

REDWOOD TRUST INC
Form 4
November 28, 2006

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

OMB APPROVAL

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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 *
NICHOLAS BRETT D

(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)
11/27/2006

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)
Vice President

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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	11/27/2006		M		14,500	A	\$ 36.875
Common Stock	11/27/2006		F		9,455	D	\$ 56.55
Common Stock	11/27/2006		M		3,649	A	\$ 24.5
Common Stock	11/27/2006		F		1,580	D	\$ 56.55
Common Stock	11/27/2006		F		801	D	\$ 56.55

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Common Stock	11/27/2006	M	1,975	A	\$ 24.5	10,696	D
Common Stock	11/27/2006	F	855	D	\$ 56.55	9,841	D

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

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

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 (Instr. 8)	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 Underlying Security (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title
Incentive Stock Option (right to buy)	\$ 24.5	11/27/2006		M	1,975	(1) 12/17/2011	Common Stock
Incentive Stock Option (right to buy)	\$ 36.875	11/27/2006		M	14,500	(1) 12/13/2006	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 24.5	11/27/2006		M	3,649	(1) 12/17/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 56.55	11/27/2006		A	2,384	11/27/2006 11/27/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 56.55	11/27/2006		A	855	11/27/2006 11/27/2011	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
NICHOLAS BRETT D 1 BELVEDERE PLACE SUITE 300			Vice President	

MILL VALLEY, CA 94941

Signatures

Brett D.
Nicholas

11/28/2006

__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) Twenty-five percent of the options vest on January 1, 2003. The remaining seventy-five percent of the options vest in twelve quarterly installments from April 1, 2003 through January 1, 2006.

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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