

REDWOOD TRUST INC

Form 4

March 15, 2006

**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  
Number: 3235-0287  
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2005  
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response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
ZAGUNIS HAROLD F

(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)

03/15/2006

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 Financial 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)
Common Stock	03/15/2006		M	3,734 A	\$ 24.5 8,606	D	
Common Stock	03/15/2006		M	4,000 A	\$ 11.4375 12,606	D	
Common Stock	03/15/2006		S	4,000 D	\$ 42.6898 8,606	D	
Common Stock	03/15/2006		M	6,266 A	\$ 24.5 14,872	D	
Common Stock	03/15/2006		S	6,266 D	\$ 42.6898 8,606	D	

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Common Stock	03/15/2006	M	7,500	A	\$ 27.05	16,106	D
Common Stock	03/15/2006	S	7,500	D	\$ 42.6898	8,606	D

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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 (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 Amount Underlying Security (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title
Incentive Stock Option (right to buy)	\$ 24.5	12/17/2001		A	V 3,734	(1) 12/17/2011	Common Stock
Incentive Stock Option (right to buy)	\$ 24.5	03/15/2006		M	3,734	(1) 12/17/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 11.4375	03/15/2006		M	4,000	(2) 12/02/2009	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 24.5	03/15/2006		M	6,266	(1) 12/17/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 27.05	03/15/2006		M	7,500	(3) 12/19/2012	Common Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
			Chief Financial Officer	

ZAGUNIS HAROLD F  
1 BELVEDERE PLACE  
SUITE 300  
MILL VALLEY, CA 94941

## Signatures

Harold F.  
Zagunis

03/15/2006

\_\_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.
- (2) The option becomes exercisable in four equal installments on the 4th day of May in 2001, 2002, 2003, and 2004
- (3) Twenty-five percent of the options vest on January 1, 2004. The remaining seventy-five percent of the options vest in twelve quarterly installments from April 1, 2004 through January 1, 2007.

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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