

Matera Fred
Form 4
December 11, 2012

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2015
Estimated average burden hours per response... 0.5

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 *
Matera Fred

(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)
12/07/2012

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)

Chief Investment Officer

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 Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price

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)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Deferred Stock Units (1)	\$ 16.47 (2)	12/07/2012			A		22,769		(3)	(4)	Common Stock	22,769
Performance Stock Units (5)	\$ 12.37 (6)	12/07/2012			A		30,314 (7)		(8)	(9)	Common Stock	30,314

Reporting Owners

Reporting Owner Name / Address	Relationships
Matera Fred 1 BELVEDERE PLACE SUITE 300 MILL VALLEY, CA 94941	Director 10% Owner Officer Chief Investment Officer

Signatures

Attorney-In-Fact: Andrew P.
Stone
12/11/2012

__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) This transaction relates to the grant of Deferred Stock Units.
 - (2) Represents grant date fair value of the DSUs issued, based on the fair market value of RWT common stock on the transaction date under the 2002 Incentive Plan.
 - (3) 25% vests 1/31/2014, 6.25% every quarter thereafter (beginning with the quarter end 3/31/2014). Fully vested 12/19/2016.
 - (4) No expiration date is applicable to deferred stock units.
- This transaction relates to the grant of Performance Stock Units ("PSUs"), which are performance-based equity awards. The number of underlying shares of common stock of Redwood Trust, Inc. ("Common Stock") that vest and that the recipient becomes entitled to receive at the time of vesting will generally range from 0% to 200% of a target number of PSUs granted, contingent on the achievement of a pre-established performance metric (with the target number of PSUs granted being adjusted to reflect the value of any dividends on Common Stock paid during the vesting period). Vesting of these PSUs will generally occur at the end of three years (on December 6, 2015) based on three-year total stockholder return. Please refer to Item 5.02(e) of the Current Report on Form 8-K filed on December 11, 2012 by Redwood Trust, Inc. for a description of the terms of these PSUs, which Item 5.02(e) qualifies, in its entirety, the description set forth in this footnote (5) and footnote (7) below.
- (5) Common Stock paid during the vesting period).
 - (6) Represents grant date fair value of the PSUs issued.
 - (7) Represents the target number of PSUs granted.

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(8) Vested shares, if any, will be delivered to the Participant no later than December 31, 2015.

(9) No expiration date is applicable to performance stock units.

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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