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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 10, 2008

**REDWOOD TRUST, INC.**

(Exact name of registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction  
of incorporation)

**001-13759**  
(Commission File  
Number)

**68-0329422**  
(I.R.S. Employer  
Identification No.)

**One Belvedere Place  
Suite 300  
Mill Valley, California 94941**  
(Address of principal executive offices and Zip Code)

**(415) 389-7373**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

(e) On December 10, 2008, Redwood Trust, Inc. and George E. Bull, III, Chairman and CEO, Martin Hughes, Chief Financial Officer, Co-Chief Operating Officer, and Secretary, and Brett D. Nicholas, Chief Investment Officer and Co-Chief Operating Officer, entered into amendments to their respective employment agreements effective January 1, 2009. The amendments provide for increases in the 2009 Target Bonuses for Mr. Bull from 125% to 175% and for Messrs. Hughes and Nicholas from 100% to 150%.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
10.1	Amendment to Employment Agreement, by and between Redwood Trust, Inc. and George E. Bull, III, dated as of December 10, 2008.
10.2	Amendment to Employment Agreement, by and between Redwood Trust, Inc. and Martin S. Hughes, dated as of December 10, 2008.
10.3	Amendment to Employment Agreement, by and between Redwood Trust, Inc. and Brett D. Nicholas, dated as of December 10, 2008.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: December 11, 2008

REDWOOD TRUST, INC.

By: /s/ MARTIN S. HUGHES  
Martin S. Hughes  
Chief Financial Officer and Secretary

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**EXHIBIT INDEX**

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**AMENDMENT TO EMPLOYMENT AGREEMENT**

**THIS AMENDMENT TO EMPLOYMENT AGREEMENT** (this "Agreement"), is entered into as of the 10<sup>th</sup> day of December 2008 by and between **GEORGE E. BULL, III** (the "Executive") and **REDWOOD TRUST, INC.**, a Maryland Corporation (the "Company").

**WHEREAS**, the Executive and the Company have entered into an Employment Agreement dated as of April 7, 2003 (as subsequently amended, the "Employment Agreement"); and

**WHEREAS**, the Executive and the Company desire to enter into this Agreement for purposes of amending the Employment Agreement to increase the Target Bonus specified in the Employment Agreement, effective January 1, 2009;

**NOW, THEREFORE**, for good and valuable consideration, the receipt and adequacy which is hereby acknowledged, the Executive and the Company hereby agree that Section 3(b) of the Employment Agreement is hereby amended to add the following sentence at the end of Section 3(b):

Effective January 1, 2009, the Target Bonus shall be 175% of Base Salary.

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has executed this Agreement, as of the date first above written.

**REDWOOD TRUST, INC.**

By: /s/ MARTIN S. HUGHES  
Name: Martin S. Hughes  
Title: Chief Financial Officer and Secretary

**GEORGE E. BULL, III**

/s/ GEORGE E. BULL, III

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**AMENDMENT TO EMPLOYMENT AGREEMENT**

**THIS AMENDMENT TO EMPLOYMENT AGREEMENT** (this "Agreement"), is entered into as of the 10<sup>th</sup> day of December 2008 by and between **MARTIN S. HUGHES** (the "Executive") and **REDWOOD TRUST, INC.**, a Maryland Corporation (the "Company").

**WHEREAS**, the Executive and the Company have entered into an Employment Agreement dated as of June 1, 2005 (as subsequently amended, the "Employment Agreement"); and

**WHEREAS**, the Executive and the Company desire to enter into this Agreement for purposes of amending the Employment Agreement to increase the Target Bonus specified in the Employment Agreement, effective January 1, 2009;

**NOW, THEREFORE**, for good and valuable consideration, the receipt and adequacy which is hereby acknowledged, the Executive and the Company hereby agree that Section 3(b) of the Employment Agreement is hereby amended to add the following sentence at the end of Section 3(b):

Effective January 1, 2009, the Target Bonus shall be 150% of Base Salary.

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has executed this Agreement, as of the date first above written.

**REDWOOD TRUST, INC.**

By: /s/ GEORGE E. BULL, III  
Name: George E. Bull, III  
Title: Chief Executive Officer

**MARTIN S. HUGHES**

/s/ MARTIN S. HUGHES

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**AMENDMENT TO EMPLOYMENT AGREEMENT**

**THIS AMENDMENT TO EMPLOYMENT AGREEMENT** (this "Agreement"), is entered into as of the 10<sup>th</sup> day of December 2008 by and between **BRETT D. NICHOLAS** (the "Executive") and **REDWOOD TRUST, INC.**, a Maryland Corporation (the "Company").

**WHEREAS**, the Executive and the Company have entered into an Amended and Restated Employment Agreement dated as of February 22, 2005 (as subsequently amended, the "Employment Agreement"); and

**WHEREAS**, the Executive and the Company desire to enter into this Agreement for purposes of amending the Employment Agreement to increase the Target Bonus specified in the Employment Agreement, effective January 1, 2009;

**NOW, THEREFORE**, for good and valuable consideration, the receipt and adequacy which is hereby acknowledged, the Executive and the Company hereby agree that Section 3(b) of the Employment Agreement is hereby amended to add the following sentence at the end of Section 3(b):

Effective January 1, 2009, the Target Bonus shall be 150% of Base Salary.

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has executed this Agreement, as of the date first above written.

**REDWOOD TRUST, INC.**

By: /s/ GEORGE E. BULL, III  
Name: George E. Bull, III  
Title: Chief Executive Officer

**BRETT D. NICHOLAS**

/s/ BRETT D. NICHOLAS

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