

REDWOOD TRUST INC  
Form 4  
March 15, 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 \*  
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 Ownership (Instr. 4)
			Code	V	Amount (A) or (D) Price		
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.

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(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 of 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	3
Incentive Stock Option (right to buy)	\$ 24.5	03/15/2006		M	3,734	(1) 12/17/2011	Common Stock	3
Non-Qualified Stock Option (right to buy)	\$ 11.4375	03/15/2006		M	4,000	(2) 12/02/2009	Common Stock	4
Non-Qualified Stock Option (right to buy)	\$ 24.5	03/15/2006		M	6,266	(1) 12/17/2011	Common Stock	6
Non-Qualified Stock Option (right to buy)	\$ 27.05	03/15/2006		M	7,500	(3) 12/19/2012	Common Stock	7

## 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.                                  03/15/2006  
Zagunis

\_\_Signature of                                  Date  
Reporting Person

## 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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