

February 28, 2013

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

## **Redwood Trust, Inc. Announces Offering Of Convertible Senior Notes**

MILL VALLEY, Calif., Feb. 28, 2013 /PRNewswire/ -- Redwood Trust, Inc. ("Redwood") (NYSE: RWT) today announced that it plans to offer, subject to market and other conditions, \$150.0 million aggregate principal amount of convertible senior notes due 2018 in an underwritten public offering (the "Notes"). Redwood expects to grant the underwriters a 30-day option to purchase up to an additional \$22.5 million aggregate principal amount of the Notes in connection with the offering, to the extent the underwriters sell more than \$150.0 million aggregate principal amount of the Notes. The Notes will be senior unsecured obligations of Redwood. The interest rate and offering price are to be determined by negotiations between Redwood and the underwriters of the offering.

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

J.P. Morgan Securities LLC and Barclays Capital Inc. are acting as joint book-running managers for the proposed offering. Goldman, Sachs & Co. and JMP Securities LLC are acting as co-lead managers. A copy of the prospectus supplement and prospectus relating to these securities may be obtained, when available, by contacting: J.P. Morgan Securities LLC c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, New York 11717 or by calling 1-866-803-9204; or Barclays Capital Inc. c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, New York 11717 or by calling 888-603-5847.

This announcement shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. This announcement is being issued pursuant to and in accordance with Rule 134 under the Securities Act of 1933, as amended. Any offer, if at all, will be made only by means of a prospectus supplement and the accompanying prospectus, forming a part of the effective registration statement.

Redwood Trust, Inc. (NYSE:RWT) is a publicly traded company structured as a real estate investment trust.

*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 actual results may differ materially from those projected, and Redwood cautions 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. No assurance can be given that the offering will be completed on the terms described, or at all, or that the net proceeds of the offering will be used as indicated. Completion of the offering on the terms described, and the application of net proceeds, are subject to numerous conditions, risks, and uncertainties, many of which are beyond the control of Redwood, including, among other things, those described in Redwood's preliminary prospectus supplement dated February 28, 2013, the accompanying prospectus dated August 6, 2010, and the documents incorporated in the prospectus supplement and the prospectus by reference. Redwood undertakes 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.