30-day option to purchase up to an additional \$30.0 million aggregate principal amount of the Notes in connection with the offering solely to cover over-allotments, if any. The Notes will be senior unsecured obligations of Holdings and will be exchangeable for shares of Redwood common stock. Redwood will fully and unconditionally guarantee the Notes. The interest rate and offering price are to be determined by negotiations between Holdings, Redwood and the initial purchasers of the offering.

Redwood and Holdings intend to use the net proceeds from this offering to fund the business and investment activity of Redwood and its subsidiaries, which may include funding purchases of residential mortgage loans, funding the origination of commercial loans and acquiring mortgage-backed securities for their investment portfolio, as well as for other general corporate purposes.

The Notes, and any shares of Redwood common stock issuable upon exchange of the Notes, have not been and will not be registered under the Securities Act or any state securities law, and may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. persons absent registration under the Securities Act, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. This announcement does not constitute an offer to sell or a solicitation of an offer to buy any securities, including the Notes or any shares of Redwood common stock issuable upon exchange of the Notes, nor shall there be any offer, solicitation or sale of any securities, including any Notes or any shares of Redwood common stock issuable upon exchange of the Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful. This announcement is being issued pursuant to and in accordance with Rule 135c under the Securities Act. Any offer, if at all, will be made only by means of an offering memorandum.

Redwood is a publicly traded company structured as a real estate investment trust ("REIT"). Holdings is an indirect wholly-owned, taxable REIT subsidiary of Redwood.

CAUTIONARY STATEMENT: This press release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of

1995, such as statements related to the offering and the expected use of the net proceeds. Forward-looking statements involve numerous risks and uncertainties. Redwood's and Holding's actual results may differ materially from those projected, and Redwood and Holdings caution investors not to place undue reliance on the forward-looking statements contained in this release. 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 Redwood's Annual Report on Form 10-K for the year ended December 31, 2013 and Redwood's subsequent filings under the Securities Exchange Act of 1934, as amended. Redwood and Holdings undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

SOURCE Redwood Trust, Inc.