

Redwood Trust, Inc. Announces \$47 Million Common Stock Offering

MILL VALLEY, Calif.--(BUSINESS WIRE)--May 13, 2004--Redwood Trust, Inc. (NYSE:RWT), a financial institution that invests in real estate loans, today announced the pricing of a public offering of 1,050,000 shares of its common stock at \$45.20 per share. All of the offered shares are being sold by Redwood Trust. The sole managing underwriter of the public offering is JMP Securities LLC.

Redwood Trust expects to use the net proceeds of this offering to fund the continued growth of its business of investing in and credit-enhancing residential and commercial real estate loans and securities.

The settlement date for the new shares of common stock being sold is May 19, 2004. Redwood Trust has granted the underwriter an option, exercisable for 30 days, to purchase up to 150,000 additional shares of common stock. The net proceeds to Redwood Trust will be approximately \$45 million; if the underwriter's option is exercised in full the net proceeds will be approximately \$52 million.

For more information about Redwood Trust, Inc. , please visit <http://www.redwoodtrust.com>.

This news release shall not constitute an offer to sell or a solicitation of an offer to buy, or shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities law of any such state or jurisdiction. A copy of the Prospectus Supplement and accompanying prospectus may be obtained from JMP Securities LLC., One Embarcadero Center, Suite #2100, San Francisco, California, 94111.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Certain matters discussed in this news release may constitute forward-looking statements within the meaning of the federal securities laws that inherently include certain risks and uncertainties. Actual results and the timing of certain events could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors, including, among other things, changes in interest rates on our mortgage assets and borrowings, changes in prepayment rates on our mortgage assets, general economic conditions, particularly as they affect the price of mortgage assets and the credit status of borrowers, and the level of liquidity in the capital markets, as it affects our ability to finance our mortgage asset portfolio, and other risk factors outlined in the Company's 2003 Annual Report on Form 10-K (available on the Company's Web site or by request to the Contacts listed above). Other factors not presently identified may also cause actual results to differ. No one should assume that results or trends projected in or contemplated by the forward-looking statements included above will prove to be accurate in the future. We will revise our outlook from time to time and frequently will not disclose such revisions publicly.

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SOURCE: Redwood Trust, Inc.
