

December 11, 2008

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

Redwood Trust Announces Doug Hansen's Retirement and Appointment of Marty Hughes as President

MILL VALLEY, Calif.--(BUSINESS WIRE)-- Redwood Trust, Inc. (NYSE:RWT) today announced that, as planned, Doug Hansen will retire as President and an employee of Redwood effective at the end of this year. In November 2007, Redwood announced Mr. Hansen's intention to retire at the end of 2008. Mr. Hansen will continue to serve as a member of the Board of Directors of Redwood.

"Doug and I have worked together since well before we co-founded Redwood in 1994. Although I will miss the day-to-day interaction with Doug, I am pleased that Redwood will continue to benefit from Doug's counsel as a member of the Board of Directors," said George E. Bull, Redwood's Chairman and CEO. Mr. Bull further added, "I thank him for his numerous contributions to the establishment and growth of the company over the past 14 years."

Redwood also announced today that Marty Hughes has been appointed to succeed Mr. Hansen as President upon Mr. Hansen's retirement. Mr. Hughes and Brett Nicholas will continue to serve as co-Chief Operating Officers, responsible for managing the operations of Redwood. In addition, Mr. Hughes will remain as Chief Financial Officer and Secretary, and Mr. Nicholas will remain as Chief Investment Officer. Both Mr. Hughes and Mr. Nicholas will report to Mr. Bull.

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 meaning of 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, 2007, and in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, 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, 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; legislative and regulatory actions affecting the mortgage industry; 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.

Source: Redwood Trust, Inc.