

**Report of Organizational Actions
Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name REDWOOD TRUST, INC.		2 Issuer's employer identification number (EIN) 68-0329422	
3 Name of contact for additional information LISA HARTMAN		4 Telephone No. of contact (415) 389-7373	
5 Email address of contact lisa.hartman@redwoodtrust.com		6 Number and street (or P.O. box if mail is not delivered to street address) of contact ONE BELEVEDERE PLACE, SUITE 300	
7 City, town, or post office, state, and ZIP code of contact MILL VALLEY, CA 94941		8 Date of action 05/08/2020, 06/29/2020, 9/29/2020, & 12/29/2020	
9 Classification and description RETURN OF BASIS DISTRIBUTION		10 CUSIP number 758075402	
11 Serial number(s)		12 Ticker symbol RWT	
13 Account number(s)			

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ FOR THE COMMON SHAREHOLDERS OF RECORD ON MARCH 16, 2020, JUNE 22, 2020, SEPTEMBER 22, 2020, AND DECEMBER 17, 2020, ISSUER DISTRIBUTED CASH ON MAY 8, 2020, JUNE 29, 2020, SEPTEMBER 29, 2020, AND DECEMBER 29, 2020 RESPECTIVELY. THE AMOUNT DISTRIBUTED WAS \$0.32 PER SHARE ON MAY 8TH, \$0.125 PER SHARE ON JUNE 29TH, AND \$0.14 PER SHARE ON SEPTEMBER 29TH AND DECEMBER 29TH. NO PORTION OF EACH DISTRIBUTION WAS A TAXABLE DIVIDEND AND THE ENTIRE PORTION WAS A RETURN OF BASIS DISTRIBUTION, WHICH REDUCES THE BASIS OF THE SHARES HELD BY EACH SHAREHOLDER.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ THE RETURN OF BASIS DISTRIBUTION WAS \$0.32 PER SHARE ON MAY 8TH, \$0.125 PER SHARE ON JUNE 29TH, AND \$0.14 PER SHARE ON SEPTEMBER 29TH AND DECEMBER 29TH.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ ISSUER HAD CURRENT EARNINGS AND PROFITS OF \$0 AND DISTRIBUTED \$82,477,752 IN 2020; THEREFORE, 100% OF EACH DISTRIBUTION WAS RETURN OF BASIS DISTRIBUTION.

Part II **Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____

RETURN OF BASIS DISTRIBUTION - IRC SECTION 301(c)(2)

TAXABLE CASH DIVIDEND - IRC SECTION 301(c)(1) AND IRC SECTION 316

18 Can any resulting loss be recognized? ▶ NO LOSS CAN BE RECOGNIZED AS A RESULT OF THE CASH DISTRIBUTIONS TO THE COMMON SHAREHOLDERS.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ THE REPORTABLE TAX YEAR RELATED TO THE ORGANIZATIONAL ACTIONS AFFECTING THE BASIS OF SECURITIES IS CALENDAR YEAR 2020.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ _____ Date ▶ _____

Print your name ▶ ERIC ANDERSON Title ▶ SENIOR VICE PRESIDENT

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	