

Hughes Martin S
Form 4
December 02, 2010

FORM 4

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

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

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Hughes Martin S

(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)

11/30/2010

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

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

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

Chief Executive Officer

6. Individual or Joint/Group Filing(Check
Applicable Line)
__X__ 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)
			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 Number Shares
Deferred Stock Units (1)	\$ 13.99 (2)	11/30/2010			A		80,358.33		(3)	(4)	Common Stock	80,35
Performance Stock Units (5)	\$ 14.01 (6)	11/30/2010			A		80,358.33 (7)		(8)	(9)	Common Stock	80,35

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
Hughes Martin S 1 BELVEDERE PLACE SUITE 300 MILL VALLEY, CA 94941	Chief Executive Officer

Signatures

Attorney In Fact: Andrew P.
Stone 12/02/2010

__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) 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 RWT common stock on transaction date under the 2002 Incentive Plan.
- (3) 25% vests 1/1/2012, 6.25% every quarter thereafter. Fully vested 1/1/2015.
- (4) No expiration date is applicable to deferred stock units.
- (5) 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 November 30, 2013) 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 2, 2010 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.
- (6) Represents grant date fair value of the PSUs issued, based on the fair market value of RWT common stock on the transaction date under the 2002 Incentive Plan.
- (7) Represents the target number of PSUs granted.
- (8) Shares are subject to minimum mandatory holding period and will be delivered to the Participant no sooner than May 1, 2014.

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(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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