

REDWOOD TRUST INC  
Form 4  
May 12, 2010

**FORM 4**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
BAUM RICHARD

(Last) (First) (Middle)

1 BELVEDERE PLACE, SUITE 300

(Street)

MILL VALLEY, CA 94941

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
REDWOOD TRUST INC [RWT]

3. Date of Earliest Transaction (Month/Day/Year)  
05/11/2010

4. If Amendment, Date Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

6. Individual or Joint/Group Filing (Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	05/11/2010		M	V A	Amount 141 Price \$ 13.9375	9,464	D
Common Stock					758	I	by IRA

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares
Non-Qualified Stock Option (right to buy)	\$ 13.9375	05/11/2010		M	141	<u>(1)</u> 05/12/2010	Common Stock	141
Non-Qualified Stock Option (right to buy)	\$ 13.9375	05/11/2010		F <sup>(2)</sup>	1,359	<u>(3)</u> 05/12/2010	Common Stock	1,359

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BAUM RICHARD 1 BELVEDERE PLACE SUITE 300 MILL VALLEY, CA 94941	X			

## Signatures

Attorney-In-Fact: Andrew P. Stone  
Date: 05/11/2010

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The option becomes exercisable in four equal installments on the 4th day of May in 2001, 2002, 2003, and 2004.

(2) This transaction represents the payment of option exercise price by withholding securities incident to the exercise.

(3) The option becomes exercisable in four equal installments on the 4th day of May in 2001, 2002, 2003, and 2004

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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