
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): January 20, 2016

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 2.02. Results of Operations and Financial Condition.

Item 7.01. Regulation FD Disclosure.

On January 20, 2016, Redwood Trust, Inc. (the "Company") issued a press release announcing certain preliminary full-year 2015 financial results and its preliminary 2016 outlook for its businesses, including the impact of its plans to restructure certain aspects of its conforming residential mortgage loan operations.

The preliminary full-year 2015 financial results presented represent the most current information available to management. The Company's actual results may differ from these preliminary results due to the completion of the Company's financial closing procedures, final adjustments and other developments that may arise between the date of this Form 8-K and the time that financial results for the year ended December 31, 2015 are finalized.

Cautionary Statement: Redwood Trust's press release may contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve numerous risks and uncertainties. Actual results may differ from Redwood Trust's beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as "anticipate," "estimate," "will," "should," "expect," "believe," "intend," "seek," "plan" and similar expressions or their negative forms, or by references to strategy, plans, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described herein and in Redwood Trust's most recent Annual Report on Form 10-K under the caption "Risk Factors." Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected may be described from time to time in reports Redwood Trust files with the Securities and Exchange Commission, including reports on Forms 10-Q and 8-K. Redwood Trust undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Important factors, among others, that may affect our actual results include: general economic trends, the performance of the housing, commercial real estate, mortgage, credit, and broader financial markets, and their effects on the prices of earning assets and the credit status of borrowers; federal and state legislative and regulatory developments, and the actions of governmental authorities, including those affecting the mortgage industry or our business (including, but not limited to, the Federal Housing Finance Agency's final regulation relating to FHLB membership requirements and the potential implications for our captive insurance subsidiary's membership in the FHLB); developments related to the fixed income and mortgage finance markets and the Federal Reserve's statements regarding its future open market activity and monetary policy; our exposure to credit risk and the timing of credit losses within our portfolio; the concentration of the credit risks we are exposed to, including due to the structure of assets we hold and the geographical concentration of real estate underlying assets we own; our exposure to adjustable-rate mortgage loans; the efficacy and expense of our efforts to manage or hedge credit risk, interest rate risk, and other financial and operational risks; changes in credit ratings on assets we own and changes in the rating agencies' credit rating methodologies; changes in interest rates; changes in mortgage prepayment rates; the availability of assets for purchase at attractive prices and our ability to reinvest cash we hold; changes in the values of assets we own; changes in liquidity in the market for real estate securities and loans; our ability to finance the acquisition of real estate-related assets with short-term debt; the ability of counterparties to satisfy their obligations to us; our involvement in securitization transactions, the profitability of those transactions, and the risks we are exposed to in engaging in securitization transactions; exposure to claims and litigation, including litigation arising from our involvement in securitization transactions; whether we have sufficient liquid assets to meet short-term needs; our ability to successfully compete and retain or attract key personnel; our ability to adapt our business model and strategies to changing circumstances; changes in our investment, financing, and hedging strategies and new risks we may be exposed to if we expand our business activities; our exposure to a disruption or breach of the security of our technology infrastructure and systems; exposure to environmental liabilities; our failure to comply with applicable laws and regulations; our failure to maintain appropriate internal controls over financial reporting and disclosure controls and procedures; the impact on our reputation that could result from our actions or omissions or from those of others; changes in accounting principles and tax rules; our ability to maintain our status as a REIT for tax purposes; limitations imposed on our business due to our REIT status and our status as exempt from registration under the Investment Company Act of 1940; decisions about raising, managing, and distributing capital; and other factors not presently identified.

The information contained in these Items 2.02 and 7.01 and the attached Exhibit 99.1 is furnished to and not filed with the Securities and Exchange Commission, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit 99.1 Press Release dated January 20, 2016

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: January 20, 2016

REDWOOD TRUST, INC.

By: /S/ ANDREW P. STONE

Andrew P. Stone

Executive Vice President, General Counsel, and Secretary

Exhibit Index

Exhibit No.

Exhibit Title

99.1

Press Release dated January 20, 2016

FOR IMMEDIATE RELEASE

Redwood Trust, Inc.
Wednesday, January 20, 2016

CONTACTS:

Christopher Abate
Chief Financial Officer
(415) 384-3584

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Investor Relations
(415) 384-3805

**REDWOOD TRUST COMMENTS ON 2016 OUTLOOK
AND ANNOUNCES RESTRUCTURING OF CONFORMING LOAN OPERATIONS**

MILL VALLEY, CA – Wednesday, January 20, 2016 – Redwood Trust, Inc. (NYSE: RWT) announced today its preliminary 2016 outlook for its businesses, including the impact of its plans to restructure certain aspects of its conforming residential mortgage loan operations.

“One of our goals over the past few months has been to closely evaluate both our residential and commercial business operations and our corporate expense structure to look for ways to increase efficiency and profitability in the face of significant competitive pressures and market dislocations,” said Marty Hughes, Chief Executive Officer of Redwood Trust. “Today’s announcement specifically addresses our actions related to our conforming loan activities, which we view as necessary as we do not see the competitive pressures easing for the foreseeable future.”

Redwood plans to restructure its conforming loan operations by discontinuing the acquisition and aggregation of conforming loans for resale to Fannie Mae and Freddie Mac, and instead focus on direct conforming-related investments in mortgage servicing rights and risk-sharing transactions. Redwood also plans to implement a workforce reduction, which primarily impacts employees engaged in and supporting the Company’s residential mortgage loan business. The reduction represents approximately 15% of the company’s fixed compensation expense at December 31, 2015 and a headcount reduction of 25%. Redwood expects non-recurring charges of approximately \$2 million related to these announcements, with approximately half included in the fourth quarter of 2015 and half in the first quarter of 2016.

“Redwood will maintain seller/servicer approvals with both Fannie Mae and Freddie Mac and keep its options open to take advantage of future opportunities in the conforming loan market,” said Brett Nicholas, President of Redwood Trust. “The full range of our jumbo loan business, as well as our re-focused conforming loan business, will still be conducted in all of our current office locations.”

Redwood’s conforming business activities utilize less than 5% of the Company’s capital, while its investment portfolio, which utilizes 85% of the Company’s capital base, continues to exhibit strong credit performance and remains a steady and growing source of income. Preliminary net interest income from Redwood’s portfolio investments was \$160 million for the full-year 2015. In 2016, the Company expects continued growth in portfolio net interest income, highlighted by the full utilization of its newly expanded \$2 billion of 9.5 year average term financing obtained through its FHLB-member subsidiary.

“Our conforming loan purchase and sale operations generated a pre-tax loss of \$10 to \$11 million in 2015 or a loss of \$7 to \$8 million on an after-tax basis based on our preliminary full-year 2015 results. This included interest and fees of approximately \$12 million associated with \$5.2 billion of loan purchases, and operating expenses of approximately \$22 million,” said Christopher Abate, Chief Financial Officer of Redwood Trust. “As a result of the restructuring we are announcing today, we will eliminate this earnings drag from our conforming operating activities going forward and free up \$45 million of capital for re-investment during 2016.”

“Our strong balance sheet and liquidity going into 2016 will allow us to take advantage of investment opportunities as they arise, including opportunities resulting from market dislocations, and consider additional share repurchases,” added Mr. Nicholas. “Our thoughts on share repurchases haven’t changed – when repurchases present an attractive opportunity relative to other investment options, we will look to allocate capital after consideration of our short-term liquidity needs.”

Finally, Mr. Hughes commented, “We know the restructuring of our conforming operations will be difficult on the hardworking employees impacted by today’s announcement and we sincerely appreciate their contributions to the Company.” Mr. Hughes continued, “Our goal is to enhance Redwood’s competitive position in each of our businesses while boosting profitability through more efficient operating platforms. As market conditions for both our residential and commercial businesses develop over the year, we will continue to respond to them from a revenue, expense, and risk-management perspective to best position Redwood for success in the near- and long-term future.”

For more information about Redwood Trust, Inc., please visit our website at: www.redwoodtrust.com.

Cautionary Statement: This press release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including forward-looking statements related to: the restructuring of Redwood’s conforming residential loan business and Redwood’s workforce reduction (and the expected related non-recurring expense and the expected impact on future payroll and other operating expenses), Redwood’s future business activities, competitiveness, and profitability, future utilization of financing by Redwood’s FHLB-member subsidiary, preliminary full-year 2015 financial results, Redwood’s future investment opportunities and share repurchases. Forward-looking statements involve numerous risks and uncertainties. Actual results may differ from Redwood Trust’s beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as “anticipate,” “estimate,” “will,” “should,” “expect,” “believe,” “intend,” “seek,” “plan” and similar expressions or their negative forms, or by references to strategy, plans, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described herein and in Redwood Trust’s most recent Annual Report on Form 10-K under the caption “Risk Factors.” Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected may be described from time to time in reports Redwood Trust files with the Securities and Exchange Commission, including reports on Forms 10-Q and 8-K. Redwood Trust undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.
