TRI Pointe Homes, Inc.
Form PREM14A
March 28, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. 2)

Filed by the Registrant x Filed by a party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

TRI Pointe Homes, Inc.

(Exact Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than The Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

x Fee paid previously with preliminary materials.

x Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

The filing fee in the amount of $311,554.96 was paid in connection with TRI Pointe Homes Inc. s Registration Statement on Form S-4, which was filed on January 9, 2014 (Registration No. 333-193248), calculated as set forth therein.

(2) Form, Schedule or Registration Statement No.:

Registration No. 333-193248

(3) Filing Party:

TRI Pointe Homes, Inc.

(4) Date Filed:

January 9, 2014

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EXPLANATORY NOTE

This proxy statement relates to the annual meeting of stockholders of TRI Pointe Homes, Inc. (TRI Pointe) to approve, among other things, the issuance of shares of TRI Pointe common stock in the merger (the Merger) of Topaz Acquisition, Inc. (Merger Sub), which is a wholly owned subsidiary of TRI Pointe, with and into Weyerhaeuser Real Estate Company (WRECO), which is an indirect, wholly owned subsidiary of Weyerhaeuser Company (Weyerhaeuser), with WRECO surviving the Merger and becoming a wholly owned subsidiary of TRI Pointe. Prior to the consummation of the Merger, Weyerhaeuser will cause certain assets relating to Weyerhaeuser s real estate business to be transferred to, and certain liabilities relating to Weyerhaeuser s real estate business to be assumed by, WRECO and its subsidiaries. Weyerhaeuser will also cause certain assets of WRECO and its subsidiaries that will be excluded from the Transactions (as defined herein) to be transferred to, and certain liabilities of WRECO and its subsidiaries that will be excluded from the Transactions to be assumed by, Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries). Weyerhaeuser NR Company (WNR), a wholly owned subsidiary of Weyerhaeuser, will receive cash proceeds of approximately $739 million from new debt financing to be incurred by WRECO upon the consummation of the Transactions, which cash will be retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries). WNR may also receive a cash payment of the Adjustment Amount (as defined herein), if the Adjustment Amount is payable by TRI Pointe, as described in this proxy statement. WRECO has filed a registration statement on Form S-4 and Form S-1 (Reg. No. 333-193251) to register its common shares, par value $0.04 per share, which common shares will be distributed to Weyerhaeuser shareholders pursuant to a spin-off or a split-off. In the Merger, the WRECO common shares will be immediately converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock, par value $0.01 per share, for each WRECO common share. In addition, TRI Pointe has filed a registration statement on Form S-4 (Reg. No. 333-193248) to register the shares of its common stock that will be issued in the Merger.

Based on market conditions prior to the consummation of the Transactions, Weyerhaeuser will determine whether the WRECO common shares will be distributed to Weyerhaeuser shareholders in a spin-off or a split-off. Weyerhaeuser will determine which approach it will take prior to the consummation of the Transactions and no decision has been made at this time. In a spin-off, all Weyerhaeuser shareholders would receive a pro rata number of WRECO common shares. In a split-off, Weyerhaeuser would offer its shareholders the option to exchange their Weyerhaeuser common shares for WRECO common shares in an exchange offer, which WRECO common shares would immediately be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock for each WRECO common share in the Merger, resulting in a reduction in Weyerhaeuser s outstanding common shares. If the exchange offer is consummated but fewer than all of the issued and outstanding WRECO common shares are exchanged because the exchange offer is not fully subscribed, the remaining WRECO common shares owned by Weyerhaeuser will be distributed on a pro rata basis to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of the exchange offer. WRECO is filing its registration statement under the assumption that the WRECO common shares will be distributed to Weyerhaeuser shareholders pursuant to a split-off. This proxy statement and TRI Pointe s registration statement on Form S-4 also assume that the WRECO common shares will be distributed to Weyerhaeuser shareholders pursuant to a split-off. Once a final decision is made regarding the manner of distribution of the shares, this proxy statement, WRECO s registration statement on Form S-4 and Form S-1 and TRI Pointe s registration statement on Form S-4 will be amended to reflect that decision, if necessary.

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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

DATED MARCH 28, 2014

[ ], 2014

You are cordially invited to attend the annual meeting of stockholders of TRI Pointe Homes, Inc. (TRI Pointe) at [ ] a.m. local time, on [ ], [ ], 2014, at [ ]. A notice of the annual meeting and the proxy statement follow.

At the annual meeting, you will be asked to:

authorize the issuance of shares of TRI Pointe common stock in connection with the merger (the Merger) of Topaz Acquisition, Inc., a Washington corporation (Merger Sub), which is a wholly owned subsidiary of TRI Pointe, with and into Weyerhaeuser Real Estate Company, a Washington corporation (WRECO), which is an indirect wholly owned subsidiary of Weyerhaeuser Company, a Washington corporation (Weyerhaeuser), with WRECO surviving the Merger and becoming a wholly owned subsidiary of TRI Pointe (Proposal No. 1);

approve an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations, which amendment is conditioned upon approval of Proposal No. 1 (Proposal No. 2);

approve, on an advisory basis, the compensation of TRI Pointe s named executive officers (Proposal No. 3);

conduct an advisory vote on the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers (Proposal No. 4);

elect the seven nominees named in the accompanying proxy statement to serve on the board of directors of TRI Pointe until the earliest to occur of the 2015 annual meeting of stockholders or, if required by the Transaction Agreement, such nominee s resignation upon the consummation of the Merger (Proposal No. 5);

ratify the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014 (Proposal No. 6); and

if it is determined by the TRI Pointe board of directors to be necessary or appropriate, approve adjournment(s) or postponement(s) of the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe

common stock in the Merger (Proposal No. 7).

As more fully described in the accompanying proxy statement, in order to complete the Merger and the related transactions, (i) WRECO will incur new indebtedness of $800 million or more in the form of (A) debt securities, (B) senior unsecured bridge loans or (C) a combination thereof (as described in the section of the accompanying proxy statement entitled Debt Financing), (ii) WRECO will make a cash payment of approximately $739 million, subject to an Adjustment Amount (as described in the section of the accompanying proxy statement entitled The Transaction Agreement Payment of Adjustment Amount), to Weyerhaeuser NR Company, a subsidiary of Weyerhaeuser, which cash will be retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries), and (iii) Weyerhaeuser will cause certain assets relating to Weyerhaeuser s real estate business to be transferred to, and certain liabilities relating to Weyerhaeuser s real estate business to be assumed by, WRECO and its subsidiaries and cause certain assets of WRECO that will be excluded from the transaction to be transferred to, and certain liabilities that will be excluded from the transaction to be assumed by, Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries). Weyerhaeuser will then offer to Weyerhaeuser shareholders the right to exchange all or a portion of their Weyerhaeuser common shares for WRECO common shares in an exchange offer, at a discount to the equivalent per-share value of TRI Pointe common stock, and if the exchange offer is consummated but is not fully subscribed, Weyerhaeuser will distribute the remaining WRECO common shares on a pro rata basis to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of the exchange offer (the Distribution).

After the Distribution, the Merger and related transactions will be completed, and each WRECO common share will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock, pursuant to the exchange ratio of 1.297 as set forth in the Transaction Agreement. TRI Pointe expects to issue 129,700,000 shares of its common stock in the Merger, excluding shares to be issued on exercise or vesting of equity awards held by WRECO employees that are being assumed by TRI Pointe in connection with the transactions.

After the consummation of the Merger, WRECO will be a wholly owned subsidiary of TRI Pointe and will be the obligor under the new indebtedness, which will be guaranteed by TRI Pointe and its material wholly owned subsidiaries, subject to certain exceptions. Immediately after the consummation of the Merger, the ownership of TRI Pointe common stock on a fully diluted basis is expected to be as follows: (i) WRECO common shares will have been converted into the right to receive, in the aggregate, approximately 79.8% of the then outstanding TRI Pointe common stock, (ii) the TRI Pointe common stock outstanding immediately

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prior to the consummation of the Merger will represent approximately 19.5% of the then outstanding TRI Pointe common stock and (iii) outstanding equity awards of WRECO and TRI Pointe employees will represent the remaining 0.7% of the then outstanding TRI Pointe common stock. In addition, after the consummation of the Merger, TRI Pointe common stock will continue to be listed on the NYSE under TRI Pointe s current trading symbol, TPH.

Your board of directors believes that the Merger should create value for TRI Pointe stockholders by, among other things, enhancing TRI Pointe s geographical presence, expanding its land holdings and increasing its market capitalization and liquidity. **Your board of directors recommends that you vote:**

FOR the authorization of the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 1);

FOR the approval of an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations, which amendment is conditioned upon approval of Proposal No. 1 (Proposal No. 2);

FOR the approval, on an advisory basis, of the compensation of TRI Pointe s named executive officers (Proposal No. 3);

EVERY THREE YEARS as the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers (Proposal No. 4);

FOR the election of each of the seven nominees to the board of directors of TRI Pointe (Proposal No. 5);

FOR the ratification of the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014 (Proposal No. 6); and

If it is determined by the TRI Pointe board of directors to be necessary or appropriate, FOR the approval of adjournment(s) or postponement(s) of the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 7).

All TRI Pointe stockholders are cordially invited to attend the annual meeting, although only those stockholders of record at the close of business on [ ], 2014 are entitled to receive notice of the annual meeting and to vote at the annual meeting and any adjournments or postponements of the annual meeting.

Your vote is very important. Please vote by completing, signing and dating the enclosed proxy card for the annual meeting and mailing the proxy card to us, whether or not you plan to attend the annual meeting. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote **FOR** Proposals

No. 1, No. 2, No. 3, No. 5, No. 6 and No. 7, and **EVERY THREE YEARS** for Proposal No. 4. In addition, you may give your proxy by calling the toll-free telephone number or by using the Internet as described in the instructions included with the enclosed proxy card. If you do not return your proxy card or give your proxy by telephone or by using the Internet, or if you do not specifically instruct your bank, broker or other nominee how to vote any shares held for you in street name, your shares will not be voted at the annual meeting with respect to Proposals No. 1, No. 2, No. 3, No. 4, No. 5 and No. 7.

The accompanying document is a proxy statement of TRI Pointe for its use in soliciting proxies for the annual meeting. The accompanying proxy statement answers questions about the proposed Merger, the related transactions and the annual meeting, and includes a summary description of the Merger and the related transactions. We urge you to review this entire document carefully. **In particular, you should consider the matters discussed in the section entitled Risk Factors in the accompanying proxy statement.**

We thank you for your consideration and continued support.

Sincerely,

Douglas F. Bauer
Chief Executive Officer

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on [ ], [ ], 2014 at [ ] a.m. local time at [ ]. The accompanying notice of meeting, proxy statement, proxy card and annual report to stockholders are available at *http://www.astproxyportal.com/ast/18094*.

The accompanying proxy statement is dated [ ], 2014, and is first being mailed to TRI Pointe stockholders on or about [ ], 2014.

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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

DATED MARCH 28, 2014

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders:

An annual meeting of stockholders (the annual meeting) of TRI Pointe Homes, Inc. (TRI Pointe) will be held at [ ] a.m. local time, on [ ], [ ], 2014, at [ ]. The annual meeting will be held for the following purposes:

to authorize the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 1);

to approve an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations, which amendment is conditioned upon approval of Proposal No. 1 (Proposal No. 2);

to approve, on an advisory basis, the compensation of TRI Pointe s named executive officers (Proposal No. 3);

to conduct an advisory vote on the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers (Proposal No. 4);

to elect the seven nominees named in this proxy statement to serve on the board of directors of TRI Pointe until the earlier to occur of the 2015 annual meeting of stockholders or, if required by the Transaction Agreement, such nominee s resignation upon the consummation of the Merger (Proposal No. 5);

to ratify the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014 (Proposal No. 6);

if it is determined by the TRI Pointe board of directors to be necessary or appropriate, to approve adjournment(s) or postponement(s) of the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 7); and

to transact any other business that may properly come before the annual meeting or any adjourned or postponed session of the annual meeting.

TRI Pointe s board of directors has authorized and approved the form, terms and provisions of the Transaction Agreement (as defined in this proxy statement), and determined that the terms and conditions of the Transaction Agreement, the Merger, including the issuance of TRI Pointe common stock, the Transactions and the Transaction Documents (each as defined in this proxy statement), are advisable, fair to and in the best interests of TRI Pointe and its stockholders.

TRI Pointe s board of directors recommends that stockholders vote:

FOR the authorization of the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 1);

FOR the approval of an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations, which amendment is conditioned upon approval of Proposal No. 1 (Proposal No. 2);

FOR the approval, on an advisory basis, of the compensation of TRI Pointe s named executive officers (Proposal No. 3);

EVERY THREE YEARS as the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers (Proposal No. 4);

FOR the election of each of the seven nominees to the board of directors of TRI Pointe (Proposal No. 5);

FOR the ratification of the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014 (Proposal No. 6); and

If it is determined by the TRI Pointe board of directors to be necessary or appropriate, FOR the approval of adjournment(s) or postponement(s) of the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 7).

If the proposal to approve the issuance of shares of TRI Pointe common stock in the Merger is not approved, the Merger cannot be completed.

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All TRI Pointe stockholders are cordially invited to attend the annual meeting, although only those stockholders of record at the close of business on [ ], 2014 are entitled to receive notice of the annual meeting and to vote at the annual meeting and any adjournments or postponements of the annual meeting.

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE OR VOTE YOUR SHARES OF TRI POINTE COMMON STOCK BY CALLING THE TOLL-FREE TELEPHONE NUMBER OR BY USING THE INTERNET AS DESCRIBED IN THE INSTRUCTIONS INCLUDED WITH YOUR PROXY CARD AT YOUR EARLIEST CONVENIENCE.

By Order of the Board of Directors,

Douglas F. Bauer
Chief Executive Officer

Please vote your shares promptly. You can find instructions for voting on the enclosed proxy card.

[ ], 2014

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REFERENCES TO ADDITIONAL INFORMATION

This proxy statement incorporates important business and financial information about TRI Pointe from documents filed with the U.S. Securities and Exchange Commission (SEC) that have not been included in or delivered with this proxy statement. This information is available to TRI Pointe stockholders without charge by accessing the SEC s website maintained at *www.sec.gov*, or upon written or oral request to TRI Pointe Homes, Inc., 19520 Jamboree Road, Suite 200, Irvine, California 92612, Attention: Investor Relations, telephone: (949) 478-8600. See Where You Can Find More Information; Incorporation by Reference.

All information contained or incorporated by reference in this proxy statement with respect to TRI Pointe and Merger Sub and their respective subsidiaries, as well as information with respect to TRI Pointe after the consummation of the Merger, has been provided by TRI Pointe. All other information contained in this proxy statement with respect to Weyerhaeuser, WRECO or their respective subsidiaries and with respect to the terms and conditions of Weyerhaeuser s exchange offer has been provided by Weyerhaeuser.

The information included in this proxy statement regarding Weyerhaeuser s exchange offer is being provided for informational purposes only and does not purport to be complete. For additional information on Weyerhaeuser s exchange offer and the terms and conditions of Weyerhaeuser s exchange offer, TRI Pointe stockholders are urged to read WRECO s registration statement on Form S-4 and Form S-1 (Reg. No. 333-193251), TRI Pointe s registration statement on Form S-4 (Reg. No. 333-193248), when each is available, and all other documents WRECO or TRI Pointe file with the SEC relating to the Transactions. This proxy statement constitutes only a proxy statement for TRI Pointe stockholders relating to the annual meeting and is not an offer to sell or a solicitation of an offer to purchase TRI Pointe common stock, Weyerhaeuser common shares or WRECO common shares.

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HELPFUL INFORMATION

In this proxy statement:

Adjustment Amount means the Adjustment Amount payable in cash by TRI Pointe or WNR, as applicable, to the other party in connection with the consummation of the Transactions, as described in The Transaction Agreement Payment of Adjustment Amount ;

Bylaws means the amended and restated bylaws of TRI Pointe;

Charter means the amended and restated certificate of incorporation of TRI Pointe;

Citigroup means Citigroup Global Markets Inc.;

Closing Date means the closing date of the Transactions;

Code means the Internal Revenue Code of 1986, as amended;

Commitment Letter means the amended and restated commitment letter, dated as of March 6, 2014, of DB Cayman, Deutsche Bank, Citigroup, US Bank and US Bancorp to WRECO;

Covington & Burling Tax Opinion means a written opinion received by Weyerhaeuser from Covington & Burling LLP to the effect that (i) the WRECO Spin will qualify as a tax-free transaction described in Section 355 of the Code, (ii) the Distribution will qualify as a tax-free transaction described in Section 355 of the Code and (iii) the Merger will qualify as a tax-free reorganization described in Section 368 of the Code;

Coyote Springs means the portions of a mixed use master planned community under development located in Clark and Lincoln Counties, Nevada, which are owned by Pardee through its wholly owned subsidiary, Pardee Homes of Nevada (Pardee Nevada). The Coyote Springs project is approximately 50 miles north of Las Vegas, Nevada and consists of approximately 42,000 acres, of which approximately 30,000 acres can be developed. As of December 31, 2013, Pardee Nevada owned 10,686 lots and controlled 56,413 lots in Coyote Springs. Within Coyote Springs, Pardee Nevada owns land in Clark County zoned or designated for both single-family home development and multi-family development. Pardee Nevada holds an option to acquire additional land and lots in Clark and Lincoln Counties. Pardee Nevada also owns property in Clark County occupied by a golf course, which is leased to and operated by a third party, as well as land dedicated to commercial and retail development;

DB Cayman means Deutsche Bank AG Cayman Islands Branch;

Debt Securities means the debt securities, in the aggregate principal amount of up to the full amount of the New Debt, which may be issued and sold by WRECO upon the consummation of the Transactions;

Delayed Transfer Assets means (i) those assets relating to the Real Estate Business to be transferred to WRECO and its subsidiaries and (ii) those assets of WRECO that will be excluded from the Transactions and transferred to Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries), in each case the transfer of which would constitute a violation of applicable law or require a consent or governmental approval not obtained prior to the time such assets should be transferred pursuant to the terms of the Transaction Agreement;

Delayed Transfer Liabilities means (i) those liabilities relating to the Real Estate Business to be assumed by WRECO and its subsidiaries and (ii) those liabilities that will be excluded from the Transactions and assumed by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries), in each case the assumption of which would constitute a violation of applicable law or require a consent or governmental approval not obtained prior to the time such liabilities should be transferred pursuant to the terms of the Transaction Agreement;

Deutsche Bank means Deutsche Bank Securities Inc.;

DGCL means the Delaware General Corporation Law;

Distribution means the distribution by Weyerhaeuser of the issued and outstanding WRECO common shares to Weyerhaeuser shareholders by way of an exchange offer and, with respect to any WRECO common shares that are not subscribed for in the exchange offer, a pro rata distribution to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of the exchange offer;

Exchange Act means the Securities Exchange Act of 1934, as amended;

Financing Letters means the Commitment Letter and the related engagement letter and fee letter executed in connection therewith;

GAAP means generally accepted accounting principles in the United States;

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Gibson Dunn Tax Opinion means a written opinion received by TRI Pointe from Gibson, Dunn & Crutcher LLP to the effect that the Merger will qualify as a tax-free reorganization described in Section 368 of the Code;

HSR Act means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;

Incentive Unit Holder means a holder of incentive units in TPH LLC;

IRS means the U.S. Internal Revenue Service;

Merger means the combination of TRI Pointe s business and the Real Estate Business through the merger of Merger Sub with and into WRECO, with WRECO surviving the merger and becoming a wholly owned subsidiary of TRI Pointe, as contemplated by the Transaction Agreement;

Merger Sub means Topaz Acquisition, Inc., a Washington corporation and a wholly owned subsidiary of TRI Pointe;

New Debt means the $800 million or more in aggregate principal amount of debt financing to be incurred by WRECO upon the consummation of the Transactions in the form of (i) the Debt Securities, (ii) the Senior Unsecured Bridge Facility or (iii) a combination thereof, which debt will be an obligation of WRECO and will be guaranteed by WRECO s material wholly owned subsidiaries (and after the consummation of the Merger, TRI Pointe and its material wholly owned subsidiaries), subject to certain exceptions;

NYSE means the New York Stock Exchange;

Real Estate Business means the real estate business of Weyerhaeuser, which business is currently conducted by WRECO and its subsidiaries and set forth in certain financial statements of WRECO, other than the operations of certain excluded assets;

REB Transfers means (i) the transfer of certain assets of Weyerhaeuser and its subsidiaries relating to the Real Estate Business to, and the assumption of certain liabilities of Weyerhaeuser and its subsidiaries relating to the Real Estate Business by, WRECO and its subsidiaries and (ii) the transfer of certain assets of WRECO and its subsidiaries that will be excluded from the Transactions to, and the assumption of certain liabilities of WRECO and its subsidiaries that will be excluded from the Transactions by, Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries), including the assets and liabilities relating to Coyote Springs;

Revolving Credit Agreement means the Revolving Credit Agreement, dated as of July 18, 2013, by and between TRI Pointe and U.S. Bank National Association d/b/a Housing Capital Company, as amended on December 26, 2013;

SEC means the U.S. Securities and Exchange Commission;

Securities Act means the Securities Act of 1933, as amended;

Senior Unsecured Bridge Facility means the senior unsecured bridge loans that may be incurred by WRECO upon the consummation of the Transactions in the event that WRECO does not issue Debt Securities in aggregate principal amount of at least $800 million and in an aggregate principal amount equal to $800 million less the aggregate principal amount of the Debt Securities issued by WRECO;

Starwood Capital means Starwood Capital Group LLC, an affiliate of TRI Pointe;

Starwood Capital Group means Starwood Capital Group Global, L.P., its predecessors and owned affiliates;

Starwood Fund means VIII/TPC Holdings, L.L.C., a private equity fund managed by an affiliate of Starwood Capital Group;

Starwood Property Trust means Starwood Property Trust, Inc., an NYSE-listed public mortgage REIT managed by an affiliate of Starwood Capital Group;

Tax Sharing Agreement means the tax sharing agreement to be entered into by Weyerhaeuser, TRI Pointe and WRECO on or prior to the date on which validly tendered Weyerhaeuser common shares are accepted for payment pursuant to the Distribution;

TPH LLC means TRI Pointe Homes, LLC, the entity that was reorganized from a Delaware limited liability company into a Delaware corporation and renamed TRI Pointe Homes, Inc. in connection with its initial public offering;

Transaction Agreement means the Transaction Agreement, dated as of November 3, 2013, by and among Weyerhaeuser, WRECO, TRI Pointe and Merger Sub, which is incorporated by reference into this proxy statement;

Transaction Documents has the meaning ascribed to it in the Transaction Agreement;

Transactions means the transactions contemplated by the Transaction Agreement and the other Transaction Documents, which provide for, among other things, the New Debt, the REB Transfers, the Distribution, the WRECO Spin, the WRECO Stock Split and the Merger, as described in The Transactions ;

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TRI Pointe means TRI Pointe Homes, Inc., a Delaware corporation, and, unless the context otherwise requires, its subsidiaries. For periods prior to September 24, 2010, TRI Pointe refers to the entities through which it conducted its business during those periods. For periods from and after September 24, 2010 and prior to January 30, 2013, TRI Pointe refers to TPH LLC and, unless the context otherwise requires, its subsidiaries and affiliates;

TRI Pointe common stock means the common stock, par value $0.01 per share, of TRI Pointe;

TRI Pointe Stockholder Approval means the approval by TRI Pointe stockholders of the issuance of shares of TRI Pointe common stock in the Merger;

TRI Pointe stockholders means the holders of TRI Pointe common stock;

US Bancorp means U.S. Bancorp Investments, Inc.;

US Bank means U.S. Bank, National Association;

Voting Agreements means the voting agreements, dated as of November 3, 2013, entered into between Weyerhaeuser and certain TRI Pointe stockholders;

Weyerhaeuser means Weyerhaeuser Company, a Washington corporation, and, unless the context otherwise requires, its subsidiaries, other than WRECO and any of its subsidiaries;

Weyerhaeuser common shares means the common shares, par value $1.25 per share, of Weyerhaeuser;

Weyerhaeuser shareholders means the holders of Weyerhaeuser common shares;

WNR means Weyerhaeuser NR Company, a Washington corporation that is a wholly owned subsidiary of Weyerhaeuser and the current direct parent entity of WRECO;

WRECO means Weyerhaeuser Real Estate Company, a Washington corporation, and, prior to the consummation of the Transactions, an indirect wholly owned subsidiary of Weyerhaeuser, and, unless the context otherwise requires, its subsidiaries;

WRECO common shares means the common shares of WRECO, par value $0.04 per share;

WRECO Spin means the distribution by WNR of all of the issued and outstanding WRECO common shares to Weyerhaeuser; and

WRECO Stock Split means the stock split effected by WRECO on January 17, 2014 pursuant to which the number of WRECO common shares issued and outstanding was increased to 100,000,000 shares and the par value of each WRECO common share was reduced to $0.04 per share.

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QUESTIONS AND ANSWERS ABOUT THE TRANSACTIONS AND THE ANNUAL MEETING

The following are some of the questions that TRI Pointe stockholders may have and answers to those questions. These questions and answers, as well as the summary that follows them, are not meant to be a substitute for the information contained in the remainder of this proxy statement, and this information is qualified in its entirety by the more detailed descriptions and explanations contained elsewhere in this proxy statement. TRI Pointe urges its stockholders to read this proxy statement in its entirety prior to making any decision.

Q: Why am I receiving these materials?

A: TRI Pointe has sent you these materials in connection with its solicitation of proxies for use at the 2014 annual meeting of stockholders to be held at [ ] a.m. local time, on [ ], [ ], 2014, at [ ], and at any adjournment(s) or postponement(s) thereof. These materials were first sent or made available to TRI Pointe stockholders on or about [ ], 2014.

This proxy statement includes important information about the Transactions and the annual meeting of TRI Pointe stockholders. You should read this information carefully and in its entirety. A copy of the Transaction Agreement is attached as Annex A to this proxy statement. The enclosed voting materials allow TRI Pointe stockholders to vote their shares without attending the annual meeting. **The vote of TRI Pointe stockholders is very important and TRI Pointe encourages its stockholders to return their proxies as soon as possible. Please follow the instructions set forth on the enclosed proxy card (or on the voting instruction form provided by the record holder if your shares of TRI Pointe stock are held in street name through a bank, broker or other nominee).**

Q: What proposals will be voted on at the annual meeting?

A: TRI Pointe stockholders will vote on the following proposals:

To authorize the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 1);

To approve an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations, which amendment is conditioned upon approval of Proposal No. 1 (Proposal No. 2);

To approve, on an advisory basis, the compensation of TRI Pointe s named executive officers (Proposal No. 3);

To conduct an advisory vote on the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers (Proposal No. 4);

To elect the seven nominees named in this proxy statement to serve on the board of directors of TRI Pointe until the earlier to occur of the 2015 annual meeting of stockholders or, if required by the Transaction Agreement, such nominee s resignation upon the consummation of the Merger (Proposal No. 5);

To ratify the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014 (Proposal No. 6); and

If it is determined by the TRI Pointe board of directors to be necessary or appropriate, to approve adjournment(s) or postponement(s) of the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 7).

Q: How does TRI Pointe s board of directors recommend stockholders vote?

A: TRI Pointe s board of directors recommends that stockholders vote:

FOR the authorization of the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 1);

FOR the approval of an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations, which amendment is conditioned upon approval of Proposal No. 1 (Proposal No. 2);

FOR the approval, on an advisory basis, of the compensation of TRI Pointe s named executive officers (Proposal No. 3);

EVERY THREE YEARS as the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers (Proposal No. 4);

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FOR the election of each of the seven nominees to the board of directors of TRI Pointe (Proposal No. 5);

FOR the ratification of the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014 (Proposal No. 6); and

If it is determined by the TRI Pointe board of directors to be necessary or appropriate, **FOR** the approval of adjournment(s) or postponement(s) of the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 7).

Questions About the Transactions (Proposal No. 1)

Q: What are the key steps of the Transactions?

A: Below is a summary of the key steps of the Transactions. See The Transactions.

Step 1 *WRECO Stock Split*

On January 17, 2014, WRECO effected the WRECO Stock Split pursuant to which the number of WRECO common shares issued and outstanding was increased to 100,000,000 shares and the par value of each WRECO common share was reduced to $0.04 per share.

Step 2 *New Debt*

WRECO and certain financial institutions executed the Commitment Letter pursuant to which WRECO will incur the New Debt in the form of (i) the Debt Securities, (ii) the Senior Unsecured Bridge Facility or (iii) a combination thereof, on the terms and conditions set forth therein, as described in Debt Financing Debt Securities and Debt Financing Bridge Facility. Prior to the Closing Date, WRECO intends to enter into definitive agreements providing for the New Debt, but those agreements will be conditional upon the consummation of the Transactions.

Under the Transaction Agreement, on the date of the Distribution, WRECO will incur the New Debt and use the proceeds thereof to pay approximately $739 million in cash to WNR (the current direct parent entity of WRECO), which cash will be retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries). The cash payment will be a repayment by WRECO of certain existing intercompany debt between WRECO and WNR or, to the extent that the cash payment exceeds the amount of the intercompany debt, it will be a distribution. WRECO will also pay to WNR a cash amount equal to all unpaid interest on WRECO s intercompany debt that has accrued between the date of the Transaction Agreement and the date of the Distribution. After giving effect to those payments, WNR will contribute any remaining unpaid intercompany debt to WRECO such that WRECO will have no further liability in respect of its intercompany debt.

Step 3 *REB Transfers*

Under the terms of the Transaction Agreement, certain assets and liabilities of WRECO and its subsidiaries relating to the Real Estate Business will be excluded from the Transactions and retained by Weyerhaeuser and its subsidiaries

(other than WRECO and its subsidiaries), including the assets and liabilities relating to Coyote Springs.

Weyerhaeuser and its subsidiaries will transfer to WRECO and its subsidiaries certain assets relating to the Real Estate Business not already owned or held by WRECO or its subsidiaries, and WRECO and its subsidiaries will transfer to Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries) certain assets of WRECO and its subsidiaries that the parties have agreed will be excluded from the Transactions and retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries) following the Closing Date. Weyerhaeuser and its subsidiaries will also transfer to WRECO and its subsidiaries, and WRECO and its subsidiaries will assume, certain liabilities relating to the Real Estate Business that are not already liabilities of WRECO and its subsidiaries, and WRECO and its subsidiaries will transfer to Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries), and Weyerhaeuser or those subsidiaries will assume, certain liabilities of WRECO and its subsidiaries that the parties have agreed will be excluded from the Transactions and retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries) following the Closing Date.

Step 4 *WRECO Spin*

WNR will distribute all of the issued and outstanding WRECO common shares to Weyerhaeuser.

Step 5 *Distribution*

Weyerhaeuser will offer to Weyerhaeuser shareholders in an exchange offer the right to exchange all or a portion of their Weyerhaeuser common shares for WRECO common shares at a discount to the equivalent per-share value of TRI Pointe common stock, subject to proration in the event of oversubscription. If the exchange offer is consummated but fewer than all of

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the issued and outstanding WRECO common shares are exchanged because the exchange offer is not fully subscribed, the remaining WRECO common shares owned by Weyerhaeuser will be distributed on a pro rata basis to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of the exchange offer. In all cases, the exchange agent will hold all issued and outstanding WRECO common shares in trust until the WRECO common shares are converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock for each WRECO common share in the Merger. WRECO common shares will not be able to be traded during this period or at any time before or after the consummation of the Merger.

As previously noted, TRI Pointe has prepared this proxy statement under the assumption that the WRECO common shares will be distributed to Weyerhaeuser shareholders pursuant to a split-off. Based on market conditions prior to the consummation of the Transactions, Weyerhaeuser will determine whether the WRECO common shares will be distributed to Weyerhaeuser shareholders in a spin-off or a split-off and, once a final decision is made, this proxy statement will be amended to reflect that decision, if necessary.

Step 6 *Merger*

Immediately following the Distribution, Merger Sub will merge with and into WRECO, with WRECO surviving the Merger and becoming a wholly owned subsidiary of TRI Pointe. In the Merger, each issued and outstanding WRECO common share will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock. Cash will be paid in lieu of fractional shares of TRI Pointe common stock.

Immediately after the consummation of the Merger, the ownership of TRI Pointe common stock on a fully diluted basis is expected to be as follows: (i) WRECO common shares will have been converted into the right to receive, in the aggregate, approximately 79.8% of the then outstanding TRI Pointe common stock, (ii) the TRI Pointe common stock outstanding immediately prior to the consummation of the Merger will represent approximately 19.5% of the then outstanding TRI Pointe common stock and (iii) outstanding equity awards of WRECO and TRI Pointe employees will represent the remaining 0.7% of the then outstanding TRI Pointe common stock.

Step 7 *Payment of Adjustment Amount*

In addition to the cash payments by WRECO to WNR described in The Transaction Agreement Incurrence of New Debt and Repayment of Intercompany Debt, the Transaction Agreement provides that, on the Closing Date, either TRI Pointe or WNR, as applicable, will pay the Adjustment Amount in cash to the other party, as more fully described in The Transaction Agreement Payment of Adjustment Amount. The Adjustment Amount is not subject to any aggregate limitation but is calculated based on certain variable amounts, some of which are subject to individual limitations. The most significant of these variable amounts is the amount of intercompany indebtedness owed by WRECO to WNR on the Closing Date, which is subject to a maximum limit of $950 million. Weyerhaeuser and TRI Pointe believe that any changes to the other variable amounts will not materially impact the Adjustment Amount, and that as such the limit on the amount of intercompany indebtedness owed by WRECO to WNR on the Closing Date creates a de facto limit on the Adjustment Amount. Based on calculations by Weyerhaeuser that have been provided to TRI Pointe, it is expected that WNR will pay an Adjustment Amount in cash to TRI Pointe on the Closing Date.

Q: What are the material U.S. federal income tax consequences to TRI Pointe and TRI Pointe stockholders resulting from the Transactions?

A: TRI Pointe will not recognize any gain or loss for U.S. federal income tax purposes as a result of the Merger. Because TRI Pointe stockholders will not participate in the Distribution or the Merger, TRI Pointe stockholders generally will not recognize gain or loss upon either the Distribution (including the exchange offer) or the Merger. **TRI Pointe stockholders should consult their own tax advisors for a full understanding of the tax consequences to them of the Distribution and the Merger.** The material U.S. federal income tax consequences of the Distribution and the Merger are described in more detail in The Transactions Material U.S. Federal Income Tax Consequences of the Distribution and the Merger.

Q: What will TRI Pointe stockholders receive in the Merger?

A: TRI Pointe stockholders will not directly receive any consideration in the Merger. All shares of TRI Pointe common stock issued and outstanding immediately before the consummation of the Merger will remain issued and outstanding after the consummation of the Merger. Immediately after the consummation of the Merger, TRI Pointe stockholders will continue to own shares in TRI Pointe, which will include the Real Estate Business.

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Q: What is the estimated total value of the consideration to be paid by TRI Pointe in the Transactions?

A: TRI Pointe expects to issue 129,700,000 shares of TRI Pointe common stock in the Merger, excluding shares to be issued on exercise or vesting of equity awards held by WRECO employees that are being assumed by TRI Pointe in connection with the Transactions. Based upon the reported closing sale price of $[ ] per share for TRI Pointe common stock on the NYSE on [ ], 2014, the total value of the shares to be issued by TRI Pointe and the amount of cash received by WNR, a subsidiary of Weyerhaeuser, in the Transactions, including from the proceeds of the New Debt (which will be an obligation of WRECO and will be guaranteed by WRECO s material wholly owned subsidiaries (and after the consummation of the Merger, TRI Pointe and its material wholly owned subsidiaries), subject to certain exceptions), but not including any Adjustment Amount as described in The Transaction Agreement Payment of Adjustment Amount, would have been approximately $[ ] billion. The actual value of the consideration to be paid by TRI Pointe will depend on the market price of shares of TRI Pointe common stock at the time of determination and on the Adjustment Amount.

Q: What are the principal adverse consequences of the Transactions to TRI Pointe stockholders?

A: Following the consummation of the Transactions, TRI Pointe stockholders will participate in a company that is one of the ten largest homebuilders in the United States based on estimated combined equity market value, assuming TRI Pointe issues 129,700,000 shares of its common stock in the Merger and based on the closing price of its common stock on March 24, 2014, but their percentage interest in this company will be substantially smaller. Immediately after the consummation of the Merger, the pre-Merger TRI Pointe stockholders are expected to own 19.5% of the TRI Pointe common stock issued and outstanding on a fully diluted basis. Therefore, the aggregate voting power represented by the shares held by pre-Merger TRI Pointe stockholders will be substantially less immediately following the consummation of the Merger than immediately prior to the consummation of the Merger. The issuance of shares of TRI Pointe common stock pursuant to the Merger may negatively affect the market price of TRI Pointe common stock. Further, WRECO will be the obligor on the New Debt after the consummation of the Transactions, which New Debt will be guaranteed by WRECO s material wholly owned subsidiaries (and after the consummation of the Merger, TRI Pointe and its material wholly owned subsidiaries), subject to certain exceptions. This additional indebtedness could materially and adversely affect the liquidity, results of operations and financial condition of TRI Pointe. TRI Pointe also expects to incur significant one-time costs in connection with the Transactions, including (i) up to $15 million of Transaction-related fees and expenses, including legal, accounting and other professional fees, but excluding financing-related fees, transition and integration expenses and advisory fees, (ii) approximately $6 million of advisory fees, (iii) approximately $28 million of financing-related fees, (iv) if the Transactions are consummated, reimbursement of up to $15 million of Transaction-related fees and expenses incurred by Weyerhaeuser, other than advisory fees, and (v) transition and integration expenses. Additionally, TRI Pointe may have to pay the Adjustment Amount in cash to WNR, as described in The Transaction Agreement Payment of Adjustment Amount. While TRI Pointe expects to be able to fund these one-time costs and the Adjustment Amount, if payable by TRI Pointe, using cash from operations and borrowings under existing and anticipated credit sources, these costs will negatively impact TRI Pointe s liquidity, cash flows and results of operations in the periods in which they are incurred. Finally, TRI Pointe s management will be required to devote a significant amount of time and attention to the process of integrating the operations of TRI Pointe and the Real Estate Business. If TRI Pointe s management is not able to effectively manage the process, TRI Pointe s business could suffer and its stock price may decline. See Risk Factors for a further discussion of the material risks associated with the Transactions.

Q: How will the Transactions impact the future liquidity and capital resources of TRI Pointe?

A: The New Debt will be a debt obligation of WRECO, which will be a wholly owned subsidiary of TRI Pointe after the consummation of the Merger, and will be guaranteed by WRECO s material wholly owned subsidiaries (and after the consummation of the Merger, TRI Pointe and its material wholly owned subsidiaries), subject to certain exceptions. TRI Pointe expects that the Transactions will be accretive on an earnings per share basis, taking into account the estimated purchase price allocation and pro forma capital structure, increase TRI Pointe s revenues and earnings and enhance cash flow generation. TRI Pointe anticipates that its primary sources of liquidity for working capital and operating activities, including any future acquisitions, will be cash provided by operations and borrowings under the Revolving Credit Agreement or a new credit facility. TRI Pointe believes that the combination of the Real Estate Business with TRI Pointe s existing business will result in annualized cost synergies of approximately $7 million in 2014 and approximately $30 million annually thereafter. The cost synergy estimate for 2014 has been adjusted to reflect the current expectation that the Transactions will be consummated early in the third quarter of 2014. Synergies resulting from the combination are expected to be derived from, among other areas, overhead savings resulting from streamlining certain redundant corporate functions, improved operating efficiencies, including provision of certain corporate level administrative and support functions at a lower cost than historically allocated to WRECO for such services by Weyerhaeuser, and growth of ancillary operations in various markets as permitted under applicable law, including a mortgage business, a title company and other ancillary operations. See Information on TRI Pointe TRI Pointe s Liquidity and Capital Resources After the Transactions.

TRI Pointe expects to incur significant one-time costs in connection with the Transactions, including (i) up to $15 million of Transaction-related fees and expenses, including legal, accounting and other professional fees, but excluding financing-related

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fees, transition and integration expenses and advisory fees, (ii) approximately $6 million of advisory fees, (iii) approximately $28 million of financing-related fees, (iv) if the Transactions are consummated, reimbursement of up to $15 million of Transaction-related fees and expenses incurred by Weyerhaeuser, other than advisory fees, and (v) transition and integration expenses. Additionally, TRI Pointe may have to pay the Adjustment Amount in cash to WNR, as described in The Transaction Agreement Payment of Adjustment Amount. While TRI Pointe expects to be able to fund these one-time costs and the Adjustment Amount, if payable by TRI Pointe, using cash from operations and borrowings under existing and anticipated credit sources, these costs will negatively impact TRI Pointe s liquidity, cash flows and results of operations in the periods in which they are incurred.

Q: How do the Transactions impact TRI Pointe s dividend policy?

A: Pursuant to the Transaction Agreement, TRI Pointe has agreed to not pay any dividends in respect of its shares of capital stock without the prior consent of Weyerhaeuser until after the consummation of the Merger. TRI Pointe currently intends to retain its future earnings, if any, to finance the development and expansion of its business and, therefore, does not intend to pay cash dividends on its common stock for the foreseeable future. Any future determination to pay dividends will be at the discretion of TRI Pointe s board of directors and will depend on TRI Pointe s financial condition, results of operations and capital requirements, restrictions contained in any financing instruments and such other factors as the TRI Pointe board of directors deems relevant.

Q: What will Weyerhaeuser, its subsidiaries and Weyerhaeuser shareholders receive in the Transactions?

A: WNR, a subsidiary of Weyerhaeuser, will receive approximately $739 million of the cash proceeds of the New Debt, which will be retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries). WNR may also receive a cash payment of the Adjustment Amount, if the Adjustment Amount is payable by TRI Pointe, as described in The Transaction Agreement Payment of Adjustment Amount. The New Debt will be a debt obligation of WRECO, which will be a wholly owned subsidiary of TRI Pointe after the consummation of the Merger, and will be guaranteed by WRECO s material wholly owned subsidiaries (and after the consummation of the Merger, TRI Pointe and its material wholly owned subsidiaries), subject to certain exceptions.

In the exchange offer, Weyerhaeuser will offer to Weyerhaeuser shareholders the right to exchange all or a portion of their Weyerhaeuser common shares for WRECO common shares at a discount to the equivalent per-share value of TRI Pointe common stock, subject to proration in the event of oversubscription. If the exchange offer is consummated but fewer than all of the issued and outstanding WRECO common shares are exchanged because the exchange offer is not fully subscribed, the remaining WRECO common shares owned by Weyerhaeuser will be distributed on a pro rata basis to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of the exchange offer. In all cases, the exchange agent will hold all issued and outstanding WRECO common shares in trust until the WRECO common shares are converted into the right to receive shares of TRI Pointe common stock in the Merger. WRECO common shares will not be able to be traded during this period or at any time before or after the consummation of the Merger. In the Merger, each issued and outstanding WRECO common share will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock, as described in The Transaction Agreement The Merger.

As previously noted, TRI Pointe has prepared this proxy statement under the assumption that the WRECO common shares will be distributed to Weyerhaeuser shareholders pursuant to a split-off. Based on market conditions prior to

the consummation of the Transactions, Weyerhaeuser will determine whether the WRECO common shares will be distributed to Weyerhaeuser shareholders in a spin-off or a split-off and, once a final decision is made, this proxy statement will be amended to reflect that decision, if necessary.

Q: Are there any conditions to the consummation of the Transactions?

A: Yes. The consummation of the Transactions is subject to a number of conditions, including:

the approval by TRI Pointe stockholders of the issuance of TRI Pointe common stock in the Merger;

the termination or expiration of the waiting period under the HSR Act (early termination was granted on January 14, 2014), and the receipt of any other necessary antitrust approvals;

the absence of any judgment or law issued or enacted by any governmental authority of competent jurisdiction that is in effect and enjoins or makes illegal the consummation of the Transactions;

the effectiveness under the Securities Act of WRECO s registration statement on Form S-4 and Form S-1 (Reg. No. 333-193251) and TRI Pointe s registration statement on Form S-4 (Reg. No. 333-193248), and the absence of any stop order or proceedings seeking a stop order;

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the receipt of the Covington & Burling Tax Opinion and the Gibson Dunn Tax Opinion by Weyerhaeuser and TRI Pointe, respectively;

the approval for quotation on the NYSE of the shares of TRI Pointe common stock to be issued in connection with the Merger and upon the exercise of TRI Pointe equity awards from time to time, subject to official notice of issuance; and

the execution of the definitive agreements in respect of the New Debt and the receipt by WRECO of the net proceeds thereof.

In addition, the obligations of Weyerhaeuser, WRECO, TRI Pointe and Merger Sub to consummate the Merger are further subject to the satisfaction (or, to the extent permitted by law, waiver), on or prior to the Closing Date, of the following conditions:

the REB Transfers and the WRECO Spin shall have been consummated in accordance with and subject to the terms of the Transaction Agreement; and

the Distribution shall have been consummated in accordance with and subject to the terms of the Transaction Agreement.

To the extent permitted by applicable law, Weyerhaeuser and WRECO, on the one hand, and TRI Pointe and Merger Sub, on the other hand, may waive the satisfaction of the conditions to their respective obligations to consummate the Transactions. If TRI Pointe waives the satisfaction of a material condition to the consummation of the Transactions after the TRI Pointe Stockholder Approval, TRI Pointe will evaluate the appropriate facts and circumstances at that time and resolicit stockholder approval of the issuance of shares of TRI Pointe common stock in the Merger if required to do so by law or the rules of the NYSE. The Transaction Agreement provides that Weyerhaeuser or TRI Pointe may terminate the Transaction Agreement if the Merger is not consummated on or before November 3, 2014.

This proxy statement describes these conditions in more detail in The Transaction Agreement Conditions to the Consummation of the Transactions.

Q: When will the Transactions be completed?

A: The Transactions are expected to be completed early in the third quarter of 2014. However, it is possible that the Transactions could be completed at a later time or not at all. See Risk Factors Risks Related to the Transactions The Transactions may not be completed on the terms or the timeline currently contemplated, or at all and The Transaction Agreement Conditions to the Consummation of the Transactions.

Q: Are there risks associated with the Transactions?

A: Yes. The material risks associated with the Transactions are discussed in Risk Factors. Those risks include, among others, the possibility that the Transactions may not be completed, the possibility that TRI Pointe will not be able to integrate the Real Estate Business successfully, that TRI Pointe may fail to realize the anticipated benefits of the Merger, that TRI Pointe may be unable to provide benefits and services or access to financial strength and resources to the Real Estate Business equivalent to those historically provided by Weyerhaeuser, risks associated with the additional long-term indebtedness and liabilities that TRI Pointe will have following the consummation of the Transactions and risks related to the substantial dilution to the ownership interest of current TRI Pointe stockholders following the consummation of the Merger. In addition, TRI Pointe is an emerging growth company as defined in the Jumpstart Our Business Startups (JOBS) Act. As such, TRI Pointe currently is not subject to the independent auditor attestation requirement with respect to internal control over financial reporting, may take advantage of the SEC s scaled disclosure requirements with respect to executive compensation pursuant to the rules applicable to smaller reporting companies and is not required to seek non-binding advisory votes on executive compensation or golden parachute arrangements. The consummation of the Transactions is expected to cause TRI Pointe to lose its status as an emerging growth company in 2014. Accordingly, after the consummation of the Transactions, TRI Pointe will be subject to additional disclosure and other obligations, which could place significant demands on TRI Pointe s management, administrative, operational and accounting resources and cause TRI Pointe to incur significant one-time and ongoing expenses. If TRI Pointe s independent auditor is unable to provide an unqualified attestation report on internal control over financial reporting, investors could lose confidence in the reliability of TRI Pointe s financial statements and its stock price could be materially and adversely affected.

Q: Will there be any change to the TRI Pointe board of directors or the executive officers of TRI Pointe after the consummation of the Transactions?

A: Yes. TRI Pointe will increase the size of its board of directors from seven to nine directors, the majority of whom will be independent directors in accordance with NYSE listing requirements. Assuming they are re-elected at the annual meeting, upon the consummation of the Merger, Messrs. Perrin, Bronson and Cable will resign from the TRI Pointe board of directors, Messrs. Sternlicht, Bauer, Gilbert and Rogers will continue to serve as directors, and TRI Pointe will appoint Mr. Chris Graham as a

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director. Weyerhaeuser will select the remaining four directors. Each of TRI Pointe and Weyerhaeuser will have reasonable approval rights over the directors selected for appointment by the other party, taking into account applicable independence and other NYSE listing requirements. The executive officers of TRI Pointe immediately prior to the consummation of the Merger are expected to be the executive officers of TRI Pointe immediately following the consummation of the Merger.

Q: What vote is required to approve Proposal No. 1?

A: Pursuant to the NYSE rules, this proposal must be approved by a majority of the votes cast. For purposes of the NYSE rules, abstentions will be treated as votes cast, but broker non-votes will not be treated as votes cast with regard to Proposal No. 1. TRI Pointe cannot complete the Transactions unless this proposal to authorize the issuance of shares of TRI Pointe common stock in the Merger is approved.

Q: Do Weyerhaeuser shareholders have to vote to approve the Transactions?

A: No.

Q: Where will the shares of TRI Pointe common stock to be issued in the Merger be listed?

A: TRI Pointe common stock is listed on the NYSE under TPH. After the consummation of the Transactions, all shares of TRI Pointe common stock issued in the Merger, and all other outstanding shares of TRI Pointe common stock, will continue to be listed on the NYSE.

Q: What if a TRI Pointe stockholder returns a proxy but does not indicate how the shares should be voted with respect to Proposal No. 1?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe but the proxy does not indicate how the subject shares should be voted on the proposal, the shares subject to the proxy will be voted **FOR** the authorization of the issuance of shares of TRI Pointe common stock in the Merger.

Q: What if a TRI Pointe stockholder returns a proxy but instructs the proxy holder to abstain with respect to Proposal No. 1?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe and the proxy instructs the proxy holder to abstain from voting on this proposal, the shares subject to the proxy will not be voted, but will be treated as votes cast under NYSE rules and will have the effect of a **NO** vote, with regard to this proposal.

Q: What if a TRI Pointe stockholder is a beneficial owner of shares held in street name and fails to provide voting instructions with respect to Proposal No. 1?

A: If a TRI Pointe stockholder is the beneficial owner of shares held in street name through its bank, broker or other nominee, the bank, broker or other nominee will typically be prohibited from voting in its discretion on this proposal with respect to that stockholder s shares, and these broker non-votes will not affect the outcome of the vote on this proposal.

Q: Have any TRI Pointe stockholders already agreed to vote for Proposal No. 1?

A: Yes. Certain TRI Pointe stockholders, including the Starwood Fund and members of TRI Pointe s management, have entered into Voting Agreements with respect to an aggregate of 12,639,163 shares of TRI Pointe common stock, representing in the aggregate approximately 40% of the TRI Pointe common stock currently outstanding. These Voting Agreements provide, among other things, that these TRI Pointe stockholders will vote in favor of this proposal to authorize the issuance of shares of TRI Pointe common stock in the Merger and any other actions necessary and desirable in connection with the Transactions.

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Questions With Respect to an Amendment to the 2013 Long-Term Incentive Plan (Proposal No. 2)

Q: Why are TRI Pointe stockholders being asked to approve an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations?

A: The number of shares currently available for issuance under the 2013 Long-Term Incentive Plan did not anticipate the Transactions and the substantial increase in the number of persons who will be eligible to receive awards following the consummation of the Transactions. In addition, after the consummation of the Merger, the number of shares of TRI Pointe common stock outstanding will be substantially greater. As a result, the number of shares currently available for issuance under the 2013 Long-Term Incentive Plan will constitute a significantly smaller percentage of TRI Pointe common stock outstanding after the consummation of the Merger than immediately prior to the consummation of the Merger. The increase in the number of shares available for issuance under the 2013 Long-Term Incentive Plan will allow TRI Pointe to continue to grant equity to all employees as part of a competitive compensation package and accounts for the dilutive effect of the Transactions on TRI Pointe common stock. Additionally, providing for award limitations pursuant to Section 162(m) of the Code will allow TRI Pointe to grant awards under the 2013 LTIP that can satisfy the requirements for performance-based compensation within the meaning of Section 162(m) of the Code, which would allow TRI Pointe to deduct these awards for federal income tax purposes.

Q: What vote is required to approve an amendment to TRI Pointe s 2013 Long-Term Incentive Plan?

A: Pursuant to the NYSE rules, this proposal must be approved by a majority of the votes cast. For purposes of the NYSE rules, abstentions will be treated as votes cast, but broker non-votes will not be treated as votes cast with regard to Proposal No. 2.

Q: What if a TRI Pointe stockholder returns a proxy but does not indicate how the shares should be voted with respect to Proposal No. 2?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe but the proxy does not indicate how it should be voted on this proposal, the shares subject to the proxy will be voted **FOR** the approval of an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations, which amendment is conditioned upon approval of Proposal No. 1.

Q: What if a TRI Pointe stockholder returns a proxy but instructs the proxy holder to abstain with respect to Proposal No. 2?

A:

If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe and the proxy instructs the proxy holder to abstain from voting on this proposal, the shares subject to the proxy will not be voted, but will be treated as votes cast under NYSE rules and will have the effect of a **NO** vote, with regard to this proposal.

Q: What if a TRI Pointe stockholder is a beneficial owner of shares held in street name and fails to provide voting instructions with respect to Proposal No. 2?

A: If a TRI Pointe stockholder is the beneficial owner of shares held in street name through its bank, broker or other nominee, the bank, broker or other nominee will typically be prohibited from voting in its discretion on this proposal with respect to that stockholder s shares and these broker non-votes will not affect the outcome of the vote on this proposal.

Questions With Respect to the Advisory Vote on Executive Compensation (Proposal No. 3)

Q: What vote is required to approve, on an advisory basis, the compensation of TRI Pointe s named executive officers?

A: Pursuant to the Bylaws, this proposal requires the affirmative vote of the holders of stock having a majority of the votes that could be cast by the holders of all stock entitled to vote on the proposal that are present in person or by proxy at the annual meeting. The stockholder vote on this proposal is an advisory vote only and is not binding on TRI Pointe, its board of directors or its Compensation Committee.

Q: What if a TRI Pointe stockholder returns a proxy but does not indicate how the shares should be voted with respect to Proposal No. 3?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe but the proxy does not indicate how it should be voted on this proposal, the shares subject to the proxy will be voted **FOR** the approval, on an advisory basis, of the compensation of TRI Pointe s named executive officers.

Q: What if a TRI Pointe stockholder returns a proxy but instructs the proxy holder to abstain with respect to Proposal No. 3?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe and the proxy instructs the proxy holder to abstain from voting on this proposal, the shares subject to the proxy will not be voted, and will have the effect of a **NO** vote, with regard to this proposal.

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Q: What if a TRI Pointe stockholder is a beneficial owner of shares held in street name and fails to provide voting instructions with respect to Proposal No. 3?

A: If a TRI Pointe stockholder is the beneficial owner of shares held in street name through its bank, broker or other nominee, the bank, broker or other nominee will typically be prohibited from voting in its discretion on this proposal with respect to that stockholder s shares and these broker non-votes will not affect the outcome of the vote on this proposal.

Questions With Respect to the Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation (Proposal No. 4)

Q: What vote is required to determine, on an advisory basis, the frequency of future advisory votes on executive compensation?

A: Pursuant to the Bylaws, this proposal requires the affirmative vote of the holders of stock having a majority of the votes that could be cast by the holders of all stock entitled to vote on the proposal that are present in person or by proxy at the annual meeting. With regard to this proposal, if none of the frequency alternatives (one year, two years or three years) receives a majority vote, TRI Pointe will consider the frequency that receives the highest number of votes by stockholders to be the frequency that has been selected by stockholders. The stockholder vote on this proposal is an advisory vote only and is not binding on TRI Pointe, its board of directors or its Compensation Committee.

Q: What if a TRI Pointe stockholder returns a proxy but does not indicate how the shares should be voted with respect to Proposal No. 4?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe but the proxy does not indicate how it should be voted on this proposal, the shares subject to the proxy will be voted for **EVERY THREE YEARS** as the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers.

Q: What if a TRI Pointe stockholder returns a proxy but instructs the proxy holder to abstain with respect to Proposal No. 4?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe and the proxy instructs the proxy holder to abstain from voting on this proposal, the shares subject to the proxy will not be voted for any of the frequency alternatives with regard to this proposal.

Q: What if a TRI Pointe stockholder is a beneficial owner of shares held in street name and fails to provide voting instructions with respect to Proposal No. 4?

A: If a TRI Pointe stockholder is the beneficial owner of shares held in street name through its bank, broker or other nominee, the bank, broker or other nominee will typically be prohibited from voting in its discretion on this proposal with respect to that stockholder s shares and these broker non-votes will not affect the outcome of the vote on this proposal.

Questions With Respect to the Election of Directors (Proposal No. 5)

Q: What vote is required for election of directors?

A: The Bylaws provide that directors are elected by a plurality of the votes cast. Therefore, the seven nominees who receive the highest number of votes will be elected as directors. If no other nominations are properly and timely received in accordance with the Bylaws, then each of the seven nominees named in this proxy statement will be elected if they receive at least one vote. There is no cumulative voting in the election of directors.

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Q: What if a TRI Pointe stockholder returns a proxy but does not indicate how the shares should be voted with respect to Proposal No. 5?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe but the proxy does not indicate how it should be voted on this proposal, the shares subject to the proxy will be voted **FOR** the election of the seven nominees named in this proxy statement to the board of directors of TRI Pointe.

Q: What if a TRI Pointe stockholder returns a proxy but withholds authority to vote for one or more nominees?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe and the proxy withholds authority to vote for one or more nominees, the shares subject to the proxy will not be voted for that nominee or those nominees and will be voted **FOR** the remaining nominee(s), if any.

Q: What if a TRI Pointe stockholder is a beneficial owner of shares held in street name and fails to provide voting instructions with respect to Proposal No. 5?

A: If a TRI Pointe stockholder is the beneficial owner of shares held in street name through its bank, broker or other nominee, the bank, broker or other nominee will typically be prohibited from voting in its discretion on this proposal with respect to that stockholder s shares and these broker non-votes will not affect the outcome of the election.

Questions With Respect to the Ratification of the Appointment of Auditors (Proposal No. 6)

Q: What vote is required to approve the ratification of the appointment of auditors?

A: Pursuant to the Bylaws, this proposal requires the affirmative vote of the holders of stock having a majority of the votes that could be cast by the holders of all stock entitled to vote on the proposal that are present in person or by proxy at the annual meeting.

Q: What if a TRI Pointe stockholder returns a proxy but does not indicate how the shares should be voted with respect to Proposal No. 6?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe but the proxy does not indicate how it should be voted on this proposal, the shares subject to the proxy will be voted **FOR** the ratification of the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014.

Q:

What if a TRI Pointe stockholder returns a proxy but instructs the proxy holder to abstain with respect to Proposal No. 6?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe and the proxy instructs the proxy holder to abstain from voting on this proposal, the shares subject to the proxy will not be voted, and will have the effect of a **NO** vote, with regard to this proposal.

Q: What if a TRI Pointe stockholder is a beneficial owner of shares held in street name and fails to provide voting instructions with respect to Proposal No. 6?

A: If a TRI Pointe stockholder is the beneficial owner of shares held in street name through its bank, broker or other nominee, the bank, broker or other nominee will typically have the authority to exercise its voting discretion to vote on this proposal.

Questions With Respect to Adjournment(s) and Postponement(s) of the Annual Meeting (Proposal No. 7)

Q: What vote is required to approve adjournment(s) or postponement(s) of the annual meeting?

A: Pursuant to the Bylaws, this proposal requires the affirmative vote of the holders of stock having a majority of the votes that could be cast by the holders of all stock entitled to vote on the proposal that are present in person or by proxy at the annual meeting.

Q: What if a TRI Pointe stockholder returns a proxy but does not indicate how the shares should be voted with respect to Proposal No. 7?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe but the proxy does not indicate how it should be voted on this proposal, the shares subject to the proxy will be voted **FOR** the approval of adjournment(s) or postponement(s) of the annual meeting, if it is determined by the TRI Pointe board of directors to be necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe common stock in the Merger.

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Q: What if a TRI Pointe stockholder returns a proxy but instructs the proxy holder to abstain with respect to Proposal No. 7?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe and the proxy instructs the proxy holder to abstain from voting on this proposal, the shares subject to the proxy will not be voted, and will have the effect of a **NO** vote, with regard to this proposal.

Q: What if a TRI Pointe stockholder is a beneficial owner of shares held in street name and fails to provide voting instructions with respect to Proposal No. 7?

A: If a TRI Pointe stockholder is the beneficial owner of shares held in street name through its bank, broker or other nominee, the bank, broker or other nominee will typically be prohibited from voting in its discretion on this proposal with respect to that stockholder s shares and these broker non-votes will not affect the outcome of the vote on this proposal.

General Questions

Q: How can TRI Pointe stockholders cast their vote?

A: TRI Pointe stockholders may vote before the annual meeting in one of the following ways:

by using the toll-free number shown on the proxy card (or voting instruction card if a TRI Pointe stockholder received its proxy materials by mail from a bank, broker or other nominee);

by visiting the website shown on the proxy card (or voting instruction card) to submit a proxy via the Internet;

by completing, signing, dating and returning the enclosed proxy card (or voting instruction card) in the enclosed postage-paid envelope; or

by attending the annual meeting and voting their shares.

Q: If a TRI Pointe stockholder is not going to attend the annual meeting, should that stockholder return its proxy card or otherwise vote its shares?

A: Yes. Returning the proxy card (or voting instruction card if a TRI Pointe stockholder received its proxy materials by mail from a bank, broker or other nominee) or voting by calling the toll-free number shown on the proxy card

(or voting instruction card) or visiting the website shown on the proxy card (or voting instruction card) to submit a proxy via the Internet ensures that the shares will be represented and voted at the annual meeting, even if the TRI Pointe stockholder will be unable to or does not attend.

Q: If a TRI Pointe stockholder s shares are held in street name through its bank, broker or other nominee, will that bank, broker or other nominee vote those shares?

A: Banks, brokers or other nominees will not vote shares of a TRI Pointe stockholder with respect to Proposals No. 1, No. 2, No. 3, No. 4, No. 5 and No. 7 at the annual meeting unless the TRI Pointe stockholder instructs its bank, broker or other nominee how to vote. A TRI Pointe stockholder should follow the directions on the voting instruction card provided by its bank, broker or other nominee regarding how to instruct its bank, broker or other nominee to vote its shares. If a TRI Pointe stockholder does not provide its bank, broker or other nominee with instructions, under NYSE rules, that bank, broker or other nominee will not be authorized to vote with respect to Proposals No. 1, No. 2, No. 3, No. 4, No. 5 and No. 7, but may vote with respect to Proposal No. 6. Shares registered in the name of a bank, broker or other nominee, for which proxies are voted on some, but not all, matters will be considered to be represented at the annual meeting for purposes of determining a quorum and, with the exception of Proposal No. 6, voted only as to those matters marked on the proxy card. Shares registered in the name of a bank, broker or other nominee may be voted in person at the annual meeting by contacting the bank, broker or other nominee to obtain a legal proxy from the bank, broker or other nominee and presenting the legal proxy at the annual meeting.

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Q: Can a TRI Pointe stockholder change its vote after mailing its proxy card?

A: Yes. If a TRI Pointe stockholder has properly completed and submitted its proxy card, the TRI Pointe stockholder can change its vote in any of the following ways:

- by executing a notice of revocation stating that the TRI Pointe stockholder revokes its proxy and properly sending it to the Corporate Secretary of TRI Pointe so that it is received prior to the annual meeting;
- by properly completing a new proxy card bearing a later date and properly submitting it so that it is received prior to the annual meeting;
- by logging onto the internet website specified on the proxy card (or voting instruction card if a TRI Pointe stockholder received its proxy materials by mail from a bank, broker or other nominee) in the same manner a stockholder would to submit its proxy electronically or by calling the toll-free number specified on the proxy card (or voting instruction card) prior to the annual meeting, in each case if the TRI Pointe stockholder is eligible to do so and following the instructions on the proxy card (or voting instruction card); or
- by attending the annual meeting and voting in person.

Simply attending the annual meeting will not revoke a proxy. In the event of multiple online or telephone proxies by a TRI Pointe stockholder, each proxy will supersede the previous proxy and the last proxy will be deemed to be the final proxy of the stockholder unless that proxy is revoked.

If a TRI Pointe stockholder holds shares in street name through its bank, broker or other nominee, and has directed that person to vote its shares, it should instruct that person to change its vote, or if, in the alternative, a TRI Pointe stockholder holding shares in street name wishes to vote in person at the annual meeting, the stockholder must obtain a legal proxy from the bank, broker or other nominee and present the legal proxy at the annual meeting.

Q: What should TRI Pointe stockholders do now?

A: After carefully reading and considering the information contained in this proxy statement, TRI Pointe stockholders should vote their shares as soon as possible so that their shares will be represented and voted at the annual meeting. TRI Pointe stockholders should follow the instructions set forth on the enclosed proxy card (or on the voting instruction card provided by the record holder if their shares are held in the name of a bank, broker or other nominee).

Q: Can TRI Pointe stockholders dissent to the Merger and require appraisal of their shares?

A: No.

Q: Will the instruments that govern the rights of TRI Pointe stockholders with respect to their shares of TRI Pointe common stock after the consummation of the Transactions be different from those that govern the rights of current TRI Pointe stockholders?

A: No. The rights of TRI Pointe stockholders with respect to their shares of TRI Pointe common stock after the consummation of the Transactions will continue to be governed by federal and state laws and TRI Pointe s governing documents, including:

the corporate law of the State of Delaware, including the DGCL;

the Charter; and

the Bylaws.

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Q: Who can answer my questions?

A: If you have any questions about the Transactions or the annual meeting, need assistance in voting your shares or need additional copies of this proxy statement or the enclosed proxy card (or voting instruction card if you received your proxy materials by mail from a bank, broker or other nominee), you should contact:

Eagle Rock Proxy Advisors, LLC

12 Commerce Drive

Cranford, New Jersey 07016

Telephone: (888) 859-0692

or

TRI Pointe Homes, Inc.

19520 Jamboree Road, Suite 200

Irvine, California 92612

Attention: Investor Relations

Telephone: (949) 478-8600

Q: Where can I find more information about TRI Pointe and WRECO?

A: TRI Pointe stockholders can find more information about TRI Pointe and WRECO in Information on TRI Pointe and Information on WRECO and from the various sources described in Where You Can Find More Information; Incorporation by Reference.

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SUMMARY

The following summary contains certain information described in more detail elsewhere in this proxy statement. It does not contain all the details concerning the Transactions, including information that may be important to you. To better understand the Transactions, you should carefully review this entire proxy statement and the documents referenced in this proxy statement. See Where You Can Find More Information; Incorporation by Reference.

The Companies

TRI Pointe Homes, Inc.

TRI Pointe Homes, Inc.

19520 Jamboree Road, Suite 200

Irvine, California 92612

Telephone: (949) 478-8600

TRI Pointe Homes, Inc., a Delaware corporation, is engaged in the design, construction and sale of innovative single-family homes in planned communities in major metropolitan areas located throughout Southern and Northern California and Colorado.

Topaz Acquisition, Inc.

Topaz Acquisition, Inc.

c/o TRI Pointe Homes, Inc.

19520 Jamboree Road, Suite 200

Irvine, California 92612

Telephone: (949) 478-8600

Topaz Acquisition, Inc., a Washington corporation, is a newly formed, directly wholly owned subsidiary of TRI Pointe that was organized specifically for the purpose of completing the Merger. Merger Sub has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and in connection with the Transactions.

Weyerhaeuser Company

Weyerhaeuser Company

33663 Weyerhaeuser Way South

Federal Way, Washington 98003

Telephone: (253) 924-2345

Weyerhaeuser Company, a Washington corporation, is one of the world s largest private owners of timberlands. Weyerhaeuser owns or controls nearly seven million acres of timberlands, primarily in the U.S., and manages another 13.9 million acres under long-term licenses in Canada. It manages these timberlands on a sustainable basis in compliance with internationally recognized forestry standards. Weyerhaeuser is also one of the largest manufacturers of wood and specialty cellulose fibers products, and through WRECO it develops real estate, primarily as a builder of single-family homes. Weyerhaeuser is a real estate investment trust (REIT). Its business segments are timberlands (which includes logs, chips and timber), wood products (which includes softwood lumber, plywood, veneer, oriented strand board (OSB), hardwood lumber, engineered lumber, raw materials and building materials distribution), cellulose fibers (which includes fluff pulp, liquid packaging board and paper products) and real estate. Weyerhaeuser generated revenues of $8.5 billion during the year ended December 31, 2013.

Weyerhaeuser Real Estate Company

Weyerhaeuser Real Estate Company

c/o Weyerhaeuser Company

33663 Weyerhaeuser Way South

Federal Way, Washington 98003

Telephone: (253) 924-2345

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Weyerhaeuser Real Estate Company, a Washington corporation, was founded in 1970 and is primarily engaged in the design, construction and sale of single-family homes in California, Texas, Arizona, Washington, Nevada, Maryland and Virginia. In 2012, WRECO was a top 20 U.S. homebuilder as measured by annual single-family home deliveries. WRECO s core markets are Southern California, Houston, Phoenix and Tucson, the Puget Sound region of Washington State, Las Vegas, Richmond and the Washington, D.C. suburbs. In addition, WRECO is a developer of master planned communities, which include residential lots for its own use, lots for sale to other homebuilders, and the sale of commercial and multi-family properties, primarily in Southern California.

The Transactions

On November 4, 2013, TRI Pointe and Weyerhaeuser announced that they, along with WRECO and Merger Sub, had entered into the Transaction Agreement, which provides for the combination of TRI Pointe s business and the Real Estate Business.

Under the Transaction Agreement, on the date of the Distribution, WRECO will incur the New Debt and use the proceeds thereof to make a cash payment to WNR, a subsidiary of Weyerhaeuser. Weyerhaeuser will then cause the REB Transfers to occur. Following the REB Transfers, Weyerhaeuser will cause WNR to distribute all of the issued and outstanding WRECO common shares to Weyerhaeuser in the WRECO Spin.

Weyerhaeuser will offer to Weyerhaeuser shareholders in an exchange offer the right to exchange all or a portion of their Weyerhaeuser common shares for WRECO common shares at a discount to the equivalent per-share value of TRI Pointe common stock, subject to proration in the event of oversubscription. If the exchange offer is consummated but fewer than all of the issued and outstanding WRECO common shares are exchanged because the exchange offer is not fully subscribed, the remaining WRECO common shares owned by Weyerhaeuser will be distributed on a pro rata basis to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of the exchange offer. In all cases, the exchange agent will hold all issued and outstanding WRECO common shares in trust until the WRECO common shares are converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock for each WRECO common share in the Merger. WRECO common shares will not be able to be traded during this period or at any time before or after the consummation of the Merger. Immediately after the Distribution and at the effective time of the Merger, Merger Sub will merge with and into WRECO, with WRECO surviving the Merger and becoming a wholly owned subsidiary of TRI Pointe. In the Merger, each issued and outstanding WRECO common share will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock.

TRI Pointe expects to issue 129,700,000 shares of TRI Pointe common stock in the Merger, excluding shares to be issued on exercise or vesting of equity awards held by WRECO employees that are being assumed by TRI Pointe in connection with the Transactions. Based upon the reported closing sale price of $[ ] per share for TRI Pointe common stock on the NYSE on [ ], 2014, the total value of the shares to be issued by TRI Pointe and the amount of cash received by WNR, a subsidiary of Weyerhaeuser, in the Transactions, including from the proceeds of the New Debt (which will be an obligation of WRECO and will be guaranteed by WRECO s material wholly owned subsidiaries (and after the consummation of the Merger, TRI Pointe and its material wholly owned subsidiaries), subject to certain exceptions) as discussed below, but not including any Adjustment Amount as described in The Transaction Agreement Payment of Adjustment Amount, would have been approximately $[ ] billion. The actual value of the consideration to be paid by TRI Pointe will depend on the market price of shares of TRI Pointe common stock at the time of determination and on the Adjustment Amount.

After the consummation of the Merger, TRI Pointe will own and operate the Real Estate Business through WRECO, which will be a wholly owned subsidiary of TRI Pointe, and will also continue its current businesses. All outstanding

shares of TRI Pointe common stock, including those issued in the Merger, will be listed on the NYSE under TRI Pointe s current trading symbol TPH.

Below is a step-by-step description of the sequence of material events relating to the Transactions.

Step 1 *WRECO Stock Split*

On January 17, 2014, WRECO effected the WRECO Stock Split pursuant to which the number of WRECO common shares issued and outstanding was increased to 100,000,000 shares and the par value of each WRECO common share was reduced to $0.04 per share.

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Step 2 *New Debt*

WRECO and certain financial institutions executed the Commitment Letter pursuant to which WRECO will incur the New Debt in the form of (i) the Debt Securities, (ii) the Senior Unsecured Bridge Facility or (iii) a combination thereof, on the terms and conditions set forth therein, as described in Debt Financing Debt Securities and Debt Financing Bridge Facility. Prior to the Closing Date, WRECO intends to enter into definitive agreements providing for the New Debt, but those agreements will be conditional upon the consummation of the Transactions.

Under the Transaction Agreement, on the date of the Distribution, WRECO will incur the New Debt and use the proceeds thereof to pay approximately $739 million in cash to WNR (the current direct parent entity of WRECO), which cash will be retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries). The cash payment will be a repayment by WRECO of certain existing intercompany debt between WRECO and WNR or, to the extent that the cash payment exceeds the amount of the intercompany debt, it will be a distribution. WRECO will also pay to WNR a cash amount equal to all unpaid interest on WRECO s intercompany debt that has accrued between the date of the Transaction Agreement and the date of the Distribution. After giving effect to those payments, WNR will contribute any remaining unpaid intercompany debt to WRECO such that WRECO will have no further liability in respect of its intercompany debt.

Step 3 *REB Transfers*

Under the terms of the Transaction Agreement, certain assets and liabilities of WRECO and its subsidiaries relating to the Real Estate Business will be excluded from the Transactions and retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries), including the assets and liabilities relating to Coyote Springs.

Weyerhaeuser and its subsidiaries will transfer to WRECO and its subsidiaries certain assets relating to the Real Estate Business not already owned or held by WRECO or its subsidiaries, and WRECO and its subsidiaries will transfer to Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries) certain assets of WRECO and its subsidiaries that the parties have agreed will be excluded from the Transactions and retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries) following the Closing Date. Weyerhaeuser and its subsidiaries will also transfer to WRECO and its subsidiaries, and WRECO and its subsidiaries will assume, certain liabilities relating to the Real Estate Business that are not already liabilities of WRECO and its subsidiaries, and WRECO and its subsidiaries will transfer to Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries), and Weyerhaeuser or those subsidiaries will assume, certain liabilities of WRECO and its subsidiaries that the parties have agreed will be excluded from the Transactions and retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries) following the Closing Date.

Step 4 *WRECO Spin*

WNR will distribute all of the issued and outstanding WRECO common shares to Weyerhaeuser.

Step 5 *Distribution*

Weyerhaeuser will offer to Weyerhaeuser shareholders in an exchange offer the right to exchange all or a portion of their Weyerhaeuser common shares for WRECO common shares at a discount to the equivalent per-share value of TRI Pointe common stock, subject to proration in the event of oversubscription. If the exchange offer is consummated but fewer than all of the issued and outstanding WRECO common shares are exchanged because the exchange offer is not fully subscribed, the remaining WRECO common shares owned by Weyerhaeuser will be distributed on a pro rata basis to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation

of the exchange offer. In all cases, the exchange agent will hold all issued and outstanding WRECO common shares in trust until the WRECO common shares are converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock for each WRECO common share in the Merger. WRECO common shares will not be able to be traded during this period or at any time before or after the consummation of the Merger.

As previously noted, TRI Pointe has prepared this proxy statement under the assumption that the WRECO common shares will be distributed to Weyerhaeuser shareholders pursuant to a split-off. Based on market conditions prior to the consummation of the Transactions, Weyerhaeuser will determine whether the WRECO common shares will be distributed to Weyerhaeuser shareholders in a spin-off or a split-off and, once a final decision is made, this proxy statement will be amended to reflect that decision, if necessary.

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Step 6 *Merger*

Immediately following the Distribution, Merger Sub will merge with and into WRECO, with WRECO surviving the Merger and becoming a wholly owned subsidiary of TRI Pointe. In the Merger, each issued and outstanding WRECO common share will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock. Cash will be paid in lieu of fractional shares of TRI Pointe common stock.

Immediately after the consummation of the Merger, the ownership of TRI Pointe common stock on a fully diluted basis is expected to be as follows: (i) WRECO common shares will have been converted into the right to receive, in the aggregate, approximately 79.8% of the then outstanding TRI Pointe common stock, (ii) the TRI Pointe common stock outstanding immediately prior to the consummation of the Merger will represent approximately 19.5% of the then outstanding TRI Pointe common stock and (iii) outstanding equity awards of WRECO and TRI Pointe employees will represent the remaining 0.7% of the then outstanding TRI Pointe common stock.

Step 7 *Payment of Adjustment Amount*

In addition to the cash payments by WRECO to WNR described in The Transaction Agreement Incurrence of New Debt and Repayment of Intercompany Debt, the Transaction Agreement provides that, on the Closing Date, either TRI Pointe or WNR, as applicable, will pay the Adjustment Amount in cash to the other party, as more fully described in The Transaction Agreement Payment of Adjustment Amount. The Adjustment Amount is not subject to any aggregate limitation but is calculated based on certain variable amounts, some of which are subject to individual limitations. The most significant of these variable amounts is the amount of intercompany indebtedness owed by WRECO to WNR on the Closing Date, which is subject to a maximum limit of $950 million. Weyerhaeuser and TRI Pointe believe that any changes to the other variable amounts will not materially impact the Adjustment Amount, and that as such the limit on the amount of intercompany indebtedness owed by WRECO to WNR on the Closing Date creates a de facto limit on the Adjustment Amount. Based on calculations by Weyerhaeuser that have been provided to TRI Pointe, it is expected that WNR will pay an Adjustment Amount in cash to TRI Pointe on the Closing Date.

Set forth below are diagrams that illustrate, in simplified form, the existing corporate structures, the corporate structures immediately following the Distribution and the corporate structures immediately following the consummation of the Merger. The ownership proportions included in the diagram illustrating the corporate structures immediately following the consummation of the Merger are approximate and are calculated on a fully-diluted basis.

Existing Corporate Structures

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Structures Following Distribution(1)

(1) The Merger will take place immediately following the Distribution. Following the Distribution, the exchange agent will hold all issued and outstanding WRECO common shares in trust until the WRECO common shares are converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock for each WRECO common share in the Merger. WRECO common shares will not be able to be traded during this or any period. See The Transaction Agreement The Merger.

Structures Following Merger(1)

(1) Following the consummation of the Merger, outstanding equity awards of WRECO and TRI Pointe employees are expected to represent 0.7% of the then outstanding TRI Pointe common stock on a fully diluted basis (not shown).

After completion of all of the steps described above:

TRI Pointe s wholly owned subsidiary, WRECO, will hold the Real Estate Business and will be the obligor under the New Debt, which will be guaranteed by WRECO s material wholly owned subsidiaries (and after the consummation of the Merger, TRI Pointe and its material wholly owned subsidiaries), subject to certain exceptions; and

WNR, a subsidiary of Weyerhaeuser, will have received approximately $739 million of the cash proceeds of the New Debt, which will be retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries). WNR may also receive a cash payment of the Adjustment Amount, if the Adjustment Amount is payable by TRI Pointe, as described in The Transaction Agreement Payment of Adjustment Amount.

Immediately after the consummation of the Merger, the ownership of TRI Pointe common stock on a fully diluted basis is expected to be as follows: (i) WRECO common shares will have been converted into the right to receive, in the aggregate,

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approximately 79.8% of the then outstanding TRI Pointe common stock, (ii) the TRI Pointe common stock outstanding immediately prior to the consummation of the Merger will represent approximately 19.5% of the then outstanding TRI Pointe common stock and (iii) outstanding equity awards of WRECO and TRI Pointe employees will represent the remaining 0.7% of the then outstanding TRI Pointe common stock. In connection with the Transactions, TRI Pointe, Merger Sub, Weyerhaeuser and/or WRECO have entered into or will enter into the Transaction Documents relating to, among other things, certain tax matters and certain voting matters. See Other Agreements.

TRI Pointe and Weyerhaeuser considered various factors in negotiating the terms of the Transactions, including the equity ownership levels of pre-Merger TRI Pointe stockholders and Weyerhaeuser shareholders receiving shares of TRI Pointe common stock in the Transactions. Certain of the principal factors considered by the parties negotiating the terms of the Transaction Documents were, among others, the trends and competitive developments in the homebuilding industry and the range of strategic alternatives available to TRI Pointe, including continuing to operate its business as a standalone entity as currently conducted, as well as the potential of meaningful cost synergies following the consummation of the Merger, the risks and uncertainties associated with the Transactions and with other strategic alternatives and the other factors identified in The Transactions Background of the Transactions and The Transactions TRI Pointe s Reasons for the Transactions. Weyerhaeuser also considered, among other things, the value to Weyerhaeuser and Weyerhaeuser shareholders that could be realized in the Transactions as compared to the value to Weyerhaeuser and Weyerhaeuser shareholders that could be realized if the Transactions did not occur, the proposed tax treatment of the Transactions and the other factors identified in The Transactions Weyerhaeuser s Reasons for the Transactions.

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SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA

The following summary financial data of WRECO and TRI Pointe are being provided to help you in your analysis of the financial aspects of the Transactions. You should read this information in conjunction with the financial information included and incorporated by reference in this proxy statement. See Information on TRI Pointe, Information on WRECO, Management s Discussion and Analysis of Financial Condition and Results of Operations for WRECO, Selected Historical and Pro Forma Financial and Operating Data and Where You Can Find More Information; Incorporation by Reference in this proxy statement and the Management s Discussion and Analysis of Financial Condition and Results of Operations section in TRI Pointe s Annual Report on Form 10-K for the year ended December 31, 2013, which is incorporated by reference into this proxy statement.

Summary of Selected Historical Financial and Operating Data of WRECO

The following summary of selected historical financial data of WRECO as of and for the years ended December 31, 2013 and 2012 and for the year ended December 31, 2011 has been derived from the audited consolidated financial statements of WRECO included in this proxy statement. The financial data as of December 31, 2011 have been derived from the audited financial statements of WRECO not included or incorporated by reference in this proxy statement. This information is only a summary and should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations for WRECO and the audited consolidated financial statements of WRECO and the notes thereto included in this proxy statement.

WRECO s historical financial information does not reflect changes that WRECO expects to experience in the future as a result of the Transactions, including the REB Transfers and changes in the financing, operations, cost structure and personnel needs of its business. See The Transaction Agreement Transfers of Certain Assets and Assumption of Certain Liabilities. Further, the historical financial statements include allocations of certain Weyerhaeuser corporate general and administrative expense. WRECO s management believes the assumptions and methodologies underlying the allocation of corporate general and administrative expense are reasonable. However, these allocations may not be indicative of the actual level of expense that would have been incurred by WRECO if it had operated as an independent company or of costs expected to be incurred in the future. These allocated expenses relate to various services that have historically been provided to WRECO by Weyerhaeuser, including corporate governance, cash management and other treasury services, administrative services (such as government relations, tax, employee payroll and benefit administration, internal audit, legal, accounting, human resources and equity-based compensation plan administration), lease of office space, aviation services and insurance coverage. During the years ended December 31, 2013, 2012 and 2011, WRECO incurred $22.9 million, $20.5 million and $17.3 million, respectively, of allocated corporate general and administrative expense from Weyerhaeuser. See Management s Discussion and Analysis of Financial Condition and Results of Operations for WRECO and *Note 11: Relationship and Transactions with Weyerhaeuser* to WRECO s audited consolidated financial statements included in this proxy statement for further information regarding the allocated corporate general and administrative expense. In addition, as part of WRECO s historical cash management strategy as a subsidiary of Weyerhaeuser, WRECO has a revolving promissory note payable to Weyerhaeuser that will be extinguished in connection with the Transactions. The total amount outstanding under the promissory note was $834.6 million, $689.6 million and $568.7 million as of December 31, 2013, 2012 and 2011, respectively. WRECO paid Weyerhaeuser interest on the unpaid balance for the years ended December 31, 2013, 2012 and 2011 at rates per annum of 1.87%, 1.92% and 0.62%, respectively. Interest incurred for the years ended December 31, 2013, 2012 and 2011 was $15.7 million, $12.8 million and $3.4 million, respectively.

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	As of and for the Year Ended December 31,		
	2013	2012	2011
	(Dollar amounts in thousands, except per share figures)		
Statement of Operations Data			
Single-family home sales revenue	$ 1,218,430	$ 870,596	$ 768,071
Single-family home cost	(948,561)	(690,578)	(589,574)
Single-family impairments and related charges	(1,719)	(3,319)	(10,399)
Single-family gross margin	268,150	176,699	168,098
Non-single-family revenue	56,282	199,710	69,674
Non-single-family cost	(40,906)	(121,357)	(39,224)
Non-single-family impairments and related charges	(343,729)	(272)	(620)
Non-single-family gross margin	(328,353)	78,081	29,830
Total gross margin	(60,203)	254,780	197,928
Sales and marketing expense	(94,521)	(78,022)	(71,587)
General and administrative expense	(74,244)	(75,583)	(71,348)
Restructuring expense	(10,938)	(2,460)	(2,801)
Other income (expense)	2,452	914	2,080
Earnings (loss) from continuing operations before income taxes	(237,454)	99,629	54,272
Income tax benefit (expense)	86,161	(38,910)	(19,333)
Earnings (loss) from continuing operations	(151,293)	60,719	34,939
Discontinued operations, net of income taxes	1,838	762	589
Net earnings (loss) attributable to common shareholder	$ (149,455)	$ 61,481	$ 35,528
Basic earnings (loss) per share from continuing operations attributable to common shareholder	$ (1.51)	$ 0.61	$ 0.35
Basic earnings per share from discontinued operations attributable to common shareholder	0.02		0.01
Basic earnings (loss) per share attributable to common shareholder	$ (1.49)	$ 0.61	$ 0.36
Operating Data Owned Projects			
Net new home orders	3,055	2,665	1,902
New homes delivered	2,939	2,314	1,912
Average sales price of homes delivered	$ 415	$ 376	$ 402
Cancellation rate	15%	15%	16%
Average selling communities	86	72	74

Selling communities at end of period	89	68	69
Backlog at end of period, number of homes	897	781	430
Backlog at end of period, aggregate sales value	$ 507,064	$ 342,497	$ 167,505
Balance Sheet Data			
Cash	$ 4,510	$ 5,212	$ 3,170
Inventory	$ 1,421,986	$ 1,609,485	$ 1,499,040
Total assets	$ 1,910,464	$ 1,999,537	$ 1,933,849
Debt payable to third parties and Weyerhaeuser	$ 834,589	$ 798,808	$ 851,303
Total liabilities	$ 1,084,947	$ 1,005,810	$ 1,044,142
Total shareholder s interest	$ 797,096	$ 953,779	$ 891,304

Summary of Selected Historical Financial and Operating Data of TRI Pointe

The following summary of selected historical financial data of TRI Pointe as of and for the years ended December 31, 2013 and 2012 and for the year ended December 31, 2011 has been derived from the audited consolidated financial statements of TRI Pointe incorporated by reference in this proxy statement. The financial data as of December 31, 2011 have been derived from the audited financial statements of TRI Pointe not included or incorporated by reference in this proxy statement. This information is only a summary and should be read in conjunction with the audited consolidated financial statements of TRI Pointe and the notes thereto and the Management s Discussion and Analysis of Financial Condition and Results of Operations section contained in TRI Pointe s Annual Report on Form 10-K for the year ended December 31, 2013, which is incorporated by reference into this proxy statement. See Where You Can Find More Information; Incorporation by Reference.

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	As of and for the Year Ended December 31,		
	2013	2012	2011
	(Dollar amounts in thousands, except per share figures)		
Statement of Operations Data			
Home sales	$ 247,091	$ 77,477	$ 13,525
Cost of home sales	(193,092)	(63,688)	(12,075)
Homebuilding gross profit	53,999	13,789	1,450
Fee building gross margin	1,082	149	150
Sales and marketing	(8,486)	(4,636)	(1,553)
General and administrative	(17,057)	(6,772)	(4,620)
Organizational costs			
Transaction expense	(4,087)		
Other income (expense), net	302	(24)	(20)
Income (loss) before income taxes	25,753	2,506	(4,593)
Provision for income taxes	(10,379)		
Total	$ 2,344,000		$2,695,600

We expect to incur expenses of approximately $200,000 in connection with this offering.

We have agreed to indemnify the underwriters against some liabilities, including liabilities under the Securities Act of 1933.

Until the distribution of the common stock is completed, rules of the Securities and Exchange Commission may limit the ability of the underwriters to bid for and purchase the common stock. As an exception to these rules, the underwriters are permitted to engage in certain transactions that stabilize, maintain or otherwise affect the price of the common stock.

If the underwriters create a short position in common stock in connection with the offering, i.e., if they sell a greater aggregate number of shares of common stock than is set forth on the cover page of this prospectus supplement, the underwriters may reduce the short position by purchasing shares of our common stock in the open market. This is known as a syndicate covering transaction. The underwriters may also elect to reduce any short position by exercising all or part of the over-allotment option described above.

Naked short sales are sales in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing shares of our common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

The underwriters may also impose a penalty bid on some selling group members. This means that if the underwriters purchase common stock in the open market to reduce the selling group members short position or to stabilize the price of the common stock, they may reclaim the amount of the selling concession from the selling group members who sold those shares of common stock as part of the offering.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of the purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resale of the security.

EXPERTS

The financial statements incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended December 31, 2003 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

LEGAL MATTERS

Selected legal matters relating to the common stock will be passed on for us by Venable LLP, Baltimore, Maryland. Legal matters relating to our tax status as a REIT will be passed on for us by Chapman and

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Cutler LLP, San Francisco, California. Certain legal matters will be passed on for the underwriters by O Melveny & Myers LLP, San Francisco, California.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference information into this prospectus supplement, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement, except for any information superseded by information in this prospectus supplement.

We have filed the documents listed below with the SEC under the Securities Exchange Act of 1934, or the Exchange Act, and these documents are incorporated herein by reference:

Our Annual Report on Form 10-K for the year ended December 31, 2003;

Our Definitive Proxy Statement on Schedule 14A filed April 2, 2004;

Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2004 and June 30, 2004;

Our Current Report on Form 8-K filed September 3, 2004; and

The description of our common stock included in our registration statement on Form 8-A, filed July 18, 1995 (Registration No. 0-26434) and as amended by Form 8-A/A filed August 4, 1995, under the Exchange Act.

Any statement contained in a document incorporated by reference shall be deemed to be modified or superseded for all purposes to the extent that a statement contained in this prospectus supplement modifies or supersedes that statement.

You may obtain copies of all documents which are incorporated in this prospectus supplement by reference (other than the exhibits to such documents unless the exhibits are specifically incorporated herein by reference in the documents that this prospectus supplement incorporates by reference) without charge upon written or oral request to Redwood Trust, Inc., One Belvedere Place, Suite 300, Mill Valley, CA 94941, telephone (415) 389-7373.

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PROSPECTUS
May 13, 2004

COMMON STOCK, PREFERRED STOCK, WARRANTS,

AND STOCKHOLDER RIGHTS TO PURCHASE
COMMON STOCK AND PREFERRED STOCK

$384,075,000

RWT

REDWOOD TRUST, INC.

By this prospectus, we may offer, from time to time, securities consisting of:

shares of our common stock

shares of our preferred stock

any warrants to purchase our common stock or preferred stock

rights to purchase our common stock or preferred stock issued to our stockholders

any combination of the foregoing

We will provide specific terms of these securities in supplements to this prospectus. You should read this prospectus and any supplement carefully before you decide to invest.

This prospectus may not be used to consummate sales of these securities unless it is accompanied by a prospectus supplement.

The New York Stock Exchange lists our common stock under the symbol RWT.

To ensure we qualify as a real estate investment trust, no person may own more than 9.8% of the outstanding shares of any class of our common stock or our preferred stock, unless our Board of Directors waives this limitation.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 13, 2004

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission using a shelf registration process. Under this process, we may offer and sell any combination of the securities covered by this prospectus in one or more offerings up to a total dollar amount of $384,075,000. This prospectus provides you with a general description of the securities we may offer. Each time we offer to sell securities, we will provide a supplement to this prospectus that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information you may need to make your investment decision.

PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This prospectus and the documents incorporated by reference herein contain forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995, that are based on our current expectations, estimates and projections. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are not guarantees of future performance, events or results and involve potential risks and uncertainties. Accordingly, our actual results may differ from our current expectations, estimates and projections. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Important factors that may impact our actual results include changes in interest rates, changes in the yield curve, changes in prepayment rates, the supply of mortgage loans and mortgage securities, our ability to obtain financing, the terms of any financing and other factors described in this prospectus.

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THE COMPANY

Redwood Trust, Inc. is a real estate finance company specializing in owning, financing and credit-enhancing high-quality jumbo residential mortgage loans nationwide. We also finance U.S. real estate in a number of other ways, including through our investment portfolio (investment-grade mortgage securities) and our commercial loan portfolio. Our primary source of revenues is monthly payments made by homeowners on their mortgages. Our primary expense is the cost of borrowed funds. Since we are structured as a Real Estate Investment Trust (REIT), we distribute the bulk of our net earnings to stockholders as dividends. Our REIT status permits us to deduct dividend distributions to stockholders from our taxable income, thereby eliminating the double taxation that generally results when a corporation earns income and distributes that income to stockholders in the form of dividends. We are self-advised and self-managed. Our principal executive offices are located at One Belvedere Place, Suite 300, Mill Valley, CA 94941, telephone 415-389-7373.

USE OF PROCEEDS

Unless otherwise specified in the applicable prospectus supplement, we intend to use the net proceeds from the securities for acquisition of mortgage assets and general corporate purposes. Pending any such uses, we may invest the net proceeds from the sale of any securities or may use them to reduce short-term or adjustable-rate indebtedness. If we intend to use the net proceeds from a sale of securities to finance a significant acquisition of a business, a related prospectus supplement will describe the material terms of such acquisition.

DESCRIPTION OF SECURITIES

General

The following is a brief description of the material terms of our securities that may be offered under this prospectus. This description does not purport to be complete and is subject in all respects to applicable Maryland law and to the provisions of our Charter and Bylaws, including any applicable amendments or supplements thereto, copies of which are on file with the Commission as described under Available Information and are incorporated by reference herein.

We may offer under this prospectus one or more of the following types of securities: shares of common stock, par value $0.01 per share; shares of preferred stock, in one or more classes or series; common stock warrants; preferred stock warrants; stockholder rights; and any combination of the foregoing, either individually or as units consisting of one or more of the foregoing types of securities. The terms of any specific offering of securities, including the terms of any units offered, will be set forth in a prospectus supplement relating to such offering.

Our current authorized equity capitalization consists of 50 million shares which may be comprised of common stock and preferred stock. The common stock is listed on the New York Stock Exchange, and we intend to so list any additional shares of our common stock which are issued and sold hereunder. We may elect to list any future class or series of our securities issued hereunder on an exchange, but we are not obligated to do so.

Common Stock

Common stockholders are entitled to receive dividends when, as and if declared by our board of directors, out of legally available funds. In the event any future class or series of preferred stock is issued, dividends on any outstanding shares of preferred stock may be required to be paid in full before payment of any dividends on the common stock. If we have a liquidation, dissolution or winding up, common stockholders are entitled to share ratably in all of our assets available for distribution after payment of all our debts and other liabilities and the payment of all liquidation and other preference amounts to preferred stockholders then outstanding. There are no preemptive or other subscription rights, conversion rights, or redemption or sinking fund provisions with respect to shares of common stock.

Each holder of common stock is entitled to one vote per share with respect to all matters submitted to a vote of stockholders and do not have cumulative voting rights. Accordingly, holders of a majority of the common stock entitled to vote in any election of directors may elect all of the directors standing for election, subject to the voting rights, if any, of any class or series of preferred stock that may be outstanding from time to time. Our charter and bylaws contain no restrictions on our repurchase of shares of the common stock. All the

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outstanding shares of common stock are, and additional shares of common stock will be, validly issued, fully paid and nonassessable.

Preferred Stock

Our board of directors is authorized to designate with respect to each class or series of preferred stock the number of shares in each such class or series, the dividend rates and dates of payment, voluntary and involuntary liquidation preferences, redemption prices, if any, whether or not dividends shall be cumulative, and, if cumulative, the date or dates from which the same shall be cumulative, the sinking fund provisions if any, the terms and conditions on which shares can be converted into or exchanged for shares of another class or series, including any anti-dilution provisions, and the voting rights, if any.

Any preferred stock issued may rank prior to the common stock as to dividends and will rank prior to the common stock as to distributions in the event of our liquidation, dissolution or winding up. The ability of our board of directors to issue preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, adversely affect the voting powers of common stockholders. The shares of any future class or series of preferred stock will be, validly issued, fully paid and nonassessable.

Securities Warrants

We may issue securities warrants for the purchase of common stock or preferred stock, respectively referred to as common stock warrants and preferred stock warrants. Securities warrants may be issued independently or together with any other securities offered by this prospectus and any accompanying prospectus supplement and may be attached to or separate from such other securities. Each issuance of the securities warrants will be issued under a separate securities warrant agreement to be entered into by us and a bank or trust company, as securities warrant agent, all as set forth in the prospectus supplement relating to the particular issue of offered securities warrants. Each issue of securities warrants will be evidenced by securities warrant certificates. The securities warrant agent will act solely as an agent of ours in connection with the securities warrants certificates and will not assume any obligation or relationship of agency or trust for or with any holder of securities warrant certificates or beneficial owners of securities warrants.

If we offer securities warrants pursuant to this prospectus in the future, the applicable prospectus supplement will describe the terms of such securities warrants, including the following, where applicable:

- the offering price;
- the aggregate number of shares purchasable upon exercise of such securities warrants, and in the case of securities warrants for preferred stock, the designation, aggregate number and terms of the class or series of preferred stock purchasable upon exercise of such securities warrants;
- the designation and terms of the securities with which such securities warrants are being offered, if any, and the number of such securities warrants being offered with each such security;
- the date on and after which such securities warrants and any related securities will be transferable separately;
- the number of shares of preferred stock or shares of common stock purchasable upon exercise of each of such securities warrant and the price at which such number of shares of preferred stock or common stock may be purchased upon such exercise;
- the date on which the right to exercise such securities warrants shall commence and the expiration date on which such right shall expire;
- federal income tax considerations; and
- any other material terms of such securities warrants.

Holders of future securities warrants, if any, will not be entitled by virtue of being such holders, to vote, to consent, to receive dividends, to receive notice with respect to any meeting of stockholders for the election of our directors or any other matter, or to exercise any rights whatsoever as stockholders of Redwood Trust.

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Stockholder Rights

We may issue, as a dividend at no cost, stockholder rights to holders of record of our securities or any class or series thereof on the applicable record date. If stockholders rights are so issued to existing holders of securities, each stockholder right will entitle the registered holder thereof to purchase the securities pursuant to the terms set forth in the applicable prospectus supplement.

If stockholder rights are issued, the applicable prospectus supplement will describe the terms of such stockholder rights including the following where applicable:

record date;

subscription price;

subscription agent;

aggregate number of shares of preferred stock or shares of common stock purchasable upon exercise of such stockholder rights and in the case of stockholder rights for preferred stock, the designation, aggregate number and terms of the class or series of preferred stock purchasable upon exercise of such stockholder rights;

the date on which the right to exercise such stockholder rights shall commence and the expiration date on which such right shall expire;

federal income tax considerations; and

and other material terms of such stockholder rights.

In addition to the terms of the stockholder rights and the securities issuable upon exercise thereof, the prospectus supplement may describe, for a holder of such stockholder rights who validly exercises all stockholder rights issued to such holder, how to subscribe for unsubscribed securities, issuable pursuant to unexercised stockholder rights issued to other holders, to the extent such stockholder rights have not been exercised.

Holders of stockholder rights will not be entitled by virtue of being such holders, to vote, to consent, to receive dividends, to receive notice with respect to any meeting of stockholders for the election of our directors or any other matter, or to exercise any rights whatsoever as stockholders of Redwood Trust, except to the extent described in the related prospectus supplement.

Restrictions on Ownership and Transfer and Repurchase of Shares

In order that we may meet the requirements for qualification as a REIT at all times, our charter prohibits any person from acquiring or holding beneficial ownership of a number of shares of common stock or preferred stock (collectively, the capital stock) in excess of 9.8% of the outstanding shares of the related class of capital stock. For this purpose, the term beneficial ownership means beneficial ownership, as determined under Rule 13d-3 under the Securities Exchange Act of 1934, of capital stock by a person, either directly or constructively under the constructive ownership provisions of Section 544 of the Code and related provisions.

Under the constructive ownership rules of Section 544 of the Code, a holder of a warrant will be treated as owning the number of shares of capital stock into which such warrant may be converted. In addition, the constructive ownership rules generally attribute ownership of securities owned by a corporation, partnership, estate or trust proportionately to its stockholders, partners or beneficiaries, respectively. The rules may also attribute ownership of securities owned by family members to other members of the same family and treat securities with respect to which a person has an option to purchase as actually owned by that person. The rules further provide when securities constructively owned by a person are considered to be actually owned for the application of such attribution provisions. To determine whether a person holds or would hold capital stock in excess of the 9.8% ownership limit, a person will be treated as owing not only shares of capital stock actually owned, but also any shares of capital stock attributed to that person under the attribution rules described above. Accordingly, a person who individually owns less than 9.8% of the shares outstanding may nevertheless be in violation of the 9.8% ownership limit.

Any transfer of shares of capital stock warrants that would cause us to be disqualified as a REIT or that would create a direct or constructive ownership of shares of capital stock in excess of the 9.8% ownership limit,

or result in the shares of capital stock being beneficially owned, within the meaning of Section 856(a) of the Code, by fewer than 100 persons, determined without any reference to any rules of attribution, or result in us being closely held within the meaning of Section 856(h) of the Code, will be null and void, and the intended transferee will acquire no rights to those shares or warrants. These restrictions on transferability and ownership will not apply if our board determines that it is no longer in our best interests to continue to qualify as a REIT.

Any purported transfer of shares of capital stock or warrants that would result in a purported transferee owning, directly or constructively, shares in excess of the 9.8% ownership limit due to the unenforceability of the transfer restrictions described above will constitute excess securities. Excess securities will be transferred by operation of law to Redwood Trust as trustee for the exclusive benefit of the person or persons to whom the excess securities are ultimately transferred, until such time as the purported transferee retransfers the excess securities. While the excess securities are held in trust, a holder of such securities will not be entitled to vote or to share in any dividends or other distributions with respect to such securities and will not be entitled to exercise or convert such securities into shares of capital stock. Subject to the 9.8% ownership limit, excess securities may be transferred by the purported transferee to any person (if such transfer would not result in excess securities) at a price not to exceed the price paid by the purported transferee (or, if no consideration was paid by the purported transferee, the fair market value of the excess securities on the date of the purported transfer), at which point the excess securities will automatically be exchanged for the stock or warrants, as the case may be, to which the excess securities are attributable. If a purported transferee receives a higher price for designating an ultimate transferee, such purported transferee shall pay, or cause the ultimate transferee to pay, such excess to us. In addition, such excess securities held in trust are subject to purchase by us at a purchase price equal to the lesser of (a) the price per share or per warrant, as the case may be, in the transaction that created such excess securities (or, in the case of a devise or gift, the market price at the time of such devise or gift), reduced by the amount of any distributions received in violation of the charter that have not been repaid to us, and (b) the market price as reflected in the last reported sales price of such shares of stock or warrants on the trading day immediately preceding the date of the purchase by us as reported on any exchange or quotation system over which such shares of stock or warrants may be traded, or if not then traded over any exchange or quotation system, then the market price of such shares of stock or warrants on the date of the purported transfer as determined in good faith by our board of directors, reduced by the amount of any distributions received in violation of the charter that have not been repaid to us.

Upon a purported transfer of excess securities, the purported transferee shall cease to be entitled to distributions, voting rights and other benefits with respect to the shares of capital stock or warrants except the right to payment of the purchase price for the shares of capital stock or warrants on the retransfer of securities as provided above. Any dividend or distribution paid to a purported transferee on excess securities prior to our discovery that shares of capital stock have been transferred in violation of our articles of incorporation shall be repaid to us upon demand. If these transfer restrictions are determined to be void, invalid or unenforceable by a court of competent jurisdiction, then the purported transferee of any excess securities may be deemed, at our option, to have acted as an agent on our behalf in acquiring the excess securities and to hold the excess securities on our behalf.

All certificates representing shares of capital stock and warrants will bear a legend referring to the restrictions described above.

Any person who acquires shares or warrants in violation of our Charter, or any person who is a purported transferee such that excess securities result, must immediately give written notice or, in the event of a proposed or attempted transfer that would be void as set forth above, give at least 15 days prior written notice to us of such event and shall provide us such other information as we may request in order to determined the effect, if any, of the transfer on our status as a REIT. In addition, every record owner of more than 5.0%, during any period in which the number of record stockholders is 2,000 or more, or 1.0%, during any period in which the number of record stockholders is greater than 200 but less than 2,000 or more, or 1/2%, during any period in which the number of record stockholders is 200 or less, of the number or value of our outstanding shares must send us an annual written notice by January 31 describing how the shares are held. Further, each stockholder upon demand is required to disclose to us in writing such information with respect to the direct and constructive ownership of shares and warrants as our board deems reasonably necessary to comply with the REIT provisions of the Code, to comply with the requirements of any taxing authority or governmental agency or to determine any such compliance.

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Our board may increase or decrease the 9.8% ownership limit. In addition, to the extent consistent with the REIT provisions of the Code, our board may, pursuant to our Charter, waive the 9.8% ownership limit for a purchaser of our stock. As a condition to such waiver the intended transferee must give written notice to the board of the proposed transfer no later than the fifteenth day prior to any transfer which, if consummated, would result in the intended transferee owning shares in excess of the ownership limit. Our board may also take such other action as it deems necessary or advisable to protect our status as a REIT.

The provisions described above may inhibit market activity and the resulting opportunity for the holders of our capital stock and warrants to receive a premium for their shares or warrants that might otherwise exist in the absence of such provisions. Such provisions also may make us an unsuitable investment vehicle for any person seeking to obtain ownership of more than 9.8% of the outstanding shares of our capital stock.

Maryland Control Share Acquisition Statute

The Maryland General Corporation Law provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares of stock owned by the acquiror or by officers or directors who are employees of the corporation. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by such a person, would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power: (i) one-tenth or more but less than one third, (ii) one-third or more but less than a majority, or (iii) a majority or more of all voting power. Control shares do not include shares of stock the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means, subject to certain exceptions, the acquisition of, ownership of, or the power to direct the exercise of voting power with respect to, control shares.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions, including an undertaking to pay expenses, may compel the board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting. If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as permitted by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares, except those for which voting rights have previously been approved, for fair value determined, without regard to absence of voting rights, as of the date of the last control share acquisition or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the stock, as determined for purposes of such appraisal rights may not be less than the highest price per share paid in the control share acquisition, and certain limitations and restrictions otherwise applicable to the exercise of dissenters rights do not apply in the context of control share acquisitions.

The control share acquisition statute does not apply to stock acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction, or to acquisitions approved or exempted by a provision of the charter or bylaws of the corporation adopted prior to the acquisition of the shares. The control share acquisition statute could have the effect of discouraging offers to acquire us and of increasing the difficulty of consummating any such offers, even if the acquisition would be in our stockholders best interests.

Classification of Board of Directors, Vacancies and Removal of Directors

Our Bylaws provide for a staggered Board of Directors divided in to three classes, with terms of three years each. The number of directors in each class and the expiration of each class term, as of the date of this prospectus, are as follows;

Class I	3 Directors	Expires 2007
Class II	3 Directors	Expires 2005
Class III	2 Directors	Expires 2006

At each annual meeting of our stockholders, successors of the class of directors whose term expires at that meeting will be elected for a three-year term and the directors in the other two classes will continue in office. A staggered Board of Directors may delay, defer or prevent a change in our control or other transaction

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that might involve a premium over the then prevailing market price for our common stock or other attributes that our stockholders may consider desirable. In addition, a staggered Board of Directors could prevent stockholders who do not agree with the policies of our Board of Directors from replacing a majority of the Board of Directors in two years.

Our Bylaws provide that any vacancy on our Board of Directors may be filled by a majority vote of the remaining directors. Any individual so elected director will hold office for the remaining term of the director that he or she is succeeding. Maryland law provides that if the directors have been divided into classes, a director may not be removed without cause by the stockholders.

Transfer Agent and Registrar

Computershare Investor Services LLC is the transfer agent and registrar with respect to our securities.

FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes the material federal income tax consequences that may be relevant to a prospective purchaser of securities. It is not exhaustive of all possible tax considerations. It does not give a detailed discussion of any state, local or foreign tax considerations, nor does it discuss all of the aspects of federal income taxation that may be relevant to a prospective investor in light of such investor s particular circumstances or to certain types of investors subject to special treatment under federal income tax laws, including insurance companies, certain tax-exempt entities, financial institutions, broker/ dealers, foreign corporations and persons who are not citizens or residents of the United States.

Each prospective purchaser of securities is advised to (i) review the Federal Income Tax Considerations in any prospectus supplement dated after the date of this prospectus for updates on material changes in such tax considerations and (ii) consult with his or her own tax advisor regarding the specific consequences to him or her of the purchase, ownership and sale of securities, including the federal, state, local, foreign and other tax considerations of such purchase, ownership and sale and the potential changes in applicable tax laws.

General

In the opinion of Chapman and Cutler LLP, special tax counsel to Redwood Trust, Redwood Trust, exclusive of any taxable affiliates, has been organized and operated in a manner which qualifies it as a REIT under the Code since the commencement of its operations on August 19, 1994 through December 31, 2003, the date of Redwood Trust s latest audited financial statements received by special tax counsel. However, whether Redwood Trust does and continues to so qualify will depend on actual operating results and compliance with the various tests for qualification as a REIT relating to its income, assets, distributions, ownership and certain administrative matters, the results of which are not reviewed by special tax counsel on an ongoing basis. No assurance can be given that the actual results of Redwood Trust s operations for any one taxable year will satisfy those requirements. Moreover, certain aspects of Redwood Trust s planned method of operations have not been considered by the courts or the Internal Revenue Service in any published authorities that interpret the requirements of REIT status. There can be no assurance that the courts or the Internal Revenue Service will agree with this opinion. In addition, qualification as a REIT depends on future transactions and events that cannot be known at this time. Accordingly, special tax counsel will be unable to opine whether Redwood Trust will in fact qualify as a REIT under the Code in all events and for all periods.

The opinions of special tax counsel are based upon existing law, including the Internal Revenue Code of 1986, as amended, existing treasury regulations, revenue rulings, revenue procedures, proposed regulations and case law, all of which is subject to change both prospectively or retroactively. Moreover, relevant laws or other legal authorities may change in a manner that could adversely affect Redwood Trust or its stockholders.

If Redwood Trust failed to qualify as a REIT in any particular year, it would be subject to federal income tax as a regular, domestic corporation, and its stockholders would be subject to tax in the same manner as stockholders of a regular corporation. In such event, Redwood Trust could be subject to potentially substantial income tax liability in respect of each tax year that it fails to qualify as a REIT as well as the four tax years following the year of the failure and the amount of earnings and cash available for distribution to its stockholders could be significantly reduced.

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The following is a brief summary of certain technical requirements that Redwood Trust must meet on an ongoing basis in order to qualify, and remain qualified, as a REIT under the Code.

Stock Ownership Tests

The capital stock of Redwood Trust must be held by at least 100 persons for at least 335 days of a twelve-month year, or a proportionate part of a short tax year. In addition, no more than 50% of the value of Redwood Trust s capital stock may be owned, directly or indirectly, by five or fewer individuals at all times during the last half of the tax year. Under the Code, most tax-exempt entities including employee benefit trusts and charitable trusts (but excluding trusts described in 401(a) and exempt under 501(a)) are generally treated as individuals for these purposes. Redwood Trust must satisfy these stock ownership requirements each tax year. Redwood Trust must solicit information from certain of its stockholders to verify ownership levels and maintain records regarding those who do not respond. Redwood Trust s Articles of Incorporation impose certain repurchase obligations and restrictions regarding the transfer of Redwood Trust s shares in order to aid in meeting the stock ownership requirements. If Redwood Trust were to fail either of the stock ownership tests, it would generally be disqualified from REIT status, unless, in the case of the five or fewer requirement, the good faith exemption is available.

Asset Tests

Redwood Trust must generally meet the following asset tests (REIT Asset Tests) at the close of each quarter of each tax year:

(a) at least 75% of the value of Redwood Trust s total assets must consist of qualified real estate assets, government securities, cash, and cash items (75% Asset Test);

(b) the value of Redwood Trust s assets consisting of securities (other than those includible under the 75% Asset Test) must not exceed 25% of the total value of Redwood Trust s assets;

(c) the value of Redwood Trust s assets consisting of securities of one or more taxable REIT subsidiaries must not exceed 20% of the value of Redwood Trust s total assets; and

(d) the value of securities held by Redwood Trust, other than those of a taxable REIT subsidiary or taken into account for purposes of the 75% Asset Test, must not exceed either (i) 5% of the value of Redwood Trust s total assets in the case of securities of any one non-government issuer, or (ii) 10% of the outstanding vote or value of any such issuer s securities.

In applying the above tests, a REIT is generally required to re-value all of its assets at the end of any quarter in which it acquires a substantial amount of new securities or other property other than qualified real estate assets. Redwood Trust intends to monitor closely the purchase, holding, and disposition of its assets in order to comply with the REIT Asset Tests. Redwood Trust expects that substantially all of its assets will be qualified real estate assets and intends to limit or hold through taxable REIT subsidiaries any assets not qualifying as qualified real estate assets so as to comply with the above REIT Asset Tests. If it is anticipated that the above limits would be exceeded, Redwood Trust intends to take appropriate measures to avoid exceeding such limits, including the disposition of non-qualifying assets within the permitted time periods for cure.

Gross Income Tests

Redwood Trust must generally meet the following gross income tests (REIT Gross Income Tests) for each tax year:

(a) at least 75% of Redwood Trust s gross income must be derived from certain specified real estate sources including interest income and gain from the disposition of qualified real estate assets, foreclosure property or qualified temporary investment income (i.e., income derived from new capital within one year of the receipt of such capital) (75% Gross Income Test); and

(b) at least 95% of Redwood Trust s gross income for each tax year must be derived from sources of income qualifying for the 75% Gross Income Test, or from dividends, interest, and gains from the sale of stock or other securities (including certain interest rate swap and cap agreements, options, futures and forward contracts entered into to hedge variable rate debt incurred to acquire qualified real estate assets) not held for sale in the ordinary course of business (95% Gross Income Test).

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Redwood Trust intends to maintain its REIT status by carefully monitoring its income, including income from hedging transactions and sales of mortgage assets, to comply with the REIT Gross Income Tests. In accordance with the Code, Redwood Trust will treat income generated by its interest rate caps and other hedging instruments as qualifying income for purposes of the 95% Gross Income Tests to the extent the interest rate cap or other hedging instrument was acquired to reduce the interest rate risks with respect to any indebtedness incurred or to be incurred by Redwood Trust to acquire or carry real estate assets. In addition, Redwood Trust will treat income generated by other hedging instruments as qualifying or non-qualifying income for purposes of the 95% Gross Income Test depending on whether the income constitutes gains from the sale of securities as defined by the Investment Company Act of 1940. Under certain circumstances, for example, (i) the sale of a substantial amount of mortgage assets to repay borrowings in the event that other credit is unavailable or (ii) an unanticipated decrease in the qualifying income of Redwood Trust which results in the non-qualifying income exceeding 5% of gross income, Redwood Trust may be unable to comply with certain of the REIT Gross Income Tests. Inadvertent failures to comply with the REIT Gross Income Tests will not result in disqualification of the REIT if certain disclosure and reasonable cause criteria are met and a 100% tax on the amount equal to the qualified income shortfall is paid. See Taxation of Redwood Trust below for a discussion of the tax consequences of failure to comply with the REIT provisions of the Code.

Distribution Requirement

Redwood Trust generally is required to distribute to its stockholders an amount equal to at least 95% of Redwood Trust s REIT taxable income determined before deduction of dividends paid and by excluding net capital gains. Such distributions must be made in the tax year to which they relate or, if declared before the timely filing of Redwood Trust s tax return for such year and paid not later than the first regular dividend payment after such declaration, in the following tax year.

The Internal Revenue Service, or IRS, has ruled generally that if a REIT s dividend reinvestment plan allows stockholders of the REIT to elect to have cash distributions reinvested in shares of the REIT at a purchase price equal to at least 95% of the fair market value of such shares on the distribution date, then such distributions generally qualify towards this distribution requirement. Redwood Trust maintains a Direct Stock Purchase and Dividend Reinvestment Plan, or DRP, and intends that the terms of its DRP will comply with the IRS public ruling guidelines for such plans.

If Redwood Trust fails to meet the distribution test as a result of an adjustment to Redwood Trust s taxable income by the IRS, Redwood Trust may be able to avoid disqualification as a REIT by paying a deficiency dividend within a specified time period and in accordance with other requirements set forth in the Code. Redwood Trust would be liable for interest based on the amount of the deficiency dividend. A deficiency dividend is not permitted if the deficiency is due to fraud with intent to evade tax or to a willful failure to file timely tax return.

Qualified REIT Subsidiaries

A Qualified REIT Subsidiary is any corporation in which a REIT owns 100% of the stock issued by such corporation and for which no election has been made to classify it as a taxable REIT subsidiary. Sequoia Mortgage Funding Corporation, a wholly-owned subsidiary of Redwood Trust, is treated as a Qualified REIT Subsidiary. As such its assets, liabilities, and income are generally treated as assets, liabilities, and income of Redwood Trust for purposes of each of the above REIT qualification tests.

Taxable REIT Subsidiaries

A Taxable REIT Subsidiary is any corporation in which a REIT owns stock (directly or indirectly) and for which the REIT and such corporation make a joint election to classify the corporation as a Taxable REIT Subsidiary. Effective January 1, 2001, RWT Holdings, Inc., or Holdings, and Redwood Trust elected to treat Holdings, Sequoia Residential Funding, and Holdings other subsidiaries as Taxable REIT Subsidiaries of Redwood Trust. In 2002 and 2003, Redwood Trust made a Taxable REIT Subsidiary election for Acacia CDO 1, Ltd. and for Acacia CDO 2, Ltd., Acacia CDO 3, Ltd., and Acacia CDO 4, Ltd., respectively each newly formed corporations. As Taxable REIT Subsidiaries, they are not subject to the REIT asset, income, and distribution requirements nor are their assets, liabilities, or income treated as assets, liabilities, or income of Redwood Trust for purposes of each of the above REIT qualification tests.

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Redwood Trust generally intends to engage in securitization transactions (other than certain non-REMIC, debt-for-tax securitizations) through its Taxable REIT Subsidiaries. In addition, Redwood Trust generally intends to make a Taxable REIT Subsidiary election with respect to any other corporation in which it acquires equity or equity-like securities constituting more than 10% by vote or value of such corporation and that is not otherwise a Qualified REIT Subsidiary. However, the aggregate value of all of Redwood Trust s Taxable REIT Subsidiaries must be limited to 20% of the total value of the REIT s assets. In addition, Redwood Trust will be subject to a 100% penalty tax on any rent, interest, or other charges that it imposes on any Taxable REIT Subsidiary in excess of an arm s length price for comparable services. Redwood Trust expects that any rents, interest, or other charges imposed on Holdings or any other Taxable REIT Subsidiary will be at arm s length prices.

Redwood Trust generally expects to derive income from its Taxable REIT Subsidiaries by way of dividends. Such dividends are not real estate source income for purposes of the 75% Gross Income Test. Therefore, when aggregated with Redwood Trust s other non-real estate source income, such income must be limited to 25% of the REIT s gross income each year. Redwood Trust will monitor the value of its investment in, and the distributions from, its Taxable REIT Subsidiaries to ensure compliance with all applicable REIT income and asset tests.

Taxable REIT Subsidiaries doing business in the United States are generally subject to corporate level tax on their net income and generally will be able to distribute only net after-tax earnings to its stockholders, including Redwood Trust, as dividend distributions. Acacia CDOs are considered foreign subsidiaries not engaged in trade or business in the United States for tax purposes and therefore are not subject to U.S. corporate income taxation (although income from our equity investments in the Acacia CDOs is generally includable in REIT taxable income or the taxable income of our other Taxable REIT Subsidiaries that are its stockholders). There is no guarantee that the IRS will not take the position that Acacia CDOs are doing business in the U.S., which position, if sustained, would subject them to corporate level tax on their effectively connected U.S. trade or business income. If this were to occur, then the Acacia CDOs would generally only be able to contribute net after-tax earnings to REIT dividend distributions.

Taxation of Redwood Trust

In any year in which Redwood Trust qualifies as a REIT, Redwood Trust will generally not be subject to federal income tax on that portion of its REIT taxable income or capital gain that is distributed to its stockholders. Redwood Trust will, however, be subject to federal income tax at normal corporate income tax rates upon any undistributed taxable income or capital gain.

In addition, notwithstanding its qualification as a REIT, Redwood Trust may also be subject to tax in certain other circumstances. As described above, if Redwood Trust fails to satisfy the REIT Gross Income Tests, but nonetheless maintains its qualification as a REIT because certain other requirements are met, it will generally be subject to a 100% tax on the greater of the amount by which Redwood Trust fails either the 75% or the 95% Gross Income Test. Redwood Trust will also be subject to a tax of 100% on net income derived from any prohibited transaction, which refers to dispositions of property classified as property held for sale to customers in the ordinary course of business (i.e., dealer property). Redwood Trust does not believe that it has or will engage in transactions that would result in it being classified as a dealer or deemed to have disposed of dealer property; however, there can be no assurance that the IRS will agree. If Redwood Trust has (i) net income from the sale or other disposition of foreclosure property which is held primarily for sale to customers in the ordinary course of business or (ii) other non-qualifying income from foreclosure property, it will be subject to federal income tax on such income at the highest corporate income tax rate. In addition, a nondeductible excise tax, equal to 4% of the excess of required distributions over the amounts actually distributed will be imposed on Redwood Trust for each calendar year to the extent that dividends paid during the year, or declared during the last quarter of the year and paid during January of the succeeding year, are less than the sum of (1) 85% of Redwood Trust s ordinary income, (2) 95% of Redwood Trust s capital gain net income, plus (3) any undistributed income remaining from earlier years. Redwood Trust may also be subject to the corporate alternative minimum tax, as well as other taxes in certain situations not presently contemplated.

If Redwood Trust fails any of the above described REIT qualification tests in any tax year and the relief provisions provided by the Code do not apply, Redwood Trust would be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at the regular corporate income tax rates. Distributions to stockholders in any year in which Redwood Trust fails to qualify as a REIT would not be deductible by Redwood Trust, nor would distributions generally be required to be made under the Code. Further,

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unless entitled to relief under certain other provisions of the Code, Redwood Trust would also be disqualified from re-electing REIT status for the four tax years following the year in which it became disqualified.

Redwood Trust may also voluntarily revoke its election to be taxed as a REIT, although it has no intention of doing so, in which event Redwood Trust will be prohibited, without exception, from electing REIT status for the year to which the revocation relates and the following four tax years.

Redwood Trust intends to monitor on an ongoing basis its compliance with the REIT requirements described above. In order to maintain its REIT status, Redwood Trust may be required to limit the types of assets that it might otherwise acquire, or hold certain assets at times when it might otherwise have determined that the sale or other disposition of such assets would have been more prudent.

Taxation of Stockholders

For any tax year in which Redwood Trust is treated as a REIT for federal income tax purposes, distributions (including constructive or in-kind distributions) made to holders of common stock other than tax-exempt entities (and not designated as capital gain dividends) will generally be subject to tax as ordinary income to the extent of Redwood Trust s current and accumulated earnings and profits as determined for federal income tax purposes. If the amount distributed exceeds a stockholder s allocable share of such earnings and profits, the excess will be treated as a return of capital to the extent of the stockholder s adjusted basis in the common stock, which will not be subject to tax, and thereafter as a taxable gain from the sale or exchange of a capital asset.

Distributions designated by Redwood Trust as capital gain dividends will generally be subject to tax as long-term capital gain to stockholders, to the extent that the distribution does not exceed Redwood Trust s actual net capital gain for the tax year. Alternatively, Redwood Trust can also elect by written notice to its stockholders to designate a portion of its net capital gain income as being retained and pay directly the tax on such net capital gains. In that instance, each stockholder generally be required to include the deemed capital gains dividend in its income, will be entitled to claim a credit or refund on its tax return for the tax paid by Redwood Trust with respect to such deemed dividend, and will be entitled to increase its tax basis in Redwood Trust shares by an amount equal to the excess of the deemed capital gain dividend over the tax deemed paid by it.

Distributions by Redwood, whether characterized as ordinary income or as capital gain, are not eligible for the corporate dividends received deduction that exists under current law. Furthermore, distributions by Redwood characterized as ordinary income will generally are not subject to the reduced 15% and 5% tax rates otherwise effective for certain types of dividends as of January 1, 2003. However, dividend distributions by Redwood characterized as capital gain distributions recognized subsequent to May 5, 2003, will be subject to the reduced 5% and 15% tax rates made effective by the *Jobs and Growth Relief Reconciliation Tax Act of 2003.*

In the event that Redwood Trust realizes a loss for the tax year, stockholders will not be permitted to deduct any share of that loss. Further, if Redwood Trust (or a portion of its assets) were to be treated as a taxable mortgage pool, or if it were to hold residual interests in real estate mortgage investment conduits, or REMICs, or financial asset securitization investment trusts, or FASITs, any excess inclusion income derived therefrom and allocated to a stockholder would not be allowed to be offset by a net operating loss of such stockholder.

Dividends declared during the last quarter of a tax year and actually paid during January of the following tax year are generally treated as if received by the stockholder on December 31 of the tax year in which they are declared and not on the date actually received. In addition, Redwood Trust may elect to treat certain other dividends distributed after the close of the tax year as having been paid during such tax year, but stockholders will be treated as having received such dividend in the tax year in which the distribution is made.

Generally, a dividend distribution of earnings from a REIT is considered for estimated tax purposes only when the dividend is made. However, any person owning at least 10% of the vote or value of a closely-held REIT must accelerate recognition of year-end dividends received from the REIT in computing estimated tax payments. Redwood Trust is not currently, and does not intend to be, a closely-held REIT.

Upon a sale or other disposition of the common stock, a stockholder will generally recognize a capital gain or loss in an amount equal to the difference between the amount realized and the stockholder s adjusted basis in such stock, which gain or loss generally will be long-term if the stock was held for more than twelve months. Any loss on the sale or exchange of common stock held by a stockholder for six months or less will

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generally be treated as a long-term capital loss to the extent of designated capital gain dividends received by such stockholder. If stock is sold after a record date but before a payment date for declared dividends on such stock, a stockholder will nonetheless be required to include such dividend in income in accordance with the rules above for distributions, whether or not such dividend is required to be paid over to the purchaser.

DRP participants will generally be treated as having received a dividend distribution, subject to tax as ordinary income, in an amount equal to the fair market value of the common stock purchased with the reinvested dividend proceeds generally on the date Redwood Trust credits such common stock to the DRP participant s account, plus brokerage commissions, if any, allocable to the purchase of such common stock. DRP participants will have a tax basis in the shares equal to such value. DRP participants may not, however, receive any cash with which to pay the resulting tax liability. Shares received pursuant to the DRP will have a holding period beginning on the day after their purchase by the plan administrator.

If Redwood Trust makes a distribution of stockholder rights with respect to its common stock, such distribution generally will not be treated as taxable when made. However, if the fair market value of the rights on the date of issuance is 15% or more of the value of the common stock, or if the stockholder so elects regardless of the value of the rights, the stockholder must make an allocation of its existing tax basis between the rights and the common stock based on their relative value on the date of the issuance of the rights. On the exercise of the rights, the stockholder will generally not recognize gain or loss. The stockholder s basis in the shares received from the exercise of the rights will be the amount paid for the shares plus the basis, if any, of the rights exercised. Distribution of stockholder rights with respect to other classes of securities holders generally would be taxable based on the value of the rights on the date of distribution.

Redwood Trust is required under Treasury Department regulations to demand annual written statements from the record holders of designated percentages of its stock disclosing the actual and constructive ownership of such stock and to maintain permanent records showing the information it has received as to the actual and constructive ownership of such stock and a list of those persons failing or refusing to comply with such demand.

In any year in which Redwood Trust does not qualify as a REIT, distributions made to its stockholders would be taxable in the same manner discussed above, except that no distributions could be designated as capital gain dividends, distributions would be eligible for the corporate dividends received deduction and may be eligible for the reduced tax rates on dividends (if paid out of previously-taxed earnings), the excess inclusion income rules would not apply, and stockholders would not receive any share of Redwood Trust s tax preference items. In such event, however, Redwood Trust would be subject to potentially substantial federal income tax liability, and the amount of earnings and cash available for distribution to its stockholders could be significantly reduced or eliminated.

Taxation of Tax-Exempt Entities

Subject to the discussion below regarding a pension-held REIT, a tax-exempt stockholder is generally not subject to tax on distributions from Redwood Trust or gain realized on the sale of the common stock or preferred stock, provided that such stockholder has not incurred indebtedness to purchase or hold Redwood Trust s common stock or preferred stock, that its shares are not otherwise used in an unrelated trade or business of such stockholder, and that Redwood Trust, consistent with its stated intent, does not form taxable mortgage pools or hold residual interests in REMICs or FASITs that give rise to excess inclusion income as defined under the Code. However, if Redwood Trust was to hold a residual interest in a REMIC or FASIT, or if a pool of its assets were to be treated as a taxable mortgage pool, a portion of the dividends paid to a tax-exempt stockholder may be subject to tax as unrelated business taxable income or UBTI. Although Redwood Trust does not intend to acquire such residual interests or believe that it, or any portion of its assets, will be treated as a taxable mortgage pool, no assurance can be given that the IRS might not successfully maintain that such a taxable mortgage pool exists.

If a qualified pension trust (i.e., any pension or other retirement trust that qualifies under Section 401(a) of the Code) holds more than 10% by value of the interests in a pension-held REIT at any time during a tax year, a substantial portion of the dividends paid to the qualified pension trust by such REIT may constitute UBTI. For these purposes, a pension-held REIT is a REIT (i) that would not have qualified as a REIT but for the provisions of the Code which look through qualified pension trust stockholders in determining ownership of stock of the REIT and (ii) in which at least one qualified pension trust holds more than 25% by value of the interest of such REIT or one or more qualified pension trusts (each owning more than a 10% interest by value

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in the REIT) hold in the aggregate more than 50% by value of the interests in such REIT. Assuming compliance with the ownership limit provisions in Redwood Trust s Articles of Incorporation it is unlikely that pension plans will accumulate sufficient stock to cause Redwood Trust to be treated as a pension-held REIT.

Distributions to certain types of tax-exempt stockholders exempt from federal income taxation under Sections 501 (c)(7), (c)(9), (c)(17), and (c)(20) of the Code may also constitute UBTI, and such prospective investors should consult their tax advisors concerning the applicable set aside and reserve requirements.

State and Local Taxes

Redwood Trust and its stockholders may be subject to state or local taxation in various jurisdictions, including those in which it or they transact business or reside. The state and local tax treatment of Redwood Trust and its stockholders may not conform to the federal income tax consequences discussed above. Consequently, prospective stockholders should consult their own tax advisors regarding the effect of state and local tax laws on an investment in the common stock.

Certain United States Federal Income Tax Considerations Applicable to Foreign Holders

The following discussion summarizes certain United States Federal tax consequences of the acquisition, ownership and disposition of common stock or preferred stock by an initial purchaser that, for United States federal income tax purposes, is a Non-United States Holder. Non-United States Holder is any beneficial holder that is: not a citizen or resident of the United States; not a corporation, partnership, or other entity created or organized in the United States or under the laws of the United States or of any political subdivision thereof; and not an estate or trust whose income is includible in gross income for United States federal income tax purposes regardless of its source. This discussion does not consider any specific facts or circumstances that may apply to particular Non-United States Holder s acquiring, holding, and disposing of common stock or preferred stock, or any tax consequences that may arise under the laws of any foreign, state, local, or other taxing jurisdiction.

Dividends

Dividends paid by Redwood Trust out of earnings and profits, as determined for United States federal income tax purposes, to a Non-United States Holder will generally be subject to withholding of United States federal income tax at the rate of 30%, unless reduced or eliminated by an applicable tax treaty or unless such dividends are treated as effectively connected with a United States trade or business. Distributions paid by Redwood Trust in excess of its earnings and profits will be treated as a tax-free return of capital to the extent of the holder s adjusted basis in his shares, and thereafter as gain from the sale or exchange of a capital asset as described below. If it cannot be determined at the time a distribution is made whether such distribution will exceed the earnings and profits of Redwood Trust, the distribution will be subject to withholding at the same rate as dividends. Amounts so withheld, however, will be refundable or creditable against the Non-United States Holder s United States Federal tax liability if it is subsequently determined that such distribution was, in fact, in excess of the earnings and profits of Redwood Trust. If the receipt of the dividend is treated as being effectively connected with the conduct of a trade or business within the United States by a Non-United States Holder, the dividend received by such holder will be subject to the United States federal income tax on net income that applies to United States persons generally (and, with respect to corporate holders and under certain circumstances, the branch profits tax).

For any year in which Redwood Trust qualifies as a REIT, distributions to a Non-United States Holder that are attributable to gain from the sales or exchanges by Redwood Trust of United States real property interests will be treated as if such gain were effectively connected with a United States business and will thus be subject to tax at the normal capital gain rates applicable to United States stockholders (subject to applicable alternative minimum tax) under the provisions of the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA. Also, distributions subject to FIRPTA may be subject to a 30% branch profits tax in the hands of a foreign corporate stockholder not entitled to a treaty exemption. Redwood Trust is required to withhold 35% of any distribution that could be designated by Redwood Trust as a capital gains dividend. This amount may be credited against the Non-United States Holder s FIRPTA tax liability. It should be noted that mortgage loans without substantial equity or with shared appreciation features generally would not be classified as United States real property interests.

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Gain on Disposition

A Non-United States Holder will generally not be subject to United States federal income tax on gain recognized on a sale or other disposition of its shares of either common or preferred stock unless (i) the gain is effectively connected with the conduct of a trade or business within the United States by the Non-United States Holder, (ii) in the case of a Non-United States Holder who is a nonresident alien individual and holds such shares as a capital asset, such holder is present in the United States for 183 or more days in the tax year and certain other requirements are met, or (iii) the Non-United States Holder is subject to tax under the FIRPTA rules discussed below. Gain that is effectively connected with the conduct of a business in the United States by a Non-United States Holder will be subject to the United States federal income tax on net income that applies to United States persons generally (and, with respect to corporate holders and under certain circumstances, the branch profits tax) but will not be subject to withholding. Non-United States Holders should consult applicable treaties, which may provide for different rules.

Gain recognized by a Non-United States Holder upon a sale of either common stock or preferred stock will generally not be subject to tax under FIRPTA if Redwood Trust is a domestically-controlled REIT, which is defined generally as a REIT in which at all times during a specified testing period less than 50% in value of its shares were held directly or indirectly by non-United States persons. Because only a minority of Redwood Trust s stockholders are believed to be Non-United States Holders, Redwood Trust anticipates that it will qualify as a domestically-controlled REIT. Accordingly, a Non-United States Holder should not be subject to United States federal income tax from gains recognized upon disposition of its shares.

Information Reporting and Backup Withholding

Redwood Trust will report to its U.S. stockholders and the Internal Revenue Service the amount of distributions paid during each calendar year, and the amount of tax withheld, if any. Under the backup withholding rules, a stockholder may be subject to backup withholding with respect to distributions paid (at the rate generally equal to the fourth lowest rate of federal income tax then in effect) unless such holder (a) is a corporation or comes within certain other exempt categories and, when required, demonstrates that fact; or (b) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable requirements of the backup withholding rules. A stockholder that does not provide Redwood Trust with its correct taxpayer identification number may also be subject to penalties imposed by the IRS. Any amount paid as backup withholding will be creditable against the stockholder s income tax liability. In addition, Redwood Trust may be required to withhold a portion of dividends and capital gain distributions to any stockholders that do not certify under penalties of perjury their non-foreign status to Redwood Trust.

PLAN OF DISTRIBUTION

We may sell securities to or through one or more underwriters or dealers for public offering and sale, to one or more investors directly or through agents, to existing holders of our securities directly through the issuance of stockholders rights as a dividend, or through any combination of these methods of sale. Any principal underwriter or agent involved in the offer and sale of the securities will be named in the applicable prospectus supplement.

The distribution of the securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices, or at negotiated prices (any of which may represent a discount from the prevailing market prices). We may also sell our securities from time to time through one or more agents in ordinary brokers transactions. Such sales may be effected during a series of one or more pricing periods at prices related to the prevailing market prices reported on the New York Stock Exchange, as shall be set forth in the applicable prospectus supplement.

In connection with the sale of securities, underwriters or agents may receive compensation from us or from purchasers of securities, for whom they may act as agents, in the form of discounts, concessions or commissions. Underwriters may sell securities to or through dealers, and such dealers may receive compensation in the form of discounts, concession or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of securities may be deemed to be underwriters under the Securities Act, and any discounts or commissions they receive from us and any profit on the resale of securities they realize may be deemed to be underwriting

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discounts and commissions under the Securities Act. Any principal underwriter or agent will be identified, and any such compensation received from us will be described, in the applicable prospectus supplement.

Unless otherwise specified in the related prospectus supplement, each class or series of securities will be a new issue with no established trading market, other than the common stock which is listed on the New York Stock Exchange. Any shares of common stock sold pursuant to a prospectus supplement will also be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any future class or series of securities on an exchange, but we are not obligated to do so. It is possible that one or more underwriters may make a market in a future class or series of securities, but they will not be obligated to do so and they may discontinue any market making at any time without notice. Therefore, no assurance can be given as to the liquidity of, or the trading market for, the securities.

In connection with the offering of securities hereby, underwriters and selling group members and their respective affiliates may engage in transactions that stabilize, maintain or otherwise affect the market price of the applicable securities. These transactions may include stabilization transactions affected in accordance with Rule 104 of Regulation M promulgated by the SEC pursuant to which these persons may bid for or purchase securities for the purpose of stabilizing their market price.

The underwriters in an offering of securities may also create a short position for their account by selling more securities in connection with the offering than they are committed to purchase from us. In that case, the underwriters could cover all or a portion of the short position by either purchasing securities in the open market following completion of the offering of these securities or by exercising any over-allotment option granted to them by us. In addition, the managing underwriter may impose penalty bids under contractual arrangements with other underwriters, which means that they can reclaim from an underwriter, or any selling group member participating in the offering, for the account of the other underwriters, the selling concession for the securities that are distributed in the offering but subsequently purchased for the account of the underwriters in the open market. Any of the transactions described in this paragraph or comparable transactions that are described in any accompanying prospectus supplement may result in the maintenance of the price of the securities at a level above that which might otherwise prevail in the open market. None of the transactions described in this paragraph or in an accompanying prospectus supplement are required to be taken by any underwriters and, if they are undertaken, may be discontinued at any time.

The underwriters, dealers or agents used by us in any offering of securities under this prospectus may be customers of, including borrowers from, engage in transactions with, and perform services for, us or one or more of our affiliates in the ordinary course of business.

Underwriters, dealers, agents and other persons may be entitled, under agreements that they may enter into with us, to indemnification against civil liabilities, including liabilities under the Securities Act.

If indicated in the applicable prospectus supplement, we will authorize agents and underwriters to solicit offers by institutions to purchase securities from us at the public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on the date stated in the prospectus supplement. Each contract will be for an amount not less than, and, unless we otherwise agree, the aggregate principal amount of securities sold pursuant to contracts shall be not less nor more than, the respective amounts stated in the prospectus supplement. Institutions with whom contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and other institutions, but shall in all cases be subject to our approval. Contracts will not be subject to any conditions except that the purchase by an institution of the securities covered by its contract shall not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which that institution is subject. A commission indicated in the prospectus supplement will be paid to the underwriters and agents soliciting purchases of debt securities pursuant to contracts accepted by us.

Until the distribution of the securities is completed, rules of the SEC may limit the ability of the underwriters and selling group members, if any, to bid for and purchase the securities. As an exception to these rules, the representatives of the underwriters, if any, are permitted to engage in transactions that stabilize the price of the securities. Such transactions may consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of securities.

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ERISA INVESTORS

Because the common stock will qualify as a publicly offered security, employee benefit plans and individual retirement accounts may purchase shares of common stock and treat such shares, and not the underlying assets, as plan assets. The status of securities offered hereby other than the common stock will be discussed in the relevant prospectus supplement. Fiduciaries of ERISA plans should consider (i) whether an investment in the common stock and other securities offered hereby satisfies ERISA diversification requirements, (ii) whether the investment is in accordance with the ERISA plans governing instruments and (iii) whether the investment is prudent.

LEGAL MATTERS

The validity of the securities offered hereby and certain legal matters will be passed on for us by Tobin & Tobin, a professional corporation, San Francisco, California. Certain tax matters will be passed on by Chapman and Cutler LLP, San Francisco, California.

EXPERTS

The financial statements incorporated in this Prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2003, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission or the SEC. Our SEC filings are available to the public over the Internet at the SEC s web site at *http://www.sec.gov*. You may also read and copy any document we file at the SEC s public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C., 20549, New York, New York, and Chicago, Illinois. Please call the SEC at 1-800-SEC-0300 for further information on the public reference rooms.

We have filed a registration statement, of which this prospectus is a part, covering the securities offered hereby. As allowed by SEC rules, this prospectus does not contain all the information set forth in the registration statement and the exhibits, financial statements and schedules thereto. We refer you to the registration statement, the exhibits, financial statements and schedules thereto for further information. This prospectus is qualified in its entirety by such other information. You may request a free copy of any of the above filings by writing or calling:

Redwood Trust, Inc.

One Belvedere Place, Suite 300
Mill Valley, CA 94941
(415) 389-7373

You should rely only on the information provided in this prospectus. We have not authorized anyone else to provide you with different information. You should not assume that the information in this prospectus is accurate as of any date other than the date on the cover page of this prospectus.

INCORPORATION BY REFERENCE

The Commission allows us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the Commission. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information in this prospectus.

We have filed the documents listed below with the Commission under the Securities Exchange Act of 1934 (the Exchange Act), and these documents are incorporated herein by reference:

Our Annual Report on Form 10-K for the year ended December 31, 2003;

Our Definitive Proxy Statement on Schedule 14A filed April 2, 2004;

Our Annual Report on Form 10-Q for the three months ended March 31, 2004; and

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The description of our common stock included in our registration statement on Form 8-A, filed July 18, 1995 (Registration No. 0-26434) and as amended by Form 8-A/ A filed August 4, 1995, under the Exchange Act.

Any documents we file pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the termination of the offering of the securities to which this prospectus relates will automatically be deemed to be incorporated by reference in this prospectus and to be part hereof from the date of filing those documents. Any documents we file pursuant to these sections of the Exchange Act after the date of the initial registration statement that contains this prospectus and prior to the effectiveness of the registration statement will automatically be deemed to be incorporated by reference in this prospectus and to be part hereof from the date of filing those documents.

Any statement contained in this prospectus or in a document incorporated by reference shall be deemed to be modified or superseded for all purposes to the extent that a statement contained in this prospectus or in any other document which is also incorporated by reference modifies or supersedes that statement. You may obtain copies of all documents which are incorporated in this prospectus by reference (other than the exhibits to such documents unless the exhibits are specifically incorporated herein by reference in the documents that this prospectus incorporates by reference) without charge upon written or oral request to Redwood Trust, Inc., One Belvedere Place, Suite 300, Mill Valley, CA 94941, telephone (415) 389-7373.