

REDWOOD TRUST INC  
 Form 424B2  
 June 21, 2018  
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Filed Pursuant to Rule 424(b)(2)

Registration Statement No. 333-211267

**CALCULATION OF REGISTRATION FEE**

<b>Title of each class of securities to be registered</b>	<b>Amount to be registered<sup>(1)</sup></b>	<b>Proposed maximum offering price per unit<sup>(2)</sup></b>	<b>Proposed maximum aggregate offering price<sup>(2)</sup></b>	<b>Amount of registration fee</b>
5.625% Convertible Senior Notes due 2024	\$230,000,000 <sup>(1)(2)</sup>	99.50%	\$228,850,000 <sup>(2)</sup>	\$28,491.83 <sup>(3)</sup>
		of principal amount		
Common stock, \$0.01 par value per share	(4)	(4)	(4)	(5)

- (1) Represents the aggregate principal amount of 5.625% Convertible Senior Notes due 2024 (the Notes) whose offer and sale are registered hereby.
- (2) Includes \$30,000,000 aggregate principal amount of Notes that may be offered and sold pursuant to the exercise in full of the underwriters' over-allotment option to purchase additional Notes.
- (3) Calculated pursuant to Rule 457(o) and Rule 457(r) under the Securities Act of 1933, as amended (the Securities Act). The fee payable in connection with the offering pursuant to this prospectus supplement has been paid in accordance with Rule 456(b) under the Securities Act.
- (4) Includes an indeterminate number of shares of common stock of Redwood Trust, Inc. issuable upon conversion of the Notes. The maximum conversion rate of the Notes is 60.2409 shares of common stock per \$1,000 principal amount of Notes, subject to adjustments in the same manner as the conversion rate as described in the prospectus supplement under Description of Notes Conversion Rights Conversion Rate Adjustments. Pursuant to Rule 416 under the Securities Act, the amount of shares of common stock whose offer and sale is registered hereby includes an indeterminate number of shares of common stock that may be issued in connection with stock splits, stock dividends, or similar transactions. No additional consideration is to be received in connection with the exercise of the conversion privilege of the Notes.
- (5)

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Pursuant to Rule 457(i) under the Securities Act, no separate registration fee is required for the shares of common stock issuable upon conversion of the Notes because no additional consideration is to be received in connection with the exercise of the conversion privilege of the Notes.

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**Prospectus Supplement to Prospectus dated May 10, 2016.**

**\$200,000,000**

**5.625% Convertible Senior Notes due 2024**

**Interest payable January 15 and July 15**

**Issue Price: 99.5%**

We are offering \$200,000,000 aggregate principal amount of our 5.625% convertible senior notes due 2024 (the notes ). The notes will bear interest at a rate of 5.625% per year, payable semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2019. The notes will mature on July 15, 2024, unless earlier repurchased, redeemed or converted.

Holder may convert their notes into shares of our common stock at any time prior to the close of business on the second scheduled trading day prior to the maturity date, unless the notes have been previously repurchased or redeemed by us. The initial conversion rate for the notes will be 54.7645 shares of our common stock per \$1,000 principal amount of notes, equivalent to an initial conversion price of approximately \$18.26 per share of our common stock. The conversion rate will be subject to adjustment in some events, but will not be adjusted for accrued interest. In addition, if a make-whole fundamental change (as defined herein) occurs prior to the maturity date, we will in some cases increase the conversion rate for a holder that elects to convert its notes in connection with such make-whole fundamental change.

If we undergo a fundamental change (as defined herein), holders may require us to repurchase the notes in whole or in part for cash at a fundamental change repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date.

We may not redeem the notes prior to their maturity, except to the extent necessary to preserve our status as a real estate investment trust, or REIT, for U.S. federal income tax purposes, as further described in this prospectus supplement. No sinking fund will be provided for the notes.

The notes will be our general unsecured obligations and will rank equal in right of payment with our other existing and future senior unsecured indebtedness and senior in right of payment to any indebtedness that is contractually subordinated to the notes. The notes, however, will be effectively subordinated in right of payment to our existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness, and structurally subordinated to the claims of our subsidiaries' creditors, including trade creditors.

We do not intend to apply for listing of the notes on any securities exchange. Our common stock is listed on The New York Stock Exchange, or NYSE, under the symbol RWT. On June 20, 2018, the last reported sale price of our common stock on the NYSE was \$16.60 per share.

We have elected to be taxed as a REIT for U.S. federal income tax purposes. In order to protect us against the risk of losing our qualification as a REIT due to concentration of ownership of our outstanding stock, our charter generally prohibits any single stockholder, or any group of affiliated stockholders, from beneficially owning more than 9.8% of the outstanding shares of any class of our stock, unless our board of directors waives or modifies this ownership limit. See Description of Notes Ownership Limit; Limitation on Stock Issuable Upon Conversion. In addition, our charter contains various other restrictions on the ownership and transfer of shares of our common stock. See Restrictions on Ownership and Transfer and Repurchase of Shares beginning on page 29 of the accompanying prospectus.

See **Risk Factors** beginning on page S-10 of this prospectus supplement and on page 6 of our Annual Report on Form 10-K for the year ended December 31, 2017 to read about important factors that you should consider before investing in the notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	<b>Per Note</b>	<b>Total</b>
Public offering price	99.50%	\$ 199,000,000
Underwriting discount	2.25%	\$ 4,500,000
Proceeds, before expenses, to Redwood Trust, Inc.	97.25%	\$ 194,500,000

The offering price set forth above does not include accrued interest, if any. Interest on the notes will accrue from the date of original issuance, expected to be June 25, 2018.

To the extent the underwriters sell more than \$200,000,000 principal amount of notes, the underwriters will have the option to purchase within 30 days from the date of this prospectus supplement up to an additional \$30,000,000 principal amount of notes from us at the public offering price set forth above, less the underwriting discount, solely to cover over-allotments.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company on or about June 25, 2018.

***Joint-Book Running Managers***

**Credit Suisse**

**J.P. Morgan**

**Wells Fargo Securities**

**June 20, 2018.**

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

You should read this prospectus supplement, the accompanying prospectus, the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, and any free writing prospectus that we have authorized for use in connection with this offering when making your investment decision. You should also read and consider the information in the documents we have referred you to in the section of this prospectus supplement entitled *Where You Can Find More Information*. This prospectus supplement and the accompanying prospectus are part of a registration statement on Form S-3 we have filed with the Securities and Exchange Commission, which we refer to as the SEC, under the Securities Act of 1933, as amended. This prospectus supplement and the accompanying prospectus do not contain all of the information in the registration statement. We have omitted certain parts of the registration statement, as permitted by the rules and regulations of the SEC. You may inspect and copy the registration statement, including exhibits, on the SEC's website at [www.sec.gov](http://www.sec.gov) or at the SEC's public reference room. See *Where You Can Find More Information* in the accompanying prospectus. In addition, any statement in a filing we make with the SEC that adds to, updates or changes information contained in an earlier filing we made with the SEC shall be deemed to modify and supersede such information in the earlier filing.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement to Redwood, we, us, our or similar references mean Redwood Trust, Inc. and its subsidiaries.

If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus that we have authorized for use in connection with this offering. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained or incorporated by reference herein or therein. If anyone provides you with different or inconsistent information, you should not rely on it.

We are not, and the underwriters are not, making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, and any free writing prospectus that we have authorized for use in connection with this offering is accurate only as of the date of those respective documents. Our business, financial condition, results of operations, and prospects may have changed since that date. Neither this prospectus supplement nor the accompanying prospectus constitutes an offer, or an invitation on our behalf or on behalf of the underwriters, to subscribe for and purchase any of the securities, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.



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**FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the accompanying prospectus, the documents incorporated by reference and any free writing prospectus that we have authorized for use in connection with this offering contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. You can identify these statements by forward-looking words such as may, will, expect, intend, anticipate, believe, estimate, plan, could, should, continue or the negative of such terms, words or expressions. These forward-looking statements may also use different phrases.

We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include, among other things, statements that address our strategy and operating performance and events or developments that we expect or anticipate will occur in the future, including, but not limited to, our statements in Summary The Offering on page S-3 and Use of Proceeds on page S-19 regarding our intended use of the proceeds of this offering.

These forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict; therefore, actual results may differ materially from those expressed or forecasted in any forward-looking statements. The risks and uncertainties include those described in our Annual Report on Form 10-K for the year ended December 31, 2017 and in our subsequent filings under the Securities Exchange Act of 1934, as amended, as well as those referenced in Risk Factors below. These are factors that we think could cause our actual results to differ materially from expected results. Other factors besides those listed could also adversely affect us. Any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Important factors, among others, that may affect our actual results include: the pace at which we redeploy our available capital into new investments; interest rate volatility, changes in credit spreads, and changes in liquidity in the market for real estate securities and loans; changes in the demand from investors for residential mortgages and investments, and our ability to distribute residential mortgages through our whole-loan distribution channel; our ability to finance our investments in securities and our acquisition of residential mortgages with short-term debt; changes in the values of assets we own; general economic trends, the performance of the housing, real estate, mortgage, credit, and broader financial markets, and their effects on the prices of earning assets and the credit status of borrowers; federal and state legislative and regulatory developments, and the actions of governmental authorities, including the new U.S. presidential administration, and in particular those affecting the mortgage industry or our business (including, but not limited to, the Federal Housing Finance Agency's rules relating to FHLB membership requirements and the implications for our captive insurance subsidiary's membership in the FHLB); strategic business and capital deployment decisions we make; developments related to the fixed income and mortgage finance markets and the Federal Reserve's statements regarding its future open market activity and monetary policy; our exposure to credit risk and the timing of credit losses within our portfolio; the concentration of the credit risks we are exposed to, including due to the structure of assets we hold and the geographical concentration of real estate underlying assets we own; our exposure to adjustable-rate mortgage loans; the efficacy and expense of our efforts to manage or hedge credit risk, interest rate risk, and other financial and operational risks; changes in credit ratings on assets we own and changes in the rating agencies' credit rating methodologies; changes in interest rates; changes in mortgage prepayment rates; changes in liquidity in the market for real estate securities and loans; our ability to finance the acquisition of real estate-related assets with short-term debt; the ability of counterparties to satisfy their obligations to us; our

involvement in securitization transactions, the profitability of those transactions, and the risks we are exposed to in engaging

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in securitization transactions; exposure to claims and litigation, including litigation arising from our involvement in securitization transactions; ongoing litigation against various trustees of RMBS transactions; whether we have sufficient liquid assets to meet short-term needs; our ability to successfully compete and retain or attract key personnel; our ability to adapt our business model and strategies to changing circumstances; changes in our investment, financing, and hedging strategies and new risks we may be exposed to if we expand our business activities; our exposure to a disruption or breach of the security of our technology infrastructure and systems; exposure to environmental liabilities; our failure to comply with applicable laws and regulations; our failure to maintain appropriate internal controls over financial reporting and disclosure controls and procedures; the impact on our reputation that could result from our actions or omissions or from those of others; changes in accounting principles and tax rules; our ability to maintain our status as a REIT for tax purposes; limitations imposed on our business due to our REIT status and our status as exempt from registration under the Investment Company Act of 1940; decisions about raising, managing, and distributing capital; our expectations regarding the use of the net proceeds from this offering; and other factors not presently identified.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights selected information appearing elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus and any free writing prospectus that we have authorized for use in connection with this offering may not contain all of the information that is important to you. This prospectus supplement and the accompanying prospectus include information about the notes we are offering as well as information regarding our business and financial data. You should read this prospectus supplement and the accompanying prospectus, including information incorporated by reference, and any free writing prospectus that we have authorized for use in connection with this offering, in their entirety. Investors should carefully consider the information set forth under Risk Factors in this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2017, which is incorporated by reference into this prospectus supplement and the accompanying prospectus. Unless otherwise stated, all information contained in this prospectus supplement assumes no exercise of the underwriters' over-allotment option to purchase additional notes in this offering.*

**About Redwood Trust, Inc.**

Redwood Trust, Inc., together with its subsidiaries, is a specialty finance company focused on making credit-sensitive investments in residential mortgages and other related assets and engaging in mortgage banking activities. Our goal is to provide attractive returns to stockholders through a stable and growing stream of earnings and dividends, as well as through capital appreciation. We operate our business in two segments: Investment Portfolio and Residential Mortgage Banking. Our primary sources of income are net interest income from our investment portfolio and non-interest income from our mortgage banking activities. Net interest income consists of the interest income we earn on investments less the interest expense we incur on borrowed funds and other liabilities. Income from mortgage banking activities consists of the profit we seek to generate through the acquisition of loans and their subsequent sale or securitization.

Redwood Trust, Inc. has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), beginning with its taxable year ended December 31, 1994. We generally refer, collectively, to Redwood Trust, Inc. and those of its subsidiaries that are not subject to subsidiary-level corporate income tax as the REIT or our REIT. We generally refer to subsidiaries of Redwood Trust, Inc. that are subject to subsidiary-level corporate income tax as our operating subsidiaries or our taxable REIT subsidiaries or TRS. Our mortgage banking activities and investments in mortgage servicing rights (MSRs) are generally carried out through our taxable REIT subsidiaries, while our portfolio of mortgage- and other real estate-related investments is primarily held at our REIT. We generally intend to retain profits generated and taxed at our taxable REIT subsidiaries, and to distribute as dividends at least 90% of the taxable income we generate at our REIT.

During the first quarter of 2017, we reorganized our segments to align with changes in how we view our segments for making operating decisions and assessing performance. Specifically, we eliminated our Commercial segment and renamed our Residential Investments segment as the Investment Portfolio segment. This Investment Portfolio segment now includes both residential investments and our commercial investments, which are primarily comprised of investments in multifamily securities. Our Commercial segment previously included our commercial mortgage banking operations and our commercial loan investments, which were wound-down and sold, respectively, during 2016. We conformed the presentation of prior periods, whereby commercial loan investments are included in the Investment Portfolio segment and commercial mortgage banking activities are included in Corporate/Other. Our Residential Mortgage Banking segment was not changed. Following is a full description of our two current segments.

Our Investment Portfolio segment includes a portfolio of investments in residential mortgage-backed securities (RMBS) retained from our Sequoia securitizations, as well as RMBS issued by third parties and other credit

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risk-related investments. In addition, this segment includes a subsidiary of Redwood Trust that is a member of the Federal Home Loan Bank of Chicago ( FHLBC ) that utilizes attractive long-term financing from the FHLBC to make long-term investments directly in residential mortgage loans. This segment also invests in MSR income associated with residential loans we have sold or securitized, as well as MSR income that we have purchased from third parties. The Investment Portfolio segment's main sources of revenue are interest income from investment portfolio securities and residential loans held-for-investment, as well as MSR income. Additionally, this segment may realize gains and losses upon the sale of securities, which is offset by interest income we pay on our financings and funding expenses, hedging expenses, direct operating expenses, and tax provisions associated with these activities.

Our Residential Mortgage Banking segment primarily consists of operating a mortgage loan conduit that acquires residential loans from third-party originators for subsequent sale, securitization, or transfer to our Investment Portfolio. We typically acquire prime, jumbo mortgages and the related MSR income on a flow basis from our network of loan sellers and distribute those loans through our Sequoia private-label securitization program or to institutions that acquire pools of whole loans or hold these loans in our Investment Portfolio. We occasionally supplement our flow purchases with bulk loan acquisitions. This segment also includes various derivative financial instruments that we utilize to manage certain risks associated with residential mortgage loans we acquire. Our Residential Mortgage Banking segment's main source of revenue is income from mortgage banking activities, which includes valuation increases (or gains) on the sale or securitization of loans, and from hedges used to manage risks associated with these activities. Additionally, this segment may generate interest income on loans held pending securitization or sale. Funding expenses, direct operating expenses, and tax expenses associated with these activities are also included in this segment.

We sponsor our Sequoia securitization program, which we use for the securitization of residential mortgage loans. We are required under Generally Accepted Accounting Principles in the United States ( GAAP ) to consolidate the assets and liabilities of certain Sequoia securitization entities we have sponsored for financial reporting purposes. However, each of these entities is independent of Redwood and of each other, and the assets and liabilities of these entities are not owned by us or legal obligations of ours, respectively, although we are exposed to certain financial risks associated with our role as the sponsor or depositor of these entities and, to the extent we hold securities issued by, or other investments in, these entities, we are exposed to the performance of these entities and the assets they hold. We refer to certain of these securitization entities issued prior to 2012 as consolidated Legacy Sequoia entities, and the securitization entities formed in connection with the securitization of Redwood Choice expanded-prime loans as the consolidated Sequoia Choice entities. Where applicable, in analyzing our results of operations, we distinguish results from current operations at Redwood and from consolidated Legacy Sequoia or Sequoia Choice entities.

## **Corporate Information**

We were incorporated in the State of Maryland on April 11, 1994, and commenced operations on August 19, 1994. We operate so as to qualify as a REIT for U.S. federal income tax purposes. Our executive offices are located at One Belvedere Place, Suite 300, Mill Valley, California 94941. Our telephone number is (415) 389-7373. Our website is [www.redwoodtrust.com](http://www.redwoodtrust.com). Information contained in or that can be accessed through our website is not part of, and is not incorporated into, this prospectus supplement or the accompanying prospectus.

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*The following is a brief summary of the terms of this offering and the notes. This summary is not a complete description of this offering or the notes. You should read the full text and more specific details contained elsewhere in this prospectus supplement and the accompanying prospectus. With respect to the discussion of the terms of the notes on the cover page, in this section and in the section entitled *Description of Notes*, the words *Redwood*, *we*, *our*, *us* and *the company* refer only to Redwood Trust, Inc. and not to any of its subsidiaries. For a more detailed description of the notes, see *Description of Notes* in this prospectus supplement and *Description of Debt Securities* in the accompanying prospectus.*

Issuer	Redwood Trust, Inc., a Maryland corporation.
Notes Offered	\$200.0 million principal amount of 5.625% convertible senior notes due 2024 (plus up to an additional \$30.0 million principal amount if the underwriters exercise their over-allotment option to purchase additional notes).
Issue Price	99.50%, plus accrued interest, if any, from June 25, 2018.
Maturity Date	July 15, 2024.
Interest Rate	5.625% per year. Interest will accrue from the date of issuance (which is scheduled for June 25, 2018), or from the most recent date to which interest has been paid or duly provided for, and will be payable semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2019.
	We will also be required to pay additional interest on the notes under the circumstances described under <i>Description of Notes</i> <i>Events of Default</i> .
Ranking	The notes will be our general unsecured obligations and will rank equal in right of payment with our other existing and future senior unsecured indebtedness, including \$245.0 million outstanding principal amount of our existing 4.75% convertible senior notes due 2023 (the <i>2023 Notes</i> ) and our guarantee of the 5.625% exchangeable senior notes due 2019 issued by one of our taxable subsidiaries ( <i>2019 Notes</i> ), and senior in right of payment to any existing and future indebtedness that is contractually subordinated to the notes. The notes, however, will be effectively subordinated to our existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness,

and structurally subordinated to the claims of our subsidiaries' creditors, including trade creditors and our subsidiary's obligations under the 2019 Notes.

As of March 31, 2018, on a consolidated basis, Redwood and our subsidiaries had \$3.3 billion in outstanding secured indebtedness and \$696 million in outstanding senior unsecured indebtedness, in each case exclusive of trade and other payables. As of March 31, 2018, the aggregate amount of secured liabilities of our subsidiaries was \$3.3



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billion and the aggregate amount of unsecured liabilities of our subsidiaries was \$273 million, in each case including trade and other payables and excluding intercompany liabilities. The indenture does not limit the amount of debt that may be issued by us or our subsidiaries under the indenture or otherwise.

Conversion Rights

Holders may convert any of their notes into shares of our common stock at the applicable conversion rate at any time prior to the close of business on the second scheduled trading day prior to the maturity date, unless the notes have been previously repurchased or redeemed by us. Any conversions of notes into shares of our common stock will be subject to certain ownership limitations more fully described in Description of Notes Ownership Limit; Limitation on Stock Issuable Upon Conversion. The initial conversion rate for the notes will be 54.7645 shares of our common stock per \$1,000 principal amount of notes, equivalent to an initial conversion price of approximately \$18.26 per share of our common stock. The conversion rate will be subject to adjustment in some events, but will not be adjusted for accrued interest. In addition, if certain corporate events occur prior to the maturity date, we will in some cases increase the conversion rate for a holder who elects to convert its notes in connection with such corporate event as described under Description of Notes Conversion Rights Adjustment to Shares Delivered Upon Conversion Upon Make-Whole Fundamental Change. However, if the price paid (or deemed paid) for our common stock in such a corporate event is greater than \$22.00 per share or less than \$16.60 per share (in each case, subject to adjustment in accordance with the indenture), then we will not be required to increase the conversion rate if a holder converts its notes in connection with such a corporate event.

Settlement Upon Conversion

Upon conversion of the notes, a holder will receive, on or prior to the second trading day following the conversion date, (1) a number of shares of our common stock equal to (i) (A) the aggregate principal amount of notes to be converted, divided by (B) \$1,000, multiplied by (ii) the conversion rate in effect on the conversion date, plus (2) cash in lieu of fractional shares, all calculated as described under Description of Notes Conversion Rights Settlement Upon Conversion ; *provided, however,* that with respect to any conversion date that occurs on or after the regular record date for the final payment of interest on the notes (*i.e.*, July 1, 2024), we will deliver such shares and cash on the maturity date.

You will not receive any additional cash payment or additional shares of our common stock representing accrued and unpaid interest upon conversion of a note, except in limited circumstances. Instead, interest will be deemed paid by the shares of our common stock and cash, if any, delivered to you upon conversion.

Redemption of Notes to Preserve REIT  
Status

We may not redeem the notes prior to their maturity, except to the extent,  
and only to the extent, necessary to preserve our status as a

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REIT. If we determine that redeeming the notes is necessary to preserve our status as a REIT, then we may redeem all or part of the notes at a cash redemption price equal to the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

Sinking Fund

None.

Fundamental Change

If we undergo a fundamental change (as defined under Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes ), subject to certain conditions, you may require us to repurchase for cash all or part of your notes. The fundamental change repurchase price will equal 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date.

Events of Default

Except as described under Description of Notes Events of Default, if an event of default with respect to the notes occurs, holders may, upon satisfaction of certain conditions, accelerate the principal amount of the notes plus accrued and unpaid interest. If the event of default relates to our failure to comply with the reporting obligations in the indenture governing the notes, then, at our option, the sole remedy for the first 365 days following such event of default consists exclusively of the right to receive additional interest on the notes as described under Description of Notes Events of Default. In addition, the principal amount of the notes plus accrued and unpaid interest will automatically become due and payable in the case of certain types of bankruptcy or insolvency events as described under Description of Notes Events of Default.

Book-Entry Form

The notes will initially be issued in book-entry form and will be represented by one or more permanent global certificates deposited with, or on behalf of, The Depository Trust Company, which we refer to as DTC, and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee, and any such interest may not be exchanged for certificated securities, except in limited circumstances.

No Prior Market

The notes are a new issue of securities with no established trading market. We have been advised by the representatives of the underwriters that certain underwriters intend to make a market in the notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the

trading market for the notes.

No Listing

We do not intend to apply for listing of the notes on any securities exchange. Our common stock is listed on The New York Stock Exchange under the symbol RWT.

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Material U.S. Federal Income Tax Considerations	For certain material U.S. federal income tax considerations relating to the purchase, ownership and disposition of the notes and the shares of our common stock into which the notes are convertible, see Supplemental U.S. Federal Income Tax Considerations in this prospectus supplement and Material U.S. Federal Income Tax Considerations in Exhibit 99.1 to our Current Report on Form 8-K filed with the SEC on June 19, 2018 (the June Current Report ).
Trustee, Paying Agent and Conversion Agent	Wilmington Trust, National Association.
Use of Proceeds	<p>We estimate that the net proceeds from this offering will be approximately \$194.0 million (or approximately \$223.2 million if the underwriters exercise their over-allotment option in full), after deducting underwriting discounts and commissions and estimated offering expenses payable by us.</p> <p>We intend to use the net proceeds from this offering to fund our business and investment activity, which may include funding purchases of residential mortgage loans and acquiring mortgage-backed securities for our investment portfolio, funding new investment initiatives in the single-family rental and multifamily housing sectors, as well as for other general corporate purposes.</p> <p>Pending such uses, we may use all or a portion of the net proceeds from this offering to temporarily reduce borrowings under our short-term residential loan warehouse facilities and our short-term real estate securities repurchase facilities. We may subsequently re-borrow amounts under our short-term residential loan warehouse facilities and our short-term real estate securities repurchase facilities to fund our business and investment activity, as described above. See Use of Proceeds on page S-19.</p>
Risk Factors	See Risk Factors on page S-10 and beginning on page 6 of our Annual Report on Form 10-K for the year ended December 31, 2017 and any risk factors and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should consider carefully before deciding to invest in the notes.
Restrictions on Ownership and Transfer of Common Stock	To assist us in satisfying the requirements for qualification as a REIT, our charter prohibits any person from acquiring or holding beneficial

ownership of shares of our common stock representing in excess of 9.8%, in number of shares or value, of the outstanding shares of our common stock (the Charter Limitation ), unless our board of directors waives or modifies this ownership limit. We have previously granted limited waivers of this prohibition and, subject to the approval of our board of directors, we may grant additional waivers at any time. The indenture will provide that, notwithstanding any other

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provision of the indenture, no holder of notes will be entitled to receive shares of our common stock upon conversion to the extent (but only to the extent) that such receipt would cause such converting holder to violate the Charter Limitation. Any purported delivery of shares of common stock upon conversion of notes shall be void and have no effect to the extent (but only to the extent) that such delivery would result in the converting holder violating the Charter Limitation. In addition, our charter contains various other restrictions on the ownership and transfer of our common stock. See [Restrictions on Ownership and Transfer and Repurchase of Shares](#) on page 29 of the accompanying prospectus.

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Table of Contents**SUMMARY CONSOLIDATED FINANCIAL DATA**

We derived the summary consolidated financial data for the three years ended December 31, 2015, 2016 and 2017, and as of December 31, 2017, from our audited consolidated financial statements. We derived the summary unaudited consolidated financial data for the three months ended March 31, 2018 and 2017, and as of March 31, 2018, from our unaudited consolidated interim financial statements. The following information should be read in conjunction with our audited and unaudited consolidated financial statements and related notes incorporated by reference in this prospectus supplement and the accompanying prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future, and our interim results are not necessarily indicative of the results for the full year or any future period. For more details on how you can obtain our SEC reports and other information, you should read the section of the accompanying prospectus entitled *Where You Can Find More Information*.

	<b>Three Months Ended</b>		<b>Years Ended December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>(unaudited)</b>				
	<b>(In thousands, except share data)</b>				
<b>Interest Income</b>					
Residential loans	\$ 50,231	\$ 34,362	\$ 154,362	\$ 137,804	\$ 114,715
Commercial loans		82	345	30,496	46,933
Real estate securities	25,695	19,817	90,803	76,873	97,448
Other interest income	693	367	2,547	1,182	336
<b>Total interest income</b>	<b>76,619</b>	<b>54,628</b>	<b>248,057</b>	<b>246,355</b>	<b>259,432</b>
<b>Interest Expense</b>					
Short-term debt	(13,435)	(4,453)	(36,851)	(22,287)	(30,572)
Asset-backed securities issued	(11,401)	(3,530)	(19,108)	(14,735)	(21,469)
Long-term debt	(16,678)	(13,048)	(52,857)	(51,506)	(43,842)
<b>Total interest expense</b>	<b>(41,514)</b>	<b>(21,031)</b>	<b>(108,816)</b>	<b>(88,528)</b>	<b>(95,883)</b>
<b>Net Interest Income</b>	<b>35,105</b>	<b>33,597</b>	<b>139,241</b>	<b>157,827</b>	<b>163,549</b>
Reversal of provision for loan losses				7,102	355
<b>Net Interest Income After Provision</b>	<b>35,105</b>	<b>33,597</b>	<b>139,241</b>	<b>164,929</b>	<b>163,904</b>
<b>Non-interest Income</b>					
Mortgage banking activities, net	26,576	17,604	53,908	38,691	10,972
Mortgage servicing rights income (loss), net	957	1,713	7,860	14,353	(3,922)
Investment fair value changes, net	1,609	1,551	10,374	(28,574)	(21,357)
Other income	1,161	1,184	4,576	6,338	3,192
Realized gains, net	9,363	5,703	13,355	28,009	36,369



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Total non-interest income, net	39,666	27,755	90,073	58,817	25,254
Operating expenses	(23,030)	(18,226)	(77,156)	(88,786)	(97,416)
<b>Net Income before Provision for Income Taxes</b>	<b>51,741</b>	<b>43,126</b>	<b>152,158</b>	<b>134,960</b>	<b>91,742</b>
(Provision for) Benefit from income taxes	(4,896)	(6,157)	(11,752)	(3,708)	10,346
<b>Net Income</b>	<b>\$ 46,845</b>	<b>\$ 36,969</b>	<b>\$ 140,406</b>	<b>\$ 131,252</b>	<b>\$ 102,088</b>
Basic earnings per common share	\$ 0.60	\$ 0.47	\$ 1.78	\$ 1.66	\$ 1.20
Diluted earnings per common share	\$ 0.50	\$ 0.43	\$ 1.60	\$ 1.54	\$ 1.18
Regular dividends declared per common share	\$ 0.28	\$ 0.28	\$ 1.12	\$ 1.12	\$ 1.12
Basic weighted average shares outstanding	75,396,649	76,738,202	76,792,957	76,747,047	82,945,103
Diluted weighted average shares outstanding	108,194,597	97,946,137	101,975,008	97,909,090	84,518,395

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	<b>March 31, 2018 (Unaudited)</b>	<b>December 31, 2017</b>
<b>(In thousands, except share data)</b>		
Balance sheet data:		
<b>ASSETS<sup>(1)</sup></b>		
Residential loans, held-for-sale, at fair value	\$ 1,130,185	\$ 1,427,945
Residential loans, held-for-investment, at fair value	4,015,555	3,687,265
Real estate securities, at fair value	1,357,720	1,476,510
Mortgage servicing rights, at fair value	66,496	63,598
Cash and cash equivalents	178,562	144,663
<b>Total earning assets</b>	<b>6,748,518</b>	<b>6,799,981</b>
Restricted cash	2,406	2,144
Accrued interest receivable	27,257	27,013
Derivative assets	63,544	15,718
Other assets	157,848	194,966
<b>Total Assets</b>	<b>\$ 6,999,573</b>	<b>\$ 7,039,822</b>
<b>LIABILITIES AND EQUITY<sup>(1)</sup></b>		
<b>Liabilities</b>		
Short-term debt <sup>(2)</sup>	\$ 1,504,460	\$ 1,938,682
Accrued interest payable	23,492	18,435
Derivative liabilities	56,201	63,081
Accrued expenses and other liabilities	77,762	67,729
Asset-backed securities issued, at fair value	1,542,087	1,164,585
Long-term debt, net	2,575,588	2,575,023
<b>Total Liabilities</b>	<b>5,779,590</b>	<b>5,827,535</b>
<b>Equity</b>		
Common stock, par value \$0.01 per share, 180,000,000 shares authorized; 75,703,107 and 76,599,972 issued and outstanding	757	766
Additional paid-in capital	1,661,701	1,673,845
Accumulated other comprehensive income	80,055	85,248
Cumulative earnings	1,337,186	1,290,341
Cumulative distributions to stockholders	(1,859,716)	(1,837,913)
<b>Total Equity</b>	<b>1,219,983</b>	<b>1,212,287</b>
<b>Total Liabilities and Equity</b>	<b>\$ 6,999,573</b>	<b>\$ 7,039,822</b>
Recourse senior debt to equity <sup>(3)</sup>	3.2x	3.6x
Recourse debt to equity <sup>(4)</sup>	3.4x	3.7x

(1)

Our consolidated balance sheets include assets of consolidated variable interest entities ( VIEs ) that can only be used to settle obligations of these VIEs and liabilities of consolidated VIEs for which creditors do not have recourse to Redwood Trust, Inc. or its affiliates. At March 31, 2018 and December 31, 2017, assets of consolidated VIEs totaled \$1.65 billion and \$1.26 billion, respectively. At March 31, 2018 and December 31, 2017, liabilities of consolidated VIEs totaled \$1.55 billion and \$1.17 billion, respectively.

- (2) Includes \$250 million outstanding principal amount of our 4.625% convertible senior notes due 2018 ( 2018 Notes ) reclassified during the year ended December 31, 2017 from long-term debt to short-term debt. In April 2018, we repaid the 2018 Notes in full.
- (3) Excludes asset-backed securities issued by securitization entities consolidated for financial reporting purposes of \$1.54 billion and \$1.16 billion at March 31, 2018 and December 31, 2017, respectively, for which Redwood Trust does not have recourse liability. Also excludes an aggregate of \$140 million of subordinated debt issued by Redwood Trust at March 31, 2018 and December 31, 2017.
- (4) Excludes asset-backed securities issued by securitization entities consolidated for financial reporting purposes of \$1.54 billion and \$1.16 billion at March 31, 2018 and December 31, 2017, respectively, for which Redwood Trust does not have recourse liability.

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**RISK FACTORS**

*Investing in the notes being offered by this prospectus supplement and the accompanying prospectus involves a high degree of risk. Before deciding whether to invest in the notes, you should consider carefully the risk factors described below, the risk factors incorporated herein by reference to our Annual Report on Form 10-K for the year ended December 31, 2017 and the risk factors contained in any free writing prospectus that we have authorized for use in connection with this offering. If any of these risks actually occur, it may materially harm our business, financial condition, operating results or cash flow. As a result, the market price of our common stock, and, in turn, the trading price of the notes, could decline, and you could lose part or all of your investment. Additional risks and uncertainties that are not yet identified or that we think are immaterial may also materially harm our business, operating results and financial condition and could result in a complete loss of your investment.*

**Risks Related to the Notes, our Common Stock and this Offering**

*The notes are effectively subordinated to any of our existing and future secured debt and structurally subordinated to the liabilities of our subsidiaries.*

The notes will be our general unsecured obligations and will rank equal in right of payment with any of our other senior unsecured indebtedness, including our 2023 Notes and our guarantee of the 2019 Notes, and senior in right of payment to any of our existing and future indebtedness that is contractually subordinated to the notes. The notes, however, will be effectively subordinated to our existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness. As of March 31, 2018, on a consolidated basis, Redwood and our subsidiaries had \$3.3 billion in outstanding secured indebtedness and \$696 million in outstanding senior unsecured indebtedness, in each case exclusive of trade and other payables. The provisions of the indenture governing the notes will not prohibit us from incurring additional secured indebtedness in the future. Consequently, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to us, the holders of any secured indebtedness will be entitled to proceed directly against the collateral securing such indebtedness. Therefore, such collateral will not be available for satisfaction of any amounts owed under our unsecured indebtedness, including the notes, until such secured indebtedness is satisfied in full.

Our subsidiaries will not guarantee the notes. Accordingly, the notes will also be structurally subordinated to all existing and future unsecured and secured liabilities and preferred equity of our subsidiaries, including trade creditors and our subsidiary's obligations under the 2019 Notes. In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to any such subsidiary, we, as a common equity owner of such subsidiary, and, therefore, holders of our debt, including holders of the notes, will be subject to the prior claims of such subsidiary's creditors, including trade creditors, and preferred equity holders. As of March 31, 2018, the aggregate amount of secured liabilities of our subsidiaries was \$3.3 billion and the aggregate amount of unsecured liabilities of our subsidiaries was \$273 million, including the 2019 Notes, in each case including trade and other payables and excluding intercompany liabilities, and our operating subsidiaries had no outstanding preferred equity. The provisions of the indenture governing the notes will not prohibit our subsidiaries from incurring additional indebtedness or issuing preferred equity in the future.

*Our significant level of indebtedness and liabilities could limit cash flow available for our operations, expose us to risks that could adversely affect our business, financial condition and results of operations and impair our ability to satisfy our obligations under the notes.*

We have now and, following the consummation of this offering, will continue to have a significant amount of indebtedness and liabilities. As of March 31, 2018, our total consolidated liabilities (excluding asset-backed securities

issued by consolidated Sequoia entities, for which we are not liable) was \$4.2 billion. We will incur \$200.0 million of additional indebtedness if and when we sell the notes, or \$230.0 million of additional indebtedness if the underwriters exercise in full their over-allotment option to purchase additional notes. We may

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also incur additional indebtedness to meet future financing needs. Our indebtedness could have significant negative consequences for our business, results of operations and financial condition, including:

increasing our vulnerability to adverse economic and industry conditions;

limiting our ability to obtain additional financing;

requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, thereby reducing the amount of our cash flow available for other purposes;

limiting our flexibility in planning for, or reacting to, changes in our business;

dilution experienced by our existing stockholders as a result of the conversion of any of our convertible debt, including the notes offered hereby, or exchange of any of our exchangeable debt, into shares of common stock; and

placing us at a possible competitive disadvantage with less leveraged competitors and competitors that may have better access to capital resources.

We cannot assure you that we will continue to maintain sufficient cash reserves or that our business will continue to generate cash flow from operations at levels sufficient to permit us to pay principal, premium, if any, and interest on our indebtedness, or that our cash needs will not increase. If we are unable to generate sufficient cash flow or otherwise obtain funds necessary to make required payments, or if we fail to comply with the various requirements of the notes to be offered and sold in this offering, or any other indebtedness then outstanding, we would be in default, which would permit the holders of the affected indebtedness to accelerate the maturity of such indebtedness and could cause defaults under our other indebtedness. Any default under these notes or any other indebtedness could have a material adverse effect on our business, results of operations and financial condition.

***We may not have the ability to raise the funds necessary to repurchase the notes as required upon a fundamental change, and our other then-existing debt may contain limitations on our ability to pay cash upon such repurchase of the notes.***

Following a fundamental change as described under **Description of Notes – Fundamental Change Permits Holders to Require Us to Repurchase Notes**, holders of notes will have the right to require us to purchase their notes for cash. A fundamental change would also require us to offer to repurchase all of our outstanding 2023 Notes and all of the outstanding 2019 Notes for cash and may also constitute an event of default or prepayment under, and result in the acceleration of the maturity of, our then-existing indebtedness. We cannot assure you that we will have sufficient financial resources, or will be able to arrange financing, to pay the fundamental change repurchase price in cash with respect to any notes, 2023 Notes or 2019 Notes surrendered by holders for repurchase upon a fundamental change. In addition, restrictions in our then-existing credit facilities or other indebtedness may not allow us to repurchase the notes, the 2023 Notes and the 2019 Notes upon a fundamental change. Our failure to repurchase the notes, the 2023 Notes and the 2019 Notes upon a fundamental change when required would result in an event of default with respect

to the notes, the 2023 Notes or the 2019 Notes, as applicable, which could, in turn, constitute a default under the terms of our other indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the notes.

***We may invest or spend the proceeds of this offering in ways with which you may not agree and in ways that may not yield a return to our stockholders.***

We will retain broad discretion over the use of proceeds from this public offering. Stockholders and holders of the notes may not deem such uses desirable, and our use of the proceeds may not yield a significant return or any return at all for our stockholders. We intend to use the net proceeds from this offering to fund our business and

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investment activity, which may include funding purchases of residential mortgage loans and acquiring mortgage-backed securities for our investment portfolio, as well as for other general corporate purposes. Pending such uses, we may use all or a portion of the net proceeds from this offering to temporarily reduce borrowings under our short-term residential loan warehouse facilities and our short-term real estate securities repurchase facilities. We may subsequently re-borrow amounts under our short-term residential loan warehouse facilities and our short-term real estate securities repurchase facilities to fund our business and investment activity, as described above. Because of the number and variability of factors that determine our use of the proceeds from this offering, our actual uses of the proceeds from this offering may vary substantially from our currently planned uses.

***The conversion rate of the notes may not be adjusted for all dilutive events.***

The conversion rate of the notes is subject to adjustment for certain events, including, but not limited to, certain dividends on our common stock, the issuance of certain rights, options or warrants to holders of our common stock, subdivisions or combinations of our common stock, certain distributions of assets, debt securities, capital stock, cash or other property to holders of our common stock and certain tender or exchange offers, as described under

Description of Notes Conversion Rights Conversion Rate Adjustments in this prospectus supplement. The conversion rate will not be adjusted for other events, such as a payment of certain dividends on our common stock or an issuance of our common stock for cash, that may adversely affect the trading price of the notes and the market price of our common stock. An event may occur that is adverse to the interests of the holders of the notes and their value, but that does not result in an adjustment to the conversion rate.

***Some significant restructuring transactions may not constitute fundamental changes, in which case we would not be obligated to offer to repurchase the notes.***

Upon the occurrence of specified fundamental changes, you will have the option to require us to repurchase all or any portion of your notes as described under Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes. However, the definition of fundamental change is limited to specified corporate events and may not include other events that might adversely affect our financial condition or the trading price of the notes. For example, events such as leveraged recapitalizations, refinancings, restructurings or acquisitions initiated by us may not constitute a fundamental change requiring us to repurchase the notes. If any such event occurs, the holders of the notes would not have the right to require us to repurchase the notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the trading price of the notes.

***The adjustment to the conversion rate for notes converted in connection with certain make-whole fundamental change transactions may not adequately compensate holders for the lost option value of their notes as a result of any such transaction. In addition, the definition of a make-whole fundamental change is limited and may not protect you from losing some of the option value of your notes in the event of a variety of transactions that do not constitute a make-whole fundamental change.***

If certain transactions that constitute a make-whole fundamental change occur, then, under certain circumstances and subject to certain limitations, we will increase the conversion rate by a number of additional shares of our common stock. This increased conversion rate will apply only to holders who convert their notes in connection with such transaction. The number of additional shares of our common stock will be determined based on the date on which the make-whole fundamental change transaction becomes effective and the price paid (or deemed paid) per share of our common stock in such transaction, as described under Description of Notes Conversion Rights Adjustment to Shares Delivered Upon Conversion Upon Make-Whole Fundamental Change in this prospectus supplement.



While the increase in the conversion rate is designed to compensate holders for the lost option value of the notes as a result of such transaction, the increase in the conversion rate is only an approximation of such lost value and may not adequately compensate holders for such loss. In addition, notwithstanding the foregoing, if the price

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paid (or deemed paid) for our common stock in any such transaction is greater than \$22.00 per share or less than \$16.60 per share (in each case, subject to adjustment in accordance with the indenture), then we will not be required to adjust the conversion rate if you convert your notes in connection with such transaction. Moreover, in no event will the total number of shares of our common stock issuable upon the conversion of the notes exceed 60.2409 per \$1,000 principal amount of notes, subject to adjustment under certain circumstances.

Furthermore, the definition of make-whole fundamental change that will be contained in the indenture is limited to certain enumerated transactions. As a result, the make-whole fundamental change provisions of the indenture will not afford protection to holders of the notes in the event that other transactions occur that could adversely affect the option value of the notes. For example, transactions, such as certain spin-offs or sales of a subsidiary with volatile earnings, or a change in our subsidiaries' lines of business, could significantly affect the trading characteristics of our common stock and thereby reduce the option value embedded in the notes without triggering a make-whole fundamental change.

Our obligation to increase the conversion rate upon certain make-whole fundamental change transactions could be considered a penalty, in which case its enforceability would be subject to general principles of reasonableness of economic remedies.

***The issuance of additional stock will dilute all other stockholdings and could affect the market price of our common stock and, therefore, the trading price of the notes.***

As of March 31, 2018, we had an aggregate of approximately 62.1 million shares of common stock authorized but unissued and not issuable in respect of vested and unvested deferred stock units, unvested performance stock units (assuming maximum vesting under the performance-based vesting formula) reserved for issuance under our equity compensation plans or our outstanding convertible or exchangeable notes. We may issue all of these shares without any action or approval by our stockholders. The issuance of these unreserved shares, as well as any shares of our common stock issued in connection with the exercise of deferred stock units, performance stock units, restricted stock units or convertible or exchangeable notes or derivative instruments, or otherwise, would dilute the percentage ownership held by the investors who purchase our notes in this offering. In addition, we may issue a substantial number of shares of our common stock upon conversion of the notes or our other convertible debt or upon exchange of our exchangeable debt.

***There is currently no trading market for the notes, and an active trading market for the notes may not develop or, if it develops, may not be maintained.***

The notes will be new securities for which there is no established trading market. We do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes on any automated dealer quotation system. Although certain of the underwriters have informed us that they intend to make a market in the notes, they are not obligated to do so and may discontinue market making at any time without notice. Accordingly, an active trading market may not develop for the notes and, even if one develops, such market may not be maintained. If an active trading market for the notes does not develop or is not maintained, the market price and liquidity of the notes is likely to be adversely affected and holders may not be able to sell their notes at desired times and prices, or at all. If any of the notes are traded after their purchase, they may trade at a discount from their purchase price.

The liquidity of the trading market, if any, and future trading prices of the notes will depend on many factors, including, among other things, the market price of our common stock, prevailing interest rates, our dividend yield, financial condition, results of operations, business, prospects and credit quality relative to our competitors, the market for similar securities and the overall securities market, and may be adversely affected by unfavorable changes in any

of these factors, some of which are beyond our control and others of which may not affect debt that is not convertible into capital stock. Historically, the market for convertible debt has been volatile. Market volatility could materially and adversely affect the notes, regardless of our financial condition, results of operations, business, prospects or credit quality.

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***An increase in market interest rates may reduce the trading price of the notes.***

In general, as market interest rates rise, notes bearing interest at fixed rates decline in value. Consequently, if market interest rates increase, the trading price of the notes we are offering may decline. We cannot predict the future level of market interest rates.

***Recent and future regulatory actions and other events may adversely affect the trading price and liquidity of the notes.***

We expect that many investors in, and potential purchasers of, the notes will employ, or seek to employ, a convertible arbitrage strategy with respect to the notes. Investors would typically implement such a strategy by selling short the common stock underlying the notes and dynamically adjusting their short position while continuing to hold the notes. Investors may also implement this type of strategy by entering into swaps on our common stock in lieu of or in addition to short selling the common stock.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including our common stock). Such rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. of a Limit Up-Limit Down program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines and the implementation of certain regulatory reforms required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the notes to effect short sales of our common stock or enter into swaps on our common stock could adversely affect the trading price and the liquidity of the notes.

In addition, if investors and potential purchasers seeking to employ a convertible arbitrage strategy are unable to borrow or enter into swaps on our common stock, in each case on commercially reasonable terms, the trading price and liquidity of the notes may be adversely affected.

***Investing in the notes and in our common stock may involve a high degree of risk. Holders of the notes, as potential holders of our common stock, may experience losses, volatility and poor liquidity, and we may reduce our dividends in a variety of circumstances.***

An investment in the notes and in our common stock may involve a high degree of risk, particularly when compared to other types of investments. Risks related to the economy, the financial markets, our industry, our investing activity, our other business activities, our financial results, the amount of dividends we distribute, the manner in which we conduct our business and the way we have structured and limited our operations could result in a reduction in, or the elimination of, the value of our common stock, and in turn, of the notes. The level of risk associated with an investment in the notes and in our common stock may not be suitable for the risk tolerance of many investors. Investors may experience volatile returns and material losses. In addition, the trading volume of our common stock (*i.e.*, its liquidity) may be insufficient to allow investors to sell their common stock when they want to or at a price they consider reasonable.

Our earnings, cash flows, book value, and dividends can be volatile and difficult to predict. Investors in the notes and in our common stock should not rely on our estimates, projections or predictions, or on management's beliefs about future events. In particular, the sustainability of our earnings and our cash flows will depend on numerous factors, including our level of investment activity, our access to debt and equity financing, the returns we earn, the amount and timing of credit losses, payment rates on residential mortgage loans we invest in or that underlie the mortgage-backed

securities we invest in, the expense of running our business and other factors, including the risk factors described herein and in our Annual Report on Form 10-K for the year ended December 31, 2017. As a consequence, although we seek to pay a regular common stock dividend rate that is sustainable, we may reduce our regular dividend rate, or stop paying dividends, in the future for a variety of

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reasons. We may not provide public warnings of dividend reductions prior to their occurrence. Although we have paid special dividends in the past, we have not paid a special dividend since 2007, and we may not do so in the future. Changes to the amount of dividends we distribute may result in a reduction in the value of our common stock and, in turn, of the notes.

***A limited number of institutional stockholders own a significant percentage of our common stock, which could have adverse consequences to other holders of our common stock and holders of the notes, as potential holders of our common stock.***

Based on 2018 filings on Schedule 13G with the SEC, we believe that six institutional stockholders each beneficially owned 5% or more of our outstanding common stock, and we believe based on data obtained from other public sources that, overall, institutional stockholders beneficially owned, as of May 31, 2018, in the aggregate, approximately 85% of our outstanding common stock. Furthermore, one or more of these investors or other investors could significantly increase their ownership of our common stock. Significant ownership stakes held by these individual institutions or other investors could have adverse consequences for other stockholders and holders of the notes, as potential holders of our common stock, because each of these stockholders will have a significant influence over the outcome of matters submitted to a vote of our stockholders, including the election of our directors and transactions involving a change in control. In addition, should any of these significant stockholders determine to liquidate all or a significant portion of their holdings of our common stock, it could have an adverse effect on the market price of our common stock and, in turn, of the notes.

Although, under our charter, stockholders are generally precluded from beneficially owning more than 9.8% of our outstanding common stock, our board of directors may amend existing ownership-limitation waivers or grant waivers to other stockholders in the future, in each case in a manner which may allow for increases in the concentration of the ownership of our common stock held by one or more stockholders.

***Future sales of our common stock by us or by our directors or officers could adversely affect the market price of our common stock and, in turn, the trading price of the notes and our ability to raise funds in a new securities offering.***

We may issue additional shares of common stock in subsequent public offerings or private placements. In addition, we may issue additional shares of common stock upon conversion of the notes or our other convertible debt or upon exchange of our exchangeable debt, to participants in our direct stock purchase and dividend reinvestment plan and to our directors, officers and employees under our employee stock purchase plan and our incentive plan, including upon the exercise of, or in respect of, distributions on equity awards previously granted thereunder. We are not required to offer any such shares to existing stockholders on a preemptive basis. Therefore, it may not be possible for existing stockholders to participate in future share issuances, which may dilute existing stockholders' interests in us. In addition, if market participants buy shares in issuances by us in the future, it may reduce or eliminate any purchases of our common stock they might otherwise make in the open market, which in turn could have the effect of reducing the volume of shares of our common stock traded in the marketplace, which could reduce the market price and liquidity of our common stock and, in turn, the trading price of the notes and our ability to raise funds in a new securities offering.

As of May 31, 2018, our current directors and executive officers beneficially owned, in the aggregate, approximately 2% of our common stock. Certain sales of shares of our common stock by these individuals are required to be publicly reported and are tracked by many market participants as a factor in making their own investment decisions. As a result, future sales by these individuals could negatively affect the market price of our common stock and, in turn, the trading price of the notes and our ability to raise funds in a new securities offering.

We and each of our directors and executive officers have entered into lock up agreements with the underwriters of this offering pursuant to which we and our directors and executive officers, with limited exceptions, for a

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period of 75 days after the date of this prospectus supplement, may not, without the prior written consent of the representatives of the underwriters, sell or transfer any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock. The representatives of the underwriters may, in their sole discretion, at any time from time to time, waive in writing the terms and conditions of these lock up agreements.

***Holdings of our common stock may not receive dividend distributions, or dividend distributions may decrease over time. Changes in the amount of dividend distributions we pay or in the tax characterization of dividend distributions we pay may adversely affect the market price of our common stock and, in turn, the trading price of the notes and our ability to raise funds in new securities offerings.***

Our dividend distributions are driven by a variety of factors, including our minimum dividend distribution requirements under the REIT tax laws and our REIT taxable income as calculated pursuant to the Internal Revenue Code. We generally intend to distribute to our stockholders at least 90% of our REIT taxable income, although our reported financial results for GAAP purposes may differ materially from our REIT taxable income.

For 2017 and the first quarter of 2018, we paid our dividends at a rate of \$0.28 per share per quarter, and, for the second quarter of 2018, we declared our regular dividend at a rate of \$0.30 per share, payable on June 29, 2018. Our ability to continue to pay a dividend of \$0.30 per share per quarter in the future may be adversely affected by a number of factors, including the risk factors described herein and in our Annual Report on Form 10-K for the year ended December 31, 2017. These same factors may affect our ability to pay other future dividends. In addition, to the extent we determine that future dividends would represent a return of capital to investors, rather than the distribution of income, we may determine to discontinue dividend payments until such time that dividends would again represent a distribution of income. Any reduction or elimination of our payment of dividend distributions would not only reduce the amount of dividends you would receive as a holder of our common stock, but could also have the effect of reducing the market price of our common stock and, in turn, the trading price of the notes and our ability to raise funds in new securities offerings.

In addition, the rate at which holders of our common stock are taxed on dividends we pay and the characterization of our dividend — be it ordinary income, capital gains, or a return of capital — could have an impact on the market price of our common stock and, in turn, our ability to raise funds in new stock offerings. After we announce the expected characterization of dividend distributions we have paid, the actual characterization (and, therefore, the rate at which holders of our common stock are taxed on the dividend distributions they have received) could vary from our expectation, including due to errors, changes made in the course of preparing our corporate tax returns, or changes made in response to an IRS audit), with the result that holders of our common stock could incur greater income tax liabilities than expected.

***You may be subject to tax upon an adjustment to, or a failure to adjust, the conversion rate of the notes even though you do not receive a corresponding cash distribution.***

The conversion rate of the notes is subject to adjustment in certain circumstances, including the payment of certain cash dividends. If the conversion rate is adjusted as a result of a distribution that is taxable to our common stockholders, such as a cash dividend, you may be deemed to have received a dividend subject to U.S. federal income tax without the receipt of any cash. In addition, a failure to adjust (or adjust adequately) the conversion rate after an event that increases your proportionate interest in us could be treated as a deemed taxable dividend to you. If a make-whole fundamental change adjustment event occurs prior to the maturity date of the notes, then, under some circumstances, we will increase the conversion rate for notes converted in connection with such make-whole fundamental change. Such increase may also be treated as a distribution subject to U.S. federal income tax as a dividend. If you are a Non-U.S. Holder (as defined in “Material U.S. Federal Income Tax Considerations” in the June



Current Report), any deemed dividend would be subject to U.S. federal withholding tax at a 30% rate, or such lower rate as may be specified by an applicable treaty. If we pay withholding taxes on behalf of a holder, we may set off any such payment against payments of cash and common stock payable on the

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notes (or, in some circumstances, against any payments on the common stock). See Supplemental U.S. Federal Income Tax Considerations.

***Provisions of Maryland law, our charter and bylaws and the indenture governing the notes may impede or discourage a takeover, which could cause the market price of our common stock to decline.***

Provisions of our charter and bylaws, as well as provisions of the Maryland General Corporation Law, or the MGCL, could make it more difficult for a third party to acquire us, even if doing so would benefit our stockholders. In order to maintain our qualifications as a REIT, not more than 50% in value of our outstanding capital stock may be owned, actually or constructively, by five or fewer individuals (defined in the Internal Revenue Code to include certain entities). In order to protect us against the risk of losing our qualification as a REIT due to concentration of ownership of our outstanding stock, our charter generally prohibits any single stockholder, or any group of affiliated stockholders, from beneficially owning more than 9.8% of the outstanding shares of any class of our stock, unless our board of directors waives or modifies this ownership limit. This limitation may preclude an acquisition of control of us by a third party without the consent of our board of directors. Our board of directors has granted a limited number of such waivers to institutional investors to own shares in excess of this 9.8% limit, which waivers are subject to certain terms and conditions. Our board of directors may amend these existing waivers to permit additional share ownership or may grant waiver to additional stockholders at any time

Certain other provisions contained in our charter and bylaws and in the MGCL may discourage a third-party from making an acquisition proposal for us and may therefore inhibit a change in control. Our charter includes provisions granting our board of directors the authority to cause us to issue preferred stock from time to time and to establish the terms, preferences and rights of the preferred stock without the approval of our stockholders. In addition, provisions in our charter and bylaws and the MGCL restrict our stockholders' ability to remove directors and fill vacancies on our board of directors and restrict the voting rights of shares of our common stock acquired in excess of certain ownership thresholds. These provisions and others may delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders and holders of the notes we are offering.

The repurchase rights in the notes triggered by the occurrence of a fundamental change, as described under the heading Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes, and the additional shares of our common stock by which the conversion rate may be increased in connection with certain make-whole fundamental change transactions, as described under the heading Description of Notes Conversion Rights Adjustment to Shares Delivered Upon Conversion Upon Make-Whole Fundamental Change, could also discourage a potential acquirer.

***Ownership limitations in our charter may limit the ability of holders to convert notes into our common stock.***

To assist us in satisfying the requirements for qualification as a REIT, our charter prohibits any person from acquiring or holding beneficial ownership of shares of our common stock representing in excess of 9.8%, in number of shares or value, of the outstanding shares of our common stock, or the Charter Limitation, unless our board of directors waives or modifies this ownership limit. Notwithstanding any other provision of the indenture, no holder of notes will be entitled to receive shares of our common stock upon conversion to the extent (but only to the extent) that such receipt would cause such converting holder to violate the Charter Limitation. Any purported delivery of shares of common stock upon conversion of notes shall be void and have no effect to the extent (but only to the extent) that such delivery would result in the converting holder violating the Charter Limitation. If any delivery of shares of our common stock owed to a holder upon conversion of notes is not made, in whole or in part, as a result of the Charter Limitation, our obligation to make such delivery shall not be extinguished, and we will deliver such shares as promptly as practicable

after any such converting holder gives notice to us that such delivery would not result in such converting holder being in violation of the Charter Limitation.

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***The notes may not be rated or may receive a lower rating than anticipated.***

We do not intend to seek a rating on the notes. However, if one or more rating agencies rates the notes and assigns the notes a rating lower than the rating expected by investors, or reduces their rating in the future, the trading price of the notes and the market price of our common stock could be harmed. In addition, the trading price of the notes is directly affected by market perceptions of our creditworthiness. Consequently, if a credit ratings agency rates any of our debt in the future or downgrades or withdraws any such rating, or puts us on credit watch, the trading price of the notes is likely to decline.

***The notes are not protected by restrictive covenants.***

The indenture governing the notes will not contain any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or any of our subsidiaries. The indenture governing the notes will not contain any covenants or other provisions to afford protection to holders of the notes in the event of a fundamental change involving us except to the extent described under

Description of Notes Conversion Rights Recapitalizations, Reclassifications and Changes of Our Common Stock,  
Description of Notes Conversion Rights Adjustment to Shares Delivered Upon Conversion Upon Make-Whole  
Fundamental Change, Description of Notes Fundamental Change Permits Holders to Require Us to Repurchase Notes  
and Description of Notes Consolidation, Merger and Sale of Assets.

***Holders of the notes will not, as such, be entitled to any rights with respect to our common stock but will be subject to all changes made with respect to our common stock.***

Holders of the notes will not, as such, be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but holders of the notes will be subject to all changes affecting our common stock. Holders of the notes will not be entitled to the rights of the common stock underlying such notes, except to the extent they convert such notes, and, in such case, will be deemed to be the record holder of such notes as of the related conversion date. For example, if an amendment is proposed to our charter or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the conversion date of any note, then the holder of such note will not be entitled to vote the shares due upon conversion on the amendment, although such holder will, upon conversion, nevertheless be subject to any changes affecting our common stock.

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**USE OF PROCEEDS**

We estimate that the net proceeds we will receive from this offering will be approximately \$194.0 million (\$223.2 million if the underwriters' over-allotment option is exercised in full), after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering to fund our business and investment activity, which may include funding purchases of residential mortgage loans and acquiring mortgage-backed securities for our investment portfolio, funding new investment initiatives in the single-family rental and multifamily housing sectors, as well as for other general corporate purposes.

Pending such uses, we may use all or a portion of the net proceeds from this offering to temporarily reduce borrowings under our short-term residential loan warehouse facilities and our short-term real estate securities repurchase facilities. At March 31, 2018, we had four residential loan warehouse facilities with an aggregate outstanding balance of approximately \$662 million, a weighted average interest rate of 3.51%, and maturities from August 2018 through March 2019, with weighted average days until maturity of 246. At March 31, 2018, we had eight real estate securities repurchase facilities with an aggregate outstanding balance of approximately \$592 million, a weighted average interest rate of 3.03%, and maturities from April 2018 through June 2018 with weighted average days until maturity of 27. We may subsequently re-borrow amounts under our short-term residential loan warehouse facilities and our short-term real estate securities repurchase facilities to fund our business and investment activity, as described above.

Affiliates of Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC and Wells Fargo Securities, LLC are lenders under our short-term residential loan warehouse facilities and our short-term real estate securities repurchase facilities and may receive a portion of the proceeds from this offering from any amounts repaid under such facilities. See Underwriting.

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES**

Our ratio of earnings to fixed charges for the three months ended March 31, 2018 and each of the previous five years ended December 31 were as follows:

	<b>Three Months Ended March 31,</b>		<b>Years Ended December 31,</b>			
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Ratio of earnings to fixed charges	2.66x	2.88x	3.04x	2.40x	2.65x	3.90x

The ratio of earnings to fixed charges represents the number of times fixed charges are covered by earnings. Fixed charges consist of interest on outstanding long-term debt, convertible notes with a maturity of less than one year, and asset-backed securities issued, as well as associated amortization of debt discount and deferred issuance costs. The proportion deemed representative of the interest factor of operating lease expense has not been deducted as the total operating lease expense in itself was de minimis and did not affect the ratios in a material way. Earnings consist of consolidated income before income taxes and fixed charges.

**Table of Contents****CAPITALIZATION**

The following table sets forth our cash and cash equivalents and our capitalization as of March 31, 2018:

on an actual basis; and

on a pro forma basis to give effect to (i) the maturity of our 4.625% Convertible Senior Notes due 2018, which became due and were repaid on April 15, 2018, and (ii) the issuance and sale of the \$200.0 million principal amount of the notes, assuming the underwriters do not exercise their over-allotment option to purchase additional notes and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The following information should be read in conjunction with our unaudited consolidated financial statements and related notes incorporated by reference in this prospectus supplement and the accompanying prospectus and Management's Discussion and Analysis of Financial Condition and Results of Operations in our Quarterly Report on Form 10-Q for the three-month period ended March 31, 2018. For more details on how you can obtain our SEC reports and other information, you should read the section of the accompanying prospectus entitled "Where You Can Find More Information."

(In thousands, except share and per share data)	As of March 31, 2018	
	Actual	Pro Forma
Cash and cash equivalents	\$ 178,562	\$ 122,120
Short-term debt:		
Principal amount of 4.625% convertible senior notes due 2018 <sup>(1)</sup>	\$ 250,442	\$
Total short-term debt facilities	1,254,076	1,254,076
Long-term debt:		
Principal amount of 5.625% exchangeable senior notes due 2019 <sup>(1)</sup>	200,765	200,765
Trust preferred securities and subordinated notes <sup>(1)</sup>	139,500	139,500
FHLBC borrowings	1,999,999	1,999,999
Principal amount of 4.75% convertible senior notes due 2023 <sup>(1)</sup>	245,000	245,000
Principal amount of 5.625% convertible senior notes due 2024		200,000
<b>Total debt</b>	<b>4,089,782</b>	<b>4,039,340</b>
Equity:		
Common stock, \$0.01 par value per share; 180,000,000 shares authorized and 75,703,107 issued and outstanding, actual and pro forma	757	757
Additional paid-in capital	1,661,701	1,661,701
Accumulated other comprehensive income	80,055	80,055
Cumulative earnings	1,337,186	1,337,186
Cumulative distributions to stockholders	(1,859,716)	(1,859,716)
<b>Total equity</b>	<b>1,219,983</b>	<b>1,219,983</b>

Total capitalization	\$ 5,309,765	\$ 5,259,323
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- (1) Amounts shown for 2018 Notes, 2019 Notes, 2023 Notes and trust preferred securities and subordinated notes do not reflect, in the aggregate, \$22 million in accrued interest and unamortized deferred issuance costs. Upon its scheduled maturity in April 2018, we repaid the \$250 million principal amount of our 4.625% convertible senior notes due 2018 and all related accrued interest in full.

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The number of shares of common stock, actual and pro forma, shown in the table above excludes the following as of March 31, 2018:

the shares of common stock to be reserved for issuance upon conversion of the notes we are offering;

22,489,739 shares of common stock reserved for issuance upon conversion of the 2023 Notes and upon the exchange of the 2019 Notes;

10,301,180 shares of common stock reserved for issuance upon conversion of the 2018 Notes, which ceased to be outstanding from and after April 15, 2018;

2,179,977 shares of common stock issuable in respect of vested and unvested deferred stock units; and

1,581,186 shares of common stock issuable in respect of unvested performance stock units (assuming maximum vesting under the performance-based vesting formula).

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**Table of Contents****PRICE RANGE OF COMMON STOCK**

Our common stock trades on The New York Stock Exchange, or NYSE, under the symbol RWT. The following table sets forth, for the periods indicated, the reported high and low intraday sales prices per share of our common stock on the NYSE:

	<b>High</b>	<b>Low</b>
<b>Year ended December 31, 2016</b>		
First quarter	\$ 13.92	\$ 9.36
Second quarter	\$ 14.53	\$ 12.49
Third quarter	\$ 15.07	\$ 13.29
Fourth quarter	\$ 16.20	\$ 13.49
<b>Year ended December 31, 2017</b>		
First quarter	\$ 17.05	\$ 14.85
Second quarter	\$ 17.43	\$ 16.20
Third quarter	\$ 17.45	\$ 15.74
Fourth quarter	\$ 16.86	\$ 14.29
<b>Year ending December 31, 2018</b>		
First quarter	\$ 15.67	\$ 14.32
Second quarter (through June 20, 2018)	\$ 16.75	\$ 15.08

The reported last sale price of our common stock on the NYSE on June 20, 2018 was \$16.60 per share. As of May 31, 2018, we had 655 stockholders of record. In addition, we believe that a significant number of beneficial owners of our common stock hold their shares in street name.

**DISTRIBUTION POLICY**

We generally are required to distribute to our stockholders an amount equal to at least 90% of our REIT taxable income determined before applying the deduction for 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 our tax return for such year and paid not later than the first regular dividend payment after such declaration, in the following tax year.

If we fail to meet the distribution test as a result of a retroactive adjustment to our REIT taxable income, we 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 Internal Revenue Code. We 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 a timely tax return. We believe we are in compliance with all our dividend distribution requirements.

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**DESCRIPTION OF NOTES**

We will issue the notes under an indenture, dated as of March 6, 2013 (the **base indenture** ), between us and Wilmington Trust, National Association, as trustee, as supplemented by a supplemental indenture, to be dated as of the date of the initial issuance of the notes (the **supplemental indenture** ), between us and the trustee. We refer to the base indenture, as supplemented by the supplemental indenture, as the **indenture**.

The following description is a summary of the material provisions of the notes and the indenture and does not purport to be complete. This summary is subject to and is qualified by reference to all the provisions of the notes and the indenture, including the definitions of certain terms used in the indenture. The terms of the notes include those expressly set forth in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended, which we refer to as the Trust Indenture Act.

We urge you to read the indenture because it, and not this description, defines your rights as a holder of the notes. You may request a copy of the indenture from us. The base indenture is incorporated by reference as an exhibit to the registration statement of which the accompanying prospectus is a part. We will file the supplemental indenture by means of a Current Report on Form 8-K. See **Where You Can Find More Information** in this prospectus supplement.

For purposes of this description, references to the **Company**, **we**, **our** and **us** refer only to Redwood Trust, Inc. and its subsidiaries.

**General**

The notes:

will:

be our general unsecured obligations;

rank equal in right of payment with our other existing and future senior unsecured indebtedness, including our 2023 Notes and our guarantee of the 2019 Notes;

rank senior in right of payment to any existing and future indebtedness that is contractually subordinated to the notes;

be effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness; and

be structurally subordinated to the claims of our subsidiaries' creditors, including trade creditors and our subsidiary's obligations under the 2019 Notes;

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will be limited to an aggregate principal amount of \$200,000,000 (or \$230,000,000 if the underwriters exercise their over-allotment option to purchase additional notes in full) except as set forth below;

will mature on July 15, 2024 (the maturity date ), unless earlier repurchased, redeemed or converted;

only to the extent necessary to preserve our status as a REIT, will be redeemable at our election prior to maturity, at a cash redemption price equal to the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date (as described under Redemption of notes to preserve REIT status );

will be subject to optional repurchase by us at your request upon a fundamental change (as described under Fundamental change permits holders to require us to repurchase notes );

will be issued in denominations of \$1,000 and integral multiples of \$1,000; and

will be represented by one or more registered notes in global form, but in certain limited circumstances may be represented by notes in definitive form.

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As of March 31, 2018, on a consolidated basis, Redwood and our subsidiaries had \$3.3 billion in outstanding secured indebtedness and \$696 million in outstanding senior unsecured indebtedness, in each case exclusive of trade and other payables. As of March 31, 2018, the aggregate amount of secured liabilities of our subsidiaries was \$3.3 billion and the aggregate amount of unsecured liabilities of our subsidiaries was \$273 million, in each case including trade and other payables and excluding intercompany liabilities. The indenture does not limit the amount of debt that may be issued by us or our subsidiaries under the indenture or otherwise. Our subsidiaries will not guarantee any of our obligations under the notes. See Risk Factors Risks related to the notes, our common stock and this offering The notes are effectively subordinated to any of our existing and future secured debt and structurally subordinated to the liabilities of our subsidiaries.

The notes may be converted into shares of our common stock at an initial conversion rate of 54.7645 shares of common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$18.26 per share of common stock) at any time prior to the close of business on the second scheduled trading day prior to the maturity date, unless the notes have been previously redeemed or repurchased. The conversion rate is subject to adjustment if certain events occur. You will not be entitled to receive any separate cash payment for interest, if any, accrued and unpaid to the conversion date, except under the limited circumstances described below.

Any conversions of notes into shares of our common stock will be subject to certain ownership limitations more fully described in Ownership limit; limitation on stock issuable upon conversion.

We may, without the consent of the holders, issue additional notes under the indenture with the same terms as the notes offered hereby (except for certain differences, such as the date as of which interest begins to accrue and the first interest payment date for such additional notes) in an unlimited aggregate principal amount; *provided* that if any such additional notes are not fungible with the notes initially offered hereby for U.S. federal income tax purposes, such additional notes will be identified by a separate CUSIP number or by no CUSIP number. We may also from time to time repurchase the notes in open market purchases or negotiated transactions without prior notice to holders.

The registered holder of a note will be treated as the owner of it for all purposes under the indenture.

Other than the restrictions described under Fundamental change permits holders to require us to repurchase notes and Consolidation, merger and sale of assets below, and, except for the provisions set forth under Conversion rights Recapitalizations, reclassifications and changes of our common stock and Conversion rights Adjustment to shares delivered upon conversion upon make-whole fundamental change, the indenture will not contain any covenants or other provisions designed to afford holders of the notes protection in the event of a highly leveraged transaction involving us or in the event of a decline in our credit rating as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us that could adversely affect such holders.

No sinking fund will be provided for the notes.

We do not intend to list the notes on a national securities exchange or interdealer quotation system.

### **Payments on the notes; paying agent and registrar**

The following description replaces the description set forth under Description of Debt Securities Payment and Paying Agent in the accompanying prospectus in its entirety.

We will pay the principal of certificated notes at the office or agency designated by us. We have initially designated a corporate trust office of the trustee as our paying agent and registrar as a place where notes may be presented for

payment or for registration of transfer. We may, however, change the paying agent or registrar without prior notice to the holders of the notes, and we may act as paying agent or registrar.

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Interest on certificated notes will be payable (i) to holders having an aggregate principal amount of \$2.0 million or less, by check mailed to such holders and (ii) to holders having an aggregate principal amount of more than \$2.0 million, either by check mailed to each such holder or, upon application by such holder to the registrar not later than the relevant record date, by wire transfer in immediately available funds to that holder's account within the United States, which application shall remain in effect until the holder notifies, in writing, the registrar to the contrary.

We will pay the principal of, and interest on notes in global form registered in the name of or held by The Depository Trust Company, or DTC, or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global notes.

## **Exchange and transfer**

The following description replaces the description set forth under "Description of Debt Securities Exchange and Transfer" in the accompanying prospectus in its entirety.

A holder of notes may transfer or exchange such notes at the office of the registrar in accordance with the indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents. No service charge will be imposed by us, the trustee or the registrar for any registration of transfer or exchange of notes, but we may require a holder to pay a sum sufficient to cover any transfer tax or other similar governmental charge required by law or permitted by the indenture. We are not required to transfer or exchange any note surrendered for conversion. In addition, we are not required to transfer or exchange any note selected for redemption or surrendered for repurchase by us in the circumstances described under "Fundamental change permits holders to require us to repurchase notes."

## **Interest**

The notes will bear interest at a rate of 5.625% per year from the date of their initial issuance, or from the most recent date to which interest has been paid or duly provided for. Interest will be payable semi-annually in arrears on January 15 and July 15 of each year, beginning January 15, 2019.

Interest will be paid to the person in whose name a note is registered at the close of business on January 1 or July 1, as the case may be, immediately preceding the relevant interest payment date. Interest will accrue on the notes from the date of initial issuance and will be computed on the basis of a 360-day year composed of twelve 30-day months.

If any interest payment date (other than an interest payment date coinciding with the maturity date) of a note falls on a day that is not a business day, such interest payment date will be postponed to the next succeeding business day and no interest will accrue for such intervening period. If the maturity date would fall on a day that is not a business day, the required payment of interest and principal will be made on the next succeeding business day and no interest on such payment will accrue for the period from and after the maturity date to such next succeeding business day. The term "business day" means any day other than a Saturday or Sunday or any day on which banking institutions are authorized or obligated by law or executive order to close in New York, New York; *provided, however*, that solely for purposes of determining the dates on which payments are due on the notes, a day on which banking institutions in the applicable place of payment are authorized or required by law or executive order to close will be deemed not to be a business day.

Unless otherwise stated or unless the context otherwise requires, all references to interest in this prospectus supplement include additional interest, if any, payable at our election as the sole remedy relating to the failure to comply with our reporting obligations as described under "Events of default."





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### Conversion rights

#### *General*

Holders may convert any of their notes into shares of our common stock at the applicable conversion rate at any time prior to the close of business on the second scheduled trading day prior to the maturity date, unless the notes have been previously repurchased or redeemed by us. Any conversions of notes into shares of our common stock will be subject to certain ownership limitations more fully described in Ownership limit; limitation on stock issuable upon conversion. The initial conversion rate for the notes will be 54.7645 shares of our common stock per \$1,000 principal amount of notes, equivalent to an initial conversion price of approximately \$18.26 per share of our common stock.

If you have already delivered a repurchase notice as described under Fundamental change permits holders to require us to repurchase notes with respect to a note, you may not surrender that note for conversion until you have withdrawn the notice in accordance with the indenture.

Scheduled trading day means a day that is scheduled to be a trading day on the principal U.S. national securities exchange or market on which our common stock is listed or admitted for trading. If our common stock is not so listed or admitted for trading, scheduled trading day means a business day.

Trading day means a day during which (i) trading in our common stock generally occurs on a U.S. national securities exchange or market and (ii) there is no market disruption event (as defined below). If our common stock is not so traded, trading day means a business day.

Market disruption event means the occurrence or existence on any scheduled trading day for our common stock of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in our common stock or in any options contracts or futures contracts relating to our common stock, and such suspension or limitation occurs or exists at any time within the 30 minutes prior to the closing time of the relevant exchange on such day.

The conversion rate and the equivalent conversion price in effect at any given time are referred to as the applicable conversion rate and the applicable conversion price, respectively, and will be subject to adjustment as described below. The applicable conversion price at any given time will be computed by dividing \$1,000 by the applicable conversion rate at such time. A holder may convert fewer than all of such holder's notes so long as the notes converted are an integral multiple of \$1,000 principal amount.

Upon conversion, you will not receive any separate cash payment for accrued and unpaid interest unless the conversion date for such conversion occurs after a regular record date for the payment of interest and on or before the interest payment date to which it relates. Our settlement of conversions as described below under Settlement upon conversion will be deemed to satisfy our obligation to pay:

the principal amount of the note; and

accrued and unpaid interest to, but not including, the conversion date.

As a result, accrued and unpaid interest to, but not including, the conversion date will be deemed to be paid in full rather than cancelled, extinguished or forfeited.

Notwithstanding the preceding paragraph, if the conversion date for a note occurs after a regular record date for the payment of interest, holders of such notes at the close of business on such regular record date will receive, on or before the corresponding interest payment date, the interest payable on such notes on such interest payment date notwithstanding the conversion. Notes surrendered for conversion with a conversion date occurring after any regular record date for the payment of interest and on or before the immediately following interest payment date

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must be accompanied by funds equal to the amount of interest payable, on such interest payment date, on the notes so converted, except that no such payment need be made:

if we have specified a redemption date that is after a record date for the payment of interest and on or prior to the business day immediately following the corresponding interest payment date;

if we have specified a fundamental change repurchase date (as defined below) that is after a record date for the payment of interest and on or prior to the business day immediately following the corresponding interest payment date;

to the extent of any overdue interest, if any overdue interest exists at the time of conversion with respect to such notes; or

in respect of any conversions that occur with a conversion date that is after the regular record date for the payment of interest immediately preceding the maturity date.

Therefore, for the avoidance of doubt, all holders on the regular record date immediately preceding the maturity date will receive the full interest payment due on the maturity date regardless of whether their notes have been converted following such record date.

If a holder converts notes, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of any shares of our common stock upon the conversion, unless the tax is due because the holder requests any shares to be issued in a name other than the holder's name, in which case the holder will pay that tax.

***Conversion procedures***

If you hold a beneficial interest in a global note, to convert you must comply with DTC's procedures for converting a beneficial interest in a global note and, if required, pay funds equal to interest payable on the next interest payment date and, if required, pay all taxes or duties, if any.

If you hold a certificated note, to convert, you must:

complete and manually sign the conversion notice on the back of the note, or a facsimile of the conversion notice;

deliver the conversion notice, which is irrevocable, and the note to the conversion agent;

if required, furnish appropriate endorsements and transfer documents;

if required, pay all transfer or similar taxes; and

if required, pay funds equal to interest payable on the next interest payment date. The date you comply with the requirements of the preceding two paragraphs, as applicable, is the conversion date under the indenture.

If you have already delivered a repurchase notice as described under Fundamental change permits holders to require us to repurchase notes with respect to a note, you may not surrender that note for conversion until you have withdrawn the notice in accordance with the indenture. Your right to withdraw such repurchase notice and convert the notes that are subject to such notice will terminate at the close of business on the second scheduled trading day immediately preceding the relevant fundamental change repurchase date.

***Settlement upon conversion***

Upon conversion of the notes, a holder will receive, on or prior to the second trading day following the conversion date (except as provided below), a number of shares of common stock equal to (i) (A) the aggregate

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principal amount of notes to be converted, divided by (B) \$1,000, multiplied by (ii) the applicable conversion rate in effect on the conversion date; *provided, however*, that with respect to any conversion date that occurs on or after the regular record date for the final payment of interest on the notes (*i.e.*, July 1, 2024), we will deliver such shares on the maturity date (or, if the maturity date is not a business day, the next following business day). Notwithstanding the foregoing, we will not deliver any fractional shares upon conversion; instead, we will deliver cash in lieu of fractional shares based on the last reported sale price of our common stock on the conversion date (or, if the conversion date is not a trading day, the next following trading day). We refer to the date on which we are required to deliver the consideration due upon conversion as the conversion settlement date.

The last reported sale price of our common stock on any date means the closing sale price (or if no closing sale price is reported, the average of the last bid and ask prices or, if more than one in either case, the average of the average last bid and the average last ask prices) per share on that date as reported in composite transactions on principal U.S. national securities exchange or market on which our common stock is listed or admitted for trading. If our common stock is not so listed or admitted for trading, the last reported share price of our common stock will be the last quoted bid price per share of our common stock in the over-the-counter market on the relevant trading day as reported by OTC Markets Group Inc. or another similar organization selected by us. If our common stock is not so quoted, the last reported sale price of our common stock will be the average of the midpoint of the last bid and ask prices for shares of our common stock on the relevant date from a nationally recognized independent investment banking firm selected by us for this purpose, which may include one or more of the underwriters.

A converting holder will be deemed to be the record holder of the shares of our common stock deliverable on conversion as of the close of business on the conversion date.

***Conversion rate adjustments***

The conversion rate will be adjusted as described below, except that we will not make any adjustments to the conversion rate if holders of the notes participate (other than in the case of a share split or share combination), solely as a result of holding the notes, and at the same time and upon the same terms as common stockholders participate, in any of the transactions described below without having to convert their notes, as if such holders of the notes held a number of shares of our common stock equal to the applicable conversion rate in effect immediately prior to the adjustment thereof in respect of such transaction, multiplied by the principal amount (expressed in thousands) of notes held by such holders.

- (1) If we exclusively issue shares of our common stock as a dividend or distribution on all or substantially all shares of our common stock, or if we effect a share split or share combination (in each case, excluding a distribution solely pursuant to a common stock change event, as to which the provisions described below under the caption Recapitalizations, reclassifications and changes of our common stock will apply), the conversion rate will be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{OS'}{OS_0}$$

where,

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- $CR_0$  = the conversion rate in effect immediately prior to the close of business on the record date for such dividend or distribution, or immediately prior to the open of business on the effective date of such share split or combination, as the case may be;
- $CR'$  = the conversion rate in effect immediately after the close of business on such record date or immediately after the open of business on such effective date, as the case may be;

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OS<sub>0</sub> = the number of shares of our common stock outstanding immediately prior to the close of business on such record date or immediately prior to the open of business on such effective date, as the case may be; and

OS' = the number of shares of our common stock that will be outstanding immediately after giving effect to such dividend or distribution or such share split or combination, as the case may be.

The foregoing adjustment to the conversion rate made under this clause (1) shall become effective immediately after the close of business on the record date for such dividend or distribution or immediately after the open of business on the effective date of such share split or combination, as the case may be. If any dividend or distribution of the type described in this clause (1) is declared but not so paid or made, the conversion rate shall be immediately readjusted, effective as of the date our board of directors or a committee thereof determines not to pay such dividend or distribution, to the conversion rate that would then be in effect if such dividend or distribution had not been declared.

- (2) If we distribute to all or substantially all holders of our common stock any rights, options or warrants entitling them for a period of not more than 45 days after the record date for such distribution to subscribe for or purchase shares of our common stock, at a price per share less than the average of the last reported sale prices of our common stock over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such distribution (other than rights issued or otherwise distributed pursuant to a preferred stock rights plan, as to which the provisions described below in paragraph (3) and under the caption "Treatment of rights" will apply), the conversion rate will be increased based on the following formula:

$$CR' = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

CR<sub>0</sub> = the conversion rate in effect immediately prior to the close of business on the record date for such distribution;

CR' = the conversion rate in effect immediately after the close of business on such record date;

OS<sub>0</sub> = the number of shares of our common stock outstanding immediately prior to the close of business on such record date;

X = the total number of shares of our common stock issuable pursuant to such rights, options or warrants; and

Y = the number of shares of our common stock equal to the aggregate price payable to exercise such rights, options or warrants divided by the average of the last reported sale prices of our common stock over the 10 consecutive trading-day period ending on, and including the trading day immediately preceding the date of announcement of such distribution.

The foregoing increase in the conversion rate made under this clause (2) will be made successively whenever any such rights, options or warrants are issued and shall become effective immediately after the close of business on the record

date for such issuance. To the extent that shares of common stock are not delivered after the expiration of such rights, options or warrants, the conversion rate shall be immediately decreased to the conversion rate that would then be in effect had the increase with respect to the issuance of such rights, options or warrants been made on the basis of delivery of only the number of shares of common stock actually delivered. If such rights, options or warrants are not so issued, the conversion rate shall be immediately decreased to the conversion rate that would then be in effect if the record date for such issuance had not occurred.

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In determining whether any rights, options or warrants entitle the holders of shares of our common stock to subscribe for or purchase shares of our common stock at less than such average of the last reported sale prices of our common stock for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such distribution, and in determining the aggregate offering price of such shares of our common stock, there shall be taken into account any consideration received by us for such rights, options or warrants and any amount payable upon exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by our board of directors or a committee thereof.

(3) If we distribute shares of our capital stock, evidences of our indebtedness or other assets or property of ours or rights, options or warrants to acquire our capital stock or other securities to all or substantially all holders of our common stock, excluding:

dividends, distributions, rights, options or warrants as to which an adjustment was effected (or would be effected without regard to the deferral exception (as described below)) pursuant to clause (1) or (2) above;

rights issued or otherwise distributed pursuant to a preferred stock rights plan, except to the extent provided below under the caption Treatment of rights ;

dividends or distributions paid exclusively in cash as to which an adjustment was effected (or would be effected without regard to the dividend threshold amount, and without regard to the deferral exception) pursuant to clause (4) below;

a distribution solely pursuant to a common stock change event, as to which the provisions described below under the caption Recapitalizations, reclassifications and changes of our common stock will apply; or

spin-offs as to which the provisions set forth below in this clause (3) shall apply, then the conversion rate will be increased based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0 \text{ FMV}}$$

where,

$CR_0$  = the conversion rate in effect immediately prior to the close of business on the record date for such distribution;

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- CR' = the conversion rate in effect immediately after the close of business on such record date;
- SP<sub>0</sub> = the average of the last reported sale prices of our common stock over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the ex-dividend date for such distribution; and
- FMV = the fair market value, as determined by our board of directors or a committee thereof, of the shares of capital stock, evidences of indebtedness, assets or property of ours or rights, options or warrants to acquire our capital stock or other securities to be distributed with respect to each outstanding share of our common stock on the ex-dividend date for such distribution.

The foregoing increase made in the conversion rate under the portion of this clause (3) above will become effective immediately after the close of business on the record date for such distribution. If such distribution is not so paid or made, the conversion rate shall be immediately decreased to be the conversion rate that would then be in effect if such dividend or distribution had not been declared.

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Notwithstanding the foregoing, if FMV (as defined above) is equal to or greater than  $0$  SPs (as defined above), then, in lieu of the foregoing increase, each holder of a note shall receive upon conversion, in respect of each \$1,000 principal amount thereof, the amount and kind of our capital stock, evidences of our indebtedness or other assets or property of ours or rights, options or warrants to acquire our capital stock or other securities that such holder would have received if such holder owned a number of shares of common stock equal to the conversion rate in effect immediately prior to the close of business on the record date for the distribution.

With respect to an adjustment pursuant to this clause (3) where there has been a payment of a dividend or other distribution on our common stock in shares of capital stock of any class or series, or similar equity interest, of or relating to a subsidiary or other business unit of ours, where such capital stock or similar equity interest is listed or quoted on a U.S. national securities exchange (or will be so listed or quoted when issued), which we refer to as a spin-off, the conversion rate will be increased based on the following formula:

$$CR' = CR_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where,

- CR<sub>0</sub> = the conversion rate in effect immediately prior to the close of business on the record date of the spin-off;
- CR' = the conversion rate in effect immediately after the close of business on such record date;
- FMV<sub>0</sub> = the average of the last reported sale prices of the capital stock or similar equity interest distributed to holders of our common stock applicable to one share of our common stock (determined by reference to the definition of last reported sale price set forth above as if references therein to our common stock were to such capital stock or similar equity interest) over the first 10 consecutive trading-day period beginning on, and including, the ex-dividend date of the spin-off (the valuation period); and
- MP<sub>0</sub> = the average of the last reported sale prices of our common stock over the valuation period.

The increase in the conversion rate made under the preceding paragraph will be determined as of the close of business on the last trading day of the valuation period but will be given effect immediately after the close of business on the record date of the spin-off; *provided* that in respect of any conversion with a conversion date that occurs during the valuation period, we will, if necessary, delay the settlement of such conversion until the second trading day immediately after the last trading day of the valuation period. If any dividend or distribution that constitutes a spin-off is declared but not so paid or made, the conversion rate shall be immediately decreased, effective as of the date our board of directors or a committee thereof determines not to pay such dividend or distribution, to the conversion rate that would then be in effect if such dividend or distribution had not been declared or announced.

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- (4) If we pay any cash dividends or distributions to all or substantially all holders of our common stock (other than a regularly scheduled cash dividend that does not exceed the dividend threshold amount (as defined below) per share of our common stock), the conversion rate will be increased based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0} \frac{T}{C}$$

where,

- $CR_0$  = the conversion rate in effect immediately prior to the close of business on the record date for such dividend or distribution;
- $CR'$  = the conversion rate in effect immediately after the close of business on such record date;
- $SP_0$  = the average of the last reported sale prices of our common stock over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the ex-dividend date for such dividend or distribution;
- $T$  = the dividend threshold amount, which shall initially be \$0.30 per fiscal quarter, adjusted as described below to take into account events that cause adjustments to the conversion rate and as further adjusted to account for any change in the frequency of payment of our regular dividend; *provided* that the dividend threshold amount shall be deemed to be zero if the dividend is not a regularly scheduled dividend; and
- $C$  = the amount in cash per share we distribute to holders of our common stock.

The foregoing increase in the conversion rate made under this clause (4) shall become effective immediately after the close of business on the record date for such dividend or distribution. If such dividend or distribution is not so paid or made, the conversion rate shall be immediately decreased, effective as of the date our board of directors or a committee thereof determines not to make or pay such dividend or distribution, to be the conversion rate that would then be in effect if such dividend or distribution had not been declared.

Whenever the conversion rate is adjusted pursuant to the provisions described in clauses (1), (2), (3) or (5) of this section,  $T$  shall be adjusted by multiplying it by a fraction, the numerator of which is the conversion rate prior to adjustment and the denominator of which is the conversion rate following such adjustment.

Notwithstanding the foregoing, if  $C$  (as defined above) is equal to or greater than  $0$   $SP$ s (as defined above), then, in lieu of the foregoing increase, each holder of a note shall receive upon conversion, for each \$1,000 principal amount of notes, the amount of cash that such holder would have received if such holder owned a number of shares of our common stock equal to the conversion rate in effect on the record date for such dividend or distribution.

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- (5) If we or any of our subsidiaries make a payment in respect of a tender offer or exchange offer for our common stock, to the extent that the cash and value of any other consideration included in the payment per share of our common stock exceeds the last reported sale price of our common stock on the trading day next succeeding the last date (the expiration date) on which tenders or exchanges may be made pursuant to such tender or exchange offer, the conversion rate will be increased based on the following formula:

$$CR' = CR_0 \times \frac{AC + (OS' \times SP')}{OS_0 \times SP'}$$

where,

- $CR_0$  = the conversion rate in effect immediately prior to the close of business on the expiration date;
- $CR'$  = the conversion rate in effect immediately after the close of business on the expiration date;
- $AC$  = the aggregate value of all cash and any other consideration, as determined by our board of directors or a committee thereof, paid or payable for shares purchased in such tender or exchange offer;
- $OS_0$  = the number of shares of our common stock outstanding immediately prior to the time such tender or exchange offer expires (before giving effect to such tender offer or exchange offer);
- $OS'$  = the number of shares of our common stock outstanding immediately after the time such tender or exchange offer expires (after giving effect to such tender offer or exchange offer); and
- $SP'$  = the average of the last reported sale prices of our common stock over the 10 consecutive trading-day period (the tender/exchange offer valuation period) commencing on, and including, the trading day next succeeding the expiration date.

The foregoing increase in the conversion rate made under this clause (5) will be determined as of the close of business on the last trading day of the tender/exchange offer valuation period but will be given effect immediately after the close of business on the expiration date; *provided*, that in respect of any conversion where the conversion date occurs during the tender/exchange offer valuation period, we will, if necessary, delay the settlement of such conversion until the second trading day immediately after the last trading day of the tender/exchange offer valuation period.

To the extent such tender or exchange offer is announced but not consummated (including as a result of being precluded from consummating such tender or exchange offer under applicable law), or any purchases or exchanges of shares of common stock in such tender or exchange offer are rescinded, the conversion rate will be readjusted to the conversion rate that would then be in effect had the adjustment been made on the basis of only the purchases or exchanges of shares of common stock, if any, actually made, and not rescinded, in such tender or exchange offer.

If the application of any of the foregoing formulas (other than in connection with a share combination or a readjustment provided for above) would result in a decrease in the conversion rate, no adjustment to the conversion rate will be made.

As used in this section, *ex-dividend date* means the first date on which the shares of our common stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance, dividend or distribution in question, from us or, if applicable, from the seller of our common stock on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market. For the avoidance of doubt, any alternative trading convention on the applicable exchange or market in respect of our common stock under a separate ticker symbol or CUSIP number will not be considered *regular way* for this purpose.

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As used in this section, **record date** means, with respect to any dividend, distribution or other transaction or event in which the holders of our common stock have the right to receive any cash, securities or other property or in which our common stock is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of our common stock entitled to receive such cash, securities or other property (whether such date is fixed by our board of directors or a committee thereof, statute, contract or otherwise).

Notwithstanding anything to the contrary in the indenture or the notes, if:

a conversion rate adjustment for any dividend or distribution becomes effective on any record date pursuant to the provisions described in clauses (1) through (5), inclusive, above;

a note is to be converted;

the conversion date for such conversion occurs on such record date;

the consideration due upon such conversion includes any whole shares of our common stock based on a conversion rate that is adjusted for such dividend or distribution; and

such shares would be entitled to participate in such dividend or distribution, then (x) such conversion rate adjustment will not be given effect for such conversion; and (y) the shares of common stock, if any, issuable upon such conversion based on such unadjusted conversion rate will be entitled to participate in such dividend or distribution.

Except as stated herein, we will not adjust the conversion rate for the issuance of shares of our common stock or any securities convertible into or exchangeable for shares of our common stock or the right to purchase shares of our common stock or such convertible or exchangeable securities. Except as described in this section, in **Voluntary increases of conversion rate** below or in **Adjustment to shares delivered upon conversion upon make-whole fundamental change** below, we will not adjust the conversion rate.

Without limiting the preceding paragraph, the applicable conversion rate will not be adjusted:

upon the issuance of any shares of our common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities and the investment of additional optional amounts in shares of our common stock under any plan;

upon the issuance of any shares of our common stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by us or any of our subsidiaries;

upon the issuance of any shares of our common stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in the immediately preceding bullet and outstanding as of the date the notes were first issued;

upon the issuance of any shares of our common stock for cash or as consideration in a merger, purchase or similar transaction;

for a change in the par value of our common stock;

upon any repurchase of shares of common stock in the open market or in privately negotiated transactions by us (including by way of accelerated share repurchase or other derivatives), in each case other than in transactions described under clause (5) above; or

for accrued and unpaid interest.

Adjustments to the applicable conversion rate will be calculated to the nearest 1/10,000th of a share.



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If any adjustment of the conversion rate would be less than 1% of the applicable conversion rate, such adjustment will be carried forward and the adjustment with respect thereto will be made at the time of and together with any subsequent adjustment which, together with the original adjustment, aggregate to at least 1% of the applicable conversion rate; *provided, however*, that any carry-forward adjustment will be made upon conversion of any note (solely with respect to the converted note) regardless of the 1% threshold. We refer to the provisions described in this paragraph as the deferral exception.

***Recapitalizations, reclassifications and changes of our common stock***

In the event of:

any recapitalization, reclassification or change of our common stock (other than changes resulting from a share split or combination);

a consolidation, merger or combination involving us;

a sale or conveyance to another person of all or substantially all of our property and assets; or

any statutory share exchange, in each case, in which holders of our outstanding common stock would be entitled to receive cash, securities or other property for their shares of common stock (such an event, a common stock change event, and such cash, securities or other property, the reference property, and the amount and kind of reference property that a holder of one share of our common stock would be entitled to receive on account of such common stock change event (without giving effect to any arrangement not to issue or deliver a fractional portion of any security or other property), a reference property unit ), then, at and after the effective time of such common stock change event:

the consideration due upon conversion of any note, and the conditions to any such conversion, will be determined in the same manner as if each reference to any number of shares of common stock in the provisions described under this Conversion rights caption (or in any related definitions) were instead a reference to the same number of reference property units;

for purposes of the definition of ex-dividend date and record date, the term common stock will be deemed to refer to any class of securities forming part of such reference property;

for purposes of the definition of fundamental change and make-whole fundamental change, the terms common stock and common equity will be deemed to mean the common equity (including depositary receipts representing common equity), if any, forming part of such reference property; and

for these purposes, the last reported sale price of any reference property unit or portion thereof that does not consist of a class of securities will be the fair value of such reference property unit or portion thereof, as applicable, determined in good faith by us (or, in the case of cash denominated in U.S. dollars, the face amount thereof).

For purposes of the foregoing, if the reference property of a common stock change event would consist of more than a single type of consideration (determined based in part upon any form of stockholder election), then the composition of the reference property unit will be determined based on (i) the weighted average of the types and amounts of consideration received by the holders of our common stock that affirmatively make such an election or (ii) if no holders of our common stock affirmatively make such an election, the types and amount of consideration actually received by such holders. We will notify holders and the trustee of the composition of the reference property unit as soon as practicable after such determination is made.

We shall not become a party to any such common stock change event unless its terms are consistent with the preceding.

None of the foregoing provisions shall affect the right of a holder of notes to convert its notes into shares of our common stock prior to the effective date of such common stock change event.

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### ***Treatment of rights***

We currently do not have a preferred stock rights plan. To the extent that we have a rights plan in effect upon conversion of the notes into common stock, you will receive, in addition to any common stock, the rights under the rights plan, unless prior to any conversion the rights have separated from our common stock, in which case, and only in such case, the conversion rate will be adjusted at the time of separation as if we distributed, to all holders of our common stock, shares of our capital stock, evidences of indebtedness or assets as described in clause (3) under

Conversion rate adjustments above, subject to re-adjustment in the event of the expiration, termination or redemption of such rights.

### ***Voluntary increases of conversion rate***

We are permitted, to the extent permitted by law and subject to the listing standards of The New York Stock Exchange, to increase the conversion rate of the notes by any amount for a period of at least 20 days, if our board of directors or a committee thereof determines that such increase would be in our best interest. If we make such determination, it will be conclusive and we will deliver to holders of the notes a notice of the increased conversion rate and the period during which it will be in effect at least 15 days prior to the date the increased conversion rate takes effect, in accordance with applicable law. Subject to the listing standards of The New York Stock Exchange, we may also, but are not required to, increase the conversion rate to avoid or diminish income tax to holders of our common stock or rights to purchase shares of our common stock in connection with a dividend or distribution of shares or rights to acquire shares or similar event.

### ***Tax effect***

A holder may, in some circumstances, including the distribution of certain cash dividends to holders of shares of our common stock, be deemed to have received a distribution subject to U.S. federal income or withholding tax as a result of an adjustment or the non-occurrence of an adjustment to the conversion rate. Because a deemed distribution would not give rise to any cash from which any applicable withholding could be satisfied, if we pay withholding taxes on behalf of a holder, we may, at our option, set off any such payment against payments of cash and common stock payable on the notes (or, in some circumstances, against any payments on the common stock). See Supplemental U.S. Federal Income Tax Considerations.

### ***Adjustments of prices***

Whenever any provision of the indenture requires us to calculate last reported sale prices over a span of multiple days (including with respect to the stock price for purposes of a make-whole fundamental change), we will make appropriate adjustments to account for any adjustment to the conversion rate that becomes effective, or any event requiring an adjustment to the conversion rate where the ex-dividend date, record date, effective date or expiration date, as applicable, of the event occurs, at any time during the period during which such prices are to be calculated.

### ***Adjustment to shares delivered upon conversion upon make-whole fundamental change***

If the effective date (as defined below) of a fundamental change, as defined below and determined after giving effect to any exceptions to or exclusions from such definition, but without regard to the proviso in clause (2) of the definition thereof (such a fundamental change, a make-whole fundamental change), occurs prior to the maturity date and a holder elects to convert its notes in connection with such make-whole fundamental change, we will, under certain circumstances, increase the conversion rate for the notes so surrendered for conversion by a number of additional shares of common stock (the additional shares), as described below. A conversion of notes will be deemed for these

purposes to be in connection with such make-whole fundamental change if the conversion date for such conversion occurs during the period from, and including, the effective date of the make-whole fundamental change up to, and including, the second scheduled trading day immediately prior to the

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related fundamental change repurchase date (or, in the case of a make-whole fundamental change that would have been a fundamental change but for the proviso in clause (2) of the definition thereof, the 30th scheduled trading day immediately following the effective date of such make-whole fundamental change). The number of additional shares by which the conversion rate will be increased in the event of a make-whole fundamental change will be determined by reference to the table below, based on the date on which the make-whole fundamental change occurs or becomes effective (the effective date) and the price (the stock price) paid per share of our common stock in the make-whole fundamental change. If holders of our common stock receive only cash in the make-whole fundamental change, the stock price will be the cash amount paid per share. Otherwise, the stock price will be the average of the last reported sale prices of our common stock over the 10 consecutive trading-day period ending on, and including, the trading day immediately preceding the effective date of the make-whole fundamental change.

The stock prices set forth in the first row of the table below (*i.e.*, the column headers) will be adjusted as of any date on which the conversion rate of the notes is otherwise adjusted. The adjusted stock prices will equal the stock prices applicable immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the conversion rate immediately prior to the adjustment giving rise to the stock price adjustment and the denominator of which is the conversion rate as so adjusted. The number of additional shares will be adjusted in the same manner as the conversion rate as set forth under Conversion rate adjustments.

The following table sets forth the hypothetical stock prices and the number of additional shares to be added to the conversion rate for the notes converted in connection with a make-whole fundamental change:

Effective Date	Stock Price							
	\$16.60	\$17.00	\$17.50	\$18.00	\$19.00	\$20.00	\$21.00	\$22.00
June 25, 2018	5.4764	4.7173	3.8772	3.1490	1.9863	1.1528	0.5841	0.2265
July 15, 2019	5.4764	4.6973	3.8266	3.0728	1.8724	1.0158	0.4347	0.0730
July 15, 2020	5.4764	4.8510	3.9396	3.1516	1.9002	1.0123	0.4151	0.0478
July 15, 2021	5.4764	4.9583	3.9991	3.1722	1.8672	0.9526	0.3490	0.0000
July 15, 2022	5.4764	4.9540	3.9365	3.0652	1.7089	0.7829	0.1945	0.0000
July 15, 2023	5.4764	4.7309	3.6269	2.7006	1.3188	0.4476	0.0000	0.0000
July 15, 2024	5.4764	4.0590	2.3784	0.7911	0.0000	0.0000	0.0000	0.0000

The exact stock prices and effective dates may not be set forth in the table above, in which case:

if the stock price is between two stock prices in the table or the effective date is between two effective dates in the table, the number of additional shares will be determined by a straight-line interpolation between the number of additional shares set forth for the higher and lower stock prices and the two dates, as applicable, based on a 365- or 366-day year, as applicable;

if the stock price is greater than \$22.00 per share (subject to adjustment in the same manner as the stock prices set forth in the table above), no additional shares will be added to the conversion rate; and

if the stock price is less than \$16.60 per share (subject to adjustment in the same manner as the stock prices set forth in the table above), no additional shares will be added to the conversion rate.

Notwithstanding the foregoing, in no event will the total number of shares of common stock issuable upon conversion exceed 60.2409 per \$1,000 principal amount of notes, subject to adjustments in the same manner as the conversion rate as set forth under Conversion rate adjustments.

Our obligation to increase the conversion rate as described above could be considered a penalty, in which case its enforceability would be subject to general principles of equitable remedies.

In the event of a conversion of notes in connection with a make-whole fundamental change that results in an adjustment of the conversion rate, a holder may be deemed to have received a distribution subject to U.S. federal

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income tax as a dividend. Because a deemed distribution would not give rise to any cash from which any applicable withholding could be satisfied, if we pay withholding taxes on behalf of a holder we may, at our option, set off any such payment against payments of cash and common stock payable on the notes (or, in some circumstances, against any payments on the common stock). See Supplemental U.S. Federal Income Tax Considerations.

### **Redemption of notes to preserve REIT status**

We may not redeem the notes prior to their maturity, except to the extent, and only to the extent, necessary to preserve our status as a REIT. If we determine that redeeming the notes is necessary to preserve our status as a REIT, then we may redeem all or part (in a principal amount that is an integral multiple of \$1,000) of the notes at a cash redemption price equal to the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. However, if the redemption date for a note is after a regular record date for the payment of interest and on or prior to the corresponding interest payment date, then (i) we will pay, on or before such interest payment date, the full amount of accrued and unpaid interest payable on such note on such interest payment date to the holder of record of such note at the close of business on such regular record date; and (ii) the redemption price will not include such accrued and unpaid interest.

We will send to each applicable holder notice of the redemption containing certain information set forth in the indenture, including the redemption price and the redemption date. The redemption date will be a business day of our choosing that is no more than 60, nor less than 30, calendar days after the date we send the related redemption notice.

Notes called for redemption must be delivered to the paying agent (in the case of certificated notes) or DTC's procedures must be complied with (in the case of global notes) for the holder of those notes to be entitled to receive the redemption price.

If only a portion of a note is subject to redemption and that note is converted in part, then the converted portion of that note will be deemed to be from the portion of that note that was subject to redemption.

Notwithstanding anything to the contrary above, no notes may be redeemed on any date if the principal amount of the notes has been accelerated, and such acceleration has not been rescinded, on or prior to such date (except in the case of an acceleration resulting from a default by us in the payment of the applicable redemption price with respect to such notes).

### **Open market and other purchases; no sinking fund**

Except as described below under Fundamental change permits holders to require us to repurchase notes, we will not be required to make any mandatory redemption or sinking fund payments with respect to the notes. We may at any time and from time to time repurchase notes by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws. We will cause any notes so repurchased (other than notes repurchased pursuant to cash-settled swaps or other cash-settled derivatives) to be surrendered to the trustee for cancellation, and they will no longer be considered outstanding under the indenture upon their repurchase.

### **Fundamental change permits holders to require us to repurchase notes**

If a fundamental change occurs at any time, you will have the right, at your option, to require us to repurchase all of your notes, or any portion of the principal amount thereof that is equal to \$1,000 or an integral multiple of \$1,000, on a business day (the fundamental change repurchase date) of our choosing that is not less than 20 nor more than 35 business days after the date of the fundamental change repurchase right notice (as defined below). The price we are

required to pay is equal to 100% of the principal amount of the notes to be repurchased plus

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accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date, unless such fundamental change repurchase date falls after a regular record date for the payment of interest and on or prior to the corresponding interest payment date, in which case (i) we will pay, on or before such interest payment date, the full amount of accrued and unpaid interest payable on such interest payment date to the holder of record at the close of business on such regular record date; and (ii) the fundamental change repurchase price will not include such accrued and unpaid interest. Any notes repurchased by us will be paid for in cash.

A fundamental change will be deemed to have occurred at the time after the notes are originally issued if any of the following occurs:

- (1) a person or group within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, other than us, our subsidiaries and our and their employee benefit plans, files a Schedule TO or any schedule, form or report under the Exchange Act disclosing, or we otherwise become aware, that such person or group has become the direct or indirect beneficial owner, as defined in Rule 13d-3 under the Exchange Act, of our common equity representing more than 50% of the voting power of our common equity;
- (2) the consummation of (A) any recapitalization, reclassification or change of our common stock (other than changes resulting from a subdivision or combination) as a result of which our common stock would be converted into, or exchanged for, cash, securities or other property; (B) any share exchange, consolidation or merger of us pursuant to which our common stock will be converted into cash, securities or other property; or (C) any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the property and assets of us and our subsidiaries, taken as a whole, to any person other than one of our subsidiaries; *provided, however,* that a transaction described in clause (A) or (B) in which the holders of all classes of our common equity immediately prior to such transaction own, directly or indirectly, more than 50% of all classes of common equity of the continuing or surviving corporation or transferee or the parent thereof immediately after such transaction in substantially the same proportions (relative to each other) as such ownership immediately prior to such transaction shall not be a fundamental change pursuant to this clause (2);
- (3) our stockholders approve any plan or proposal for the liquidation or dissolution of us; or
- (4) our common stock ceases to be listed or quoted on any of The New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors).

A transaction or transactions described in clauses (1) or (2) above will not constitute a fundamental change, however, if (i) at least 90% of the consideration received or to be received by our common stockholders (excluding cash payments for fractional shares and cash payments made pursuant to dissenters appraisal rights) in connection with such transaction or transactions consists of shares of common stock or common equity interests that are listed or quoted (or depositary receipts representing shares of common stock, which depositary receipts are listed or quoted) on any of The New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors) or will be so listed or quoted when issued or exchanged in connection with such transaction or transactions; and (ii) as a result of such transaction or transactions, the notes become convertible into such consideration, excluding cash payments for fractional shares and cash payments made pursuant to dissenters appraisal rights.

After the occurrence of a fundamental change, but on or before the 15th day following such occurrence, we will provide to all holders of the notes and the trustee and paying agent a notice of the occurrence of the fundamental change and of the resulting repurchase right, if any (the fundamental change repurchase right notice ). Such fundamental change repurchase right notice shall state, among other things:

the events causing a fundamental change and whether such fundamental change also constitutes a make-whole fundamental change;

the date of the fundamental change;

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the last date on which a holder may exercise the repurchase right, if applicable;

the fundamental change repurchase price;

the fundamental change repurchase date;

the name and address of the paying agent and the conversion agent, if applicable;

the applicable conversion rate and any related adjustments to the applicable conversion rate;

that the notes with respect to which a fundamental change repurchase notice has been delivered by a holder may be converted only if the holder withdraws the fundamental change repurchase notice in accordance with the terms of the indenture; and

the procedures that holders must follow to require us to repurchase their notes, if applicable.

The term **fundamental change** is limited to specified transactions and may not include other events that might adversely affect our financial condition. In addition, the requirement that we offer to repurchase the notes upon a fundamental change may not protect holders in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving us.

The fundamental change repurchase rights of the holders could discourage a potential acquirer of us. The fundamental change repurchase price and fundamental change repurchase features, however, are not the result of management's knowledge of any specific effort to obtain control of us by any means or part of a plan by management to adopt a series of anti-takeover provisions.

The definition of **fundamental change** includes a phrase relating to the sale, lease or other transfer of all or substantially all of our property and assets. There is no precise, established definition of the phrase **substantially all** under applicable law. Accordingly, the ability of a holder of the notes to require us to repurchase its notes as a result of the sale, lease or other transfer of less than all of our property and assets may be uncertain.

To exercise your fundamental change repurchase right, you must deliver, between the date of the fundamental change repurchase right notice and the close of business on the second scheduled trading day prior to the fundamental change repurchase date, the notes to be repurchased, duly endorsed for transfer, together with a written repurchase notice and the form entitled **Form of Fundamental Change Repurchase Notice** on the reverse side of the notes duly completed, to the paying agent. Your repurchase notice must state:

if certificated, the certificate numbers of your notes to be delivered for repurchase;

the portion of the principal amount of notes to be repurchased, which must be \$1,000 or an integral multiple thereof; and

that the notes are to be repurchased by us pursuant to the applicable provisions of the notes and the indenture. You may withdraw any repurchase notice in whole or in part by a written notice of withdrawal delivered to the paying agent prior to the close of business on the second scheduled trading day prior to the fundamental change repurchase date. The notice of withdrawal shall state:

the principal amount of the withdrawn notes, which must be \$1,000 or an integral multiple thereof;

if such notes are certificated notes, the certificate numbers of the withdrawn notes; and

the principal amount, if any, which remains subject to the repurchase notice.

In the case of global notes, the delivery of the repurchase notice and withdrawal notice must instead comply with appropriate DTC procedures within the deadlines set forth above.

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We will be required to repurchase the notes on the fundamental change repurchase date, subject to extension to comply with applicable law. You will receive payment of the fundamental change repurchase price promptly following the later of the fundamental change repurchase date or the time of book-entry transfer or the delivery of the notes. Subject to a holder's right to receive interest on the related interest payment date where the fundamental change repurchase date falls between a regular record date for the payment of interest and the interest payment date to which it relates, if the paying agent holds money or securities sufficient to pay the fundamental change repurchase price of the notes on the fundamental change repurchase date then:

the notes will cease to be outstanding and interest will cease to accrue, whether or not book-entry transfer of the notes is made or whether or not the note is delivered to the paying agent; and

all other rights of the holder will terminate other than the right to receive the fundamental change repurchase price and previously accrued and unpaid interest, if any, upon delivery or transfer of the notes.

In connection with any repurchase offer pursuant to a fundamental change repurchase right notice, we will, if required:

comply with the provisions of the tender offer rules under the Exchange Act that may then be applicable;

file a Schedule TO or any other successor or similar schedule, if required, under the Exchange Act; and

otherwise comply with all federal and state securities laws in connection with any offer by us to repurchase the notes,

in each case, so as to permit the rights and obligations under this Fundamental change permits holders to require us to repurchase notes to be exercised in the time and in the manner specified in the indenture. No notes may be repurchased on any date at the option of holders on a fundamental change repurchase date if the principal amount of the notes has been accelerated, and such acceleration has not been rescinded, on or prior to such date (except in the case of an acceleration resulting from a default by us in the payment of the applicable fundamental change repurchase price with respect to such notes).

We will not be required to make an offer to repurchase the notes upon a fundamental change if a third party makes such an offer to repurchase in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to an offer to repurchase made by us and such third party purchases all notes properly tendered and not validly withdrawn under such offer.

We may not have enough cash to pay the applicable fundamental change repurchase price. See Risk Factors Risks related to the notes, our common stock and this offering We may not have the ability to raise the funds necessary to repurchase the notes as required upon a fundamental change, and our other then-existing debt may contain limitations on our ability to pay cash upon such repurchase of the notes.

**Ownership limit; limitation on stock issuable upon conversion**

To assist us in satisfying the requirements for qualification as a REIT, our charter prohibits any person from acquiring or holding beneficial ownership of shares of our common stock representing in excess of 9.8%, in number of shares or value, of the outstanding shares of common stock (the Charter Limitation ), unless our board of directors waives or modifies this ownership limit. We have previously granted limited waivers of this prohibition, and, subject to the approval of our board of directors, we may grant additional waivers at any time. In addition, our charter contains various other restrictions on the ownership and transfer of our common stock. See Restrictions on Ownership and Transfer and Repurchase of Shares on page 29 of the accompanying prospectus.

The indenture will provide that, notwithstanding any other provision of the indenture, no holder of notes will be entitled to receive shares of our common stock upon conversion to the extent (but only to the extent) that such receipt would cause such converting holder to violate the Charter Limitation. Any purported delivery of shares of

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common stock upon conversion of notes shall be void and have no effect to the extent (but only to the extent) that such delivery would result in the converting holder violating the Charter Limitation. If any delivery of shares of our common stock owed to a holder upon conversion of notes is not made, in whole or in part, as a result of the Charter Limitation, our obligation to make such delivery shall not be extinguished, and we will deliver such shares as promptly as practicable after such converting holder gives notice to us that such delivery would not result in such converting holder being in violation of the Charter Limitation.

### **Consolidation, merger and sale of assets**

The following description replaces the description set forth under Description of Debt Securities Consolidation, Merger, and Sale of Assets in the accompanying prospectus in its entirety.

The indenture provides that we will not consolidate with or merge with or into, or sell, lease or otherwise transfer all or substantially all of the property and assets of us and our subsidiaries, taken as a whole to, another person, unless (i) the resulting, surviving or transferee person, if not us, is a person organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and such person, if not us, expressly assumes by supplemental indenture all of our obligations under the notes and the indenture; and (ii) immediately after giving effect to such transaction, no default or event of default has occurred and is continuing under the indenture. Upon any such consolidation, merger, sale, lease or transfer, the resulting, surviving or transferee person shall succeed to, and may exercise every right and power of, ours under the indenture and, except in the case of a lease, we will be discharged from our obligations under the indenture and the notes.

Although these types of transactions are permitted under the indenture, certain of the foregoing transactions could constitute a fundamental change permitting each holder to require us to repurchase the notes of such holder as described above. Furthermore, there is no precise, established definition of the phrase substantially all of our property and assets under applicable law. Accordingly, there may be uncertainty as to whether the provisions described above (or under Conversion rights Recapitalizations, reclassifications and changes of our common stock, Conversion rights Adjustment to shares delivered upon conversion upon make-whole fundamental change or Fundamental change permits holders to require us to repurchase notes ) would apply to a sale, lease or transfer of less than all of our properties and assets.

### **Events of default**

The following description replaces the description set forth under Description of Debt Securities Events of Default in the accompanying prospectus in its entirety.

Each of the following is an event of default:

- (1) default in any payment of interest on any note when due and payable and the default continues for a period of 30 days;
- (2) default in the payment of principal of any note when due and payable at its stated maturity, upon redemption or required repurchase, upon declaration of acceleration or otherwise;

- (3) default in our obligation to deliver shares of common stock required to be delivered upon conversion of the notes, together with cash in lieu of any fractional shares, upon conversion of any notes and the default continues for five business days;
- (4) failure by us to comply with our obligations under Consolidation, merger and sale of assets ;
- (5) failure by us to comply with our notice obligations under Fundamental change permits holders to require us to repurchase notes ;
- (6) failure by us for 60 days after written notice from the trustee or the holders of at least 25% principal amount of the notes then outstanding has been received by us to comply with any of our other agreements contained in the notes or indenture;

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(7) default by us or any of our subsidiaries with respect to any mortgage, agreement or other instrument under which there may be outstanding, or by which there may be secured or evidenced any debt for money borrowed (other than non-recourse debt of a subsidiary) in excess of \$25 million in the aggregate of ours and/or any such subsidiary, whether such debt now exists or shall hereafter be created, which default results (i) in such debt becoming or being declared due and payable, and such debt has not been discharged in full or such declaration rescinded or annulled within 60 days; or (ii) from a failure to pay the principal of any such debt when due and payable at its stated maturity, upon required repurchase, upon declaration of acceleration or otherwise, and such defaulted payment shall not have been made, waived or extended within 60 days;

(8) a final judgment for the payment of \$25 million or more (excluding any amounts covered by insurance) rendered against us or any of our subsidiaries, which judgment is not discharged, stayed, vacated, paid or otherwise satisfied within 60 days after (i) the date on which the right to appeal thereof has expired if no such appeal has commenced; or (ii) the date on which all rights to appeal have been extinguished; or

(9) certain events of bankruptcy, insolvency or reorganization of the Company or any of our significant subsidiaries (as defined below) (the bankruptcy provisions).

A significant subsidiary is a subsidiary that is a significant subsidiary as defined under Rule 1-02(w) of Regulation S-X under the Exchange Act; *provided*, that, in the case of a subsidiary that meets the criteria of clause (3) of the definition thereof but not clause (1) or (2) thereof, such subsidiary shall not be deemed to be a significant subsidiary unless the subsidiary's income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle exclusive of amounts attributable to any non-controlling interests for the last completed fiscal year prior to the date of such determination exceeds \$25 million.

If an event of default occurs and is continuing, the trustee by notice to us, or the holders of at least 25% principal amount of the outstanding notes, by notice to us and the trustee, may, and the trustee at the request of such holders shall, declare 100% of the principal of and accrued and unpaid interest on all the notes to be due and payable. Upon such a declaration, such principal and accrued and unpaid interest will be due and payable immediately. However, upon an event of default arising out of the bankruptcy provisions (except with respect to any significant subsidiary), the aggregate principal amount and accrued and unpaid interest will be due and payable immediately.

Notwithstanding the foregoing, the indenture will provide that, to the extent we elect, the sole remedy for an event of default relating to our failure to comply with our obligations as set forth under Reports below (including Section 314(a) of the Trust Indenture Act) will, for the first 365 days after the occurrence of such an event of default, consist exclusively of the right to receive additional interest on the notes at a rate equal to (i) 0.25% per annum of the principal amount of the notes outstanding for each day during the first 185-day period on which such event of default is continuing beginning on, and including, the date on which such an event of default first occurs and (ii) 0.50% per annum of the principal amount of the notes outstanding for each day during the 180-day period on which such event of default is continuing beginning on, and including, the 181st day on which such event of default is continuing.

If we so elect, such additional interest will be payable in the same manner and on the same dates as the stated interest payable on the notes. On the 366th day after such event of default (if the event of default relating to the reporting obligations is not cured or waived prior to such 366th day), the notes will be subject to acceleration as provided above (and, for the avoidance of doubt, such additional interest will cease to accrue). The provisions of the indenture described in this and the preceding paragraph will not affect the rights of holders of notes in the event of the occurrence of any other event of default. In the event we do not elect to pay the additional interest following an event of default in accordance with this and the preceding paragraph or we elected to make such payment but do not pay the

additional interest when due, the notes will be immediately subject to acceleration as provided above. In no event shall additional interest payable pursuant to the foregoing election accrue at a rate

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per year in excess of the applicable rate specified in the immediately preceding paragraph, regardless of the number of events or circumstances giving rise to requirements to pay such additional interest. With regard to any event of default relating to our failure to comply with our obligations as set forth under Reports below, no additional interest shall accrue after such event of default has been cured.

In order to elect to pay the additional interest as the sole remedy during the first 365 days after the occurrence of an event of default relating to the failure to comply with the reporting obligations in accordance with the immediately preceding two paragraphs, we must notify all holders of notes, the trustee and the paying agent of such election prior to the beginning of such 365-day period. Upon our failure to timely give such notice, the notes will be immediately subject to acceleration as provided above.

The holders of a majority principal amount of the outstanding notes may waive all past defaults (except with respect to non-payment of principal or interest or the failure to deliver amounts due upon conversion) and rescind any such acceleration with respect to the notes and its consequences if (1) rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing events of default (other than the non-payment of the principal of and interest on the notes or the failure to deliver amounts due upon conversion that have become due solely by such declaration of acceleration) have been cured or waived.

If an event of default occurs and is continuing, the trustee will be under no obligation to exercise any of the rights or powers under the indenture at the request or direction of any of the holders unless such holders have offered to the trustee indemnity and/or security satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due or to receive the consideration due to it upon conversion, no holder may pursue any remedy with respect to the indenture or the notes unless:

- (1) such holder has previously given the trustee notice that an event of default is continuing;
- (2) holders of at least 25% principal amount of the outstanding notes have requested the trustee to pursue the remedy;
- (3) such holders have offered the trustee security or indemnity satisfactory to it against any loss, liability or expense;
- (4) the trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and
- (5) the holders of a majority principal amount of the outstanding notes have not given the trustee a direction that, in the opinion of the trustee, is inconsistent with such request within such 60 day period.

Subject to certain restrictions, the holders of a majority principal amount of the outstanding notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or of exercising any trust or power conferred on the trustee. The indenture provides that in the event an event of default has occurred and is continuing, the trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The trustee, however, may refuse to follow any direction that conflicts with law or the indenture or that the trustee determines is unduly prejudicial to the rights of any other holder or that would involve the trustee in personal liability. Prior to taking any action under the indenture, the trustee

will be entitled to indemnification and/or security satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The indenture provides that if a default occurs and is continuing and is known to the trustee, the trustee must send to each holder notice of the default within 90 days after the trustee becomes aware thereof. However, except in the case of a default in the payment of principal of or interest on any note or conversion default, the trustee may withhold notice if and so long as a committee of trust officers of the trustee in good faith determines that withholding notice is in the interests of the holders. In addition, we are required to deliver to the trustee, within 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any default that occurred during the previous year. We are also required to deliver to the trustee, within 30 days after the

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occurrence thereof, written notice of any events that would constitute a default, the status of those events and what action we are taking or propose to take in respect thereof.

Payments of any redemption price, fundamental change repurchase price, principal and interest that are not made when due will accrue interest per annum at the then-applicable interest rate from the required payment date.

## **Modification and amendment**

The following description replaces the description set forth under "Description of Debt Securities - Modification and Waiver" in the accompanying prospectus in its entirety.

Subject to certain exceptions, the indenture or the notes may be amended with the consent of the holders of at least a majority principal amount of the notes then outstanding, including without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes, and, subject to certain exceptions, any past default or compliance with any provisions may be waived with the consent of the holders of a majority principal amount of the notes then outstanding, including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes. However, without the consent of each holder of an outstanding note affected, no amendment may, among other things:

- (1) reduce the amount of notes whose holders must consent to an amendment;
- (2) reduce the rate, or extend the stated time for payment, of interest (other than additional interest described above under "Events of default") on any note;
- (3) reduce the principal, or extend the stated maturity, of any note;
- (4) make any change that adversely affects the conversion rights of any notes;
- (5) reduce any redemption price or fundamental change repurchase price of any note or amend or modify, in any manner adverse to the holders of notes, our right to redeem the notes or our obligation to repurchase the notes in connection with a fundamental change, whether through an amendment or waiver of provisions in the covenants, definitions or otherwise;
- (6) change the place or currency of payment of principal or interest in respect of any note;
- (7) impair the right of any holder to receive payment of principal of and interest on such holder's notes on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such holder's notes;

- (8) adversely affect the ranking of the notes as our senior unsecured indebtedness; or
- (9) make any change in the amendment provisions which require each holder's consent or in the waiver provisions if such change adversely affects the rights of holders of the notes.

Notwithstanding anything to the contrary above, without the consent of any holder, we and the trustee may amend the indenture and/or the notes to:

- (1) cure any ambiguity, omission, defect or inconsistency, including to eliminate any conflict with the terms of the Trust Indenture Act;
- (2) provide for the assumption by a successor corporation of our obligations under the indenture;
- (3) add guarantees with respect to the notes;
- (4) secure the notes;
- (5) issue additional notes as described with under General ;
- (6) add to our covenants for the benefit of the holders or surrender any right or power conferred upon us;

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- (7) provide for the conversion of notes into reference property as described above under **Conversion rights** **Recapitalizations, reclassifications and changes of our common stock** ;
- (8) make any change that does not adversely affect in any material respect the rights of any holder of the notes (other than any holder that consents to such change);
- (9) comply with any requirement of the SEC in connection with any qualification of the indenture under the Trust Indenture Act;
- (10) evidence or provide for the acceptance of the appointment of a successor trustee; or
- (11) conform the provisions of the indenture to the **Description of Notes** section in the preliminary prospectus supplement for this offering, as supplemented by the issuer free writing prospectus, related to the offering of the notes.

The consent of the holders is not necessary under the indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

After an amendment under the indenture becomes effective, we are required to send to the holders a notice briefly describing such amendment. However, the failure to give such notice to all the holders, or any defect in the notice, will not impair or affect the validity of the amendment.

### **Satisfaction and discharge**

The following description replaces the description set forth under **Description of Debt Securities** **Satisfaction and Discharge; Defeasance** in the accompanying prospectus in its entirety.

We may satisfy and discharge our obligations under the indenture by delivering to the securities registrar for cancellation all outstanding notes or by depositing with the trustee or delivering to the holders, as applicable, after the notes have become due and payable, whether at stated maturity or any redemption date or fundamental change repurchase date, or upon conversion or otherwise, cash and/or (in the case of conversion) shares of our common stock (or, if applicable, reference property) sufficient to pay all of the outstanding notes and paying all other sums payable under the indenture by us. Such discharge is subject to terms contained in the indenture.

### **Calculations in respect of notes**

We will be responsible for making all calculations called for under the notes. These calculations include, but are not limited to, determinations of the last reported sale prices of our common stock, accrued interest payable on the notes and the conversion rate of the notes. We will make all these calculations in good faith, and, absent manifest error, our calculations will be final and binding on holders of notes. We will provide a schedule of our calculations to each of the trustee and the conversion agent, and each of the trustee and conversion agent is entitled to rely conclusively upon the accuracy of our calculations without independent verification. The trustee will forward our calculations to any holder of notes upon the written request of that holder.

### **Trustee**

Wilmington Trust, National Association is the trustee, security registrar, paying agent and conversion agent.

**Form, denomination and registration**

The notes will be issued:

in fully registered form;

without interest coupons; and

in denominations of \$1,000 principal amount and multiples of \$1,000.

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### Reports

The indenture provides that any documents or reports that we are required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act must be filed by us (with a copy to the trustee) within 15 days after the same are required to be filed with the SEC (giving effect to any grace period provided by Rule 12b-25 under the Exchange Act or any similar or successor provision). Documents filed by us with the SEC via the EDGAR system will be deemed to be filed with the trustee as of the time such documents are filed via EDGAR. We are also required to comply with the provisions of Section 314(a) of the Trust Indenture Act.

### Global notes, book-entry form

The following description replaces the description set forth under **Description of Debt Securities** **Global Securities** in the accompanying prospectus in its entirety.

The notes will be evidenced by one or more global notes. We will deposit the global note or notes with the trustee, as custodian for DTC, and register the global notes in the name of Cede & Co. as DTC's nominee. Except as set forth below, a global note may be transferred, in whole or in part, only to another nominee of DTC or to a successor of DTC or its nominee.

Beneficial interests in a global note may be held directly through DTC if such holder is a participant in DTC, or indirectly through organizations that are participants in DTC, whom we refer to as **participants**.

Transfers between participants will be effected in the ordinary way in accordance with DTC rules and will be settled in clearinghouse funds. The laws of some states require that some persons take physical delivery of securities in definitive form in order to engage in certain transactions. As a result, the ability to transfer beneficial interests in the global note to such persons may be limited.

Holders who are not participants may beneficially own interests in a global note held by DTC only through participants, or certain banks, brokers, dealers, trust companies and other parties that clear through or maintain a custodial relationship with a participant, either directly or indirectly, whom we refer to as **indirect participants**. So long as Cede & Co., as the nominee of DTC, is the registered owner of a global note, Cede & Co. for all purposes will be considered the sole holder of such global note. Except as provided below, owners of beneficial interests in a global note will:

not be entitled to have certificates registered in their names;

not receive physical delivery of certificates in definitive registered form; and

not be considered holders of the global note.

We will pay interest on, and the redemption price and fundamental change repurchase price, if any, with respect to a global note to Cede & Co., as the registered owner of the global note, by wire transfer of immediately available funds on each interest payment date, redemption date or fundamental change repurchase date, as the case may be. Neither we, the conversion agent, the trustee nor any paying agent will be responsible or liable for:

the records relating to, or payments made on account of, beneficial ownership interests in a global note; or

maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

We have been informed that DTC's practice is to credit participants' accounts upon receipt of funds on a payment date with payments in amounts proportionate to their respective beneficial interests in the principal amount represented by a global note as shown in the records of DTC. Payments by a participant to owners of beneficial interests in the principal amount represented by a global note held through such participant will be the responsibility of such participant, as is now the case with securities held for the accounts of customers registered in street name.

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Because DTC can only act on behalf of participants, who, in turn, act on behalf of indirect participants and beneficial owners, the ability of a person having a beneficial interest in the principal amount represented by the global note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate evidencing such interest.

Neither we, the trustee, registrar, paying agent nor conversion agent will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations. DTC has advised us that it will take any action permitted to be taken by a holder of notes, including the presentation of notes for exchange, only at the direction of one or more participants to whose account with DTC interests in the related global note are credited, and only in respect of the principal amount of the notes represented by the global note as to which the participant or participants has or have given such direction.

DTC has advised us that it is:

- a limited purpose trust company organized under the laws of the State of New York, and a member of the Federal Reserve System;

- a clearing corporation within the meaning of the Uniform Commercial Code; and

- a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes to the accounts of its participants. Participants include securities brokers, dealers, banks, trust companies and clearing corporations and other organizations. Some of the participants or their representatives, together with other entities, own DTC. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

DTC has agreed to the foregoing procedures to facilitate transfers of interests in a global note among participants. However, DTC is under no obligation to perform or continue to perform these procedures, and may discontinue these procedures at any time. If DTC (i) notifies us that it is at any time unwilling or unable to continue as depository or (ii) ceases to be registered as a clearing agency under the Exchange Act of 1934, as amended, or the Exchange Act, and, in either case, a successor depository is not appointed by us within 90 days, we will issue notes in certificated form in exchange for global notes. In addition, the owner of a beneficial interest in a global note will be entitled to receive a note in certificated form in exchange for such interest if an event of default has occurred and is continuing. We may also exchange beneficial interests in a global note for one or more certificated securities registered in the name of the owner of the beneficial interest if we and the owner of such beneficial interest agree to such exchange.

**No personal liability of directors, officers, employees or stockholders**

None of our past, present or future directors, officers, employees or stockholders, as such, will have any liability for any of our obligations under the notes or the indenture or for any claim based on, or in respect or by reason of, such obligations or their creation. By accepting a note, each holder waives and releases all such liability. This waiver and release is part of the consideration for the issue of the notes. However, this waiver and release may not be effective to waive liabilities under U.S. federal securities laws, and it is the view of the SEC that such a waiver is against public

policy.

**Governing law**

The notes and the indenture will be governed by, and construed under, the laws of the State of New York.

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**SUPPLEMENTAL U.S. FEDERAL INCOME TAX CONSIDERATIONS**

The discussion appearing under the heading "Material U.S. Federal Income Tax Considerations" in the accompanying prospectus has been entirely replaced and superseded by the discussion appearing in the June Current Report with respect to certain material U.S. federal income tax considerations. The June Current Report is incorporated by reference in this prospectus supplement and the accompanying prospectus and may be obtained as described under

"Where You Can Find More Information" in this prospectus supplement. See "Incorporation of Certain Information by Reference." Prospective investors should carefully review the discussion appearing in Exhibit 99.1 to the June Current Report, as well as the other information included and incorporated by reference in this prospectus supplement and the accompanying prospectus, before acquiring any notes pursuant to this prospectus supplement and the accompanying prospectus.

This discussion is a supplement to, and is intended to be read together with, the discussions under the heading "Material U.S. Federal Income Tax Considerations" in the June Current Report. References to "debt securities" in such discussions include the notes offered by this prospectus supplement. This discussion is for general information and is not tax advice.

**Prospective investors in our notes should consult their tax advisors regarding the U.S. federal income and other tax consequences to them of the purchase, ownership, disposition and conversion of the notes offered by this prospectus supplement.**

*The following discussion is a supplement to, and should be read together with, the discussion under the heading "Material U.S. Federal Income Tax Considerations - Federal Income Tax Considerations for Holders of Our Capital Stock and Debt Securities - Taxation of Holders of Our Debt Securities - Taxation of Taxable U.S. Holders of Debt Securities" in the June Current Report.*

*Conversion of Notes*

A U.S. Holder generally will not recognize gain or loss upon the conversion of the notes into common stock except to the extent of (i) cash received in lieu of a fractional share and (ii) the fair market value of common stock received with respect to accrued but unpaid interest (which will be taxed in the same manner as interest as described under "Material U.S. Federal Income Tax Considerations - Federal Income Tax Considerations for Holders of Our Capital Stock and Debt Securities - Taxation of Holders of Our Debt Securities - Taxation of Taxable U.S. Holders of Debt Securities - Payments of Interest" in the June Current Report). The amount of gain or loss a U.S. Holder will recognize on the receipt of cash in lieu of a fractional share will be equal to the difference between the amount of cash the U.S. Holder receives in respect of the fractional share and the portion of the U.S. Holder's adjusted tax basis in the note that is allocable to the fractional share. Any such gain or loss generally would be capital gain or loss and would be long-term capital gain or loss if, at the time of the conversion, the note has been held for more than one year. The tax basis of shares of common stock received upon a conversion (other than shares attributable to accrued but unpaid interest, the tax basis of which will equal their fair market value) will equal the adjusted tax basis of the note that was converted (excluding the portion of the adjusted tax basis that is allocable to any fractional share). The U.S. Holder's holding period for the shares of common stock will include the period during which the U.S. Holder held the notes, except that the holding period of any shares received with respect to accrued but unpaid interest will commence on the day after the date of receipt.

*Possible Effect of the Change in Conversion Consideration After a Change in Control*

In certain situations, the notes may become convertible or exchangeable into shares of an acquirer or other reference property. Depending on the circumstances, such an adjustment could result in a deemed taxable exchange of the notes to a U.S. Holder and the modified notes could be treated as newly issued at that time, potentially resulting in the recognition of taxable gain or loss. Furthermore, depending on the circumstances, the

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U.S. federal income tax consequences of the exchange or conversion of the notes as well as the ownership of the notes and the shares may be different from the U.S. federal income tax consequences addressed in this disclosure.

*Constructive Distributions*

The conversion rate of the notes will be adjusted in certain circumstances. Adjustments (or failures to make adjustments) that have the effect of increasing a U.S. Holder's proportionate interest in our assets or earnings and profits may, in some circumstances, result in a deemed distribution to the U.S. Holder for U.S. federal income tax purposes even though no cash or property is received. Adjustments to the conversion rate made pursuant to a bona fide reasonable adjustment formula that has the effect of preventing the dilution of the interest of the holders of the notes, however, will generally not result in a deemed distribution to a U.S. Holder.

Certain of the conversion rate adjustments provided in the notes (including, without limitation, adjustments in respect of taxable dividends to holders of our common stock) will not qualify as being pursuant to a bona fide reasonable adjustment formula. If such adjustments are made, a U.S. Holder will be deemed to have received a distribution even though the U.S. Holder has not received any cash or property as a result of such conversion rate adjustment. In addition, an adjustment to the conversion rate in connection with a make-whole fundamental change may be treated as a deemed distribution. Any deemed distribution will be taxable as a dividend, return of capital or capital gain as described under *Material U.S. Federal Income Tax Considerations Federal Income Tax Considerations for Holders of Our Capital Stock and Debt Securities Taxation of Taxable U.S. Holders of Our Capital Stock Distributions Generally* in the June Current Report.

It is unclear whether a constructive dividend deemed paid to a non-corporate U.S. Holder would be eligible for the preferential rates on qualified dividend income, although so long as we qualify as a REIT, distributions, including a constructive dividend, generally will not be eligible for these preferential rates, as described under *Material U.S. Federal Income Tax Considerations Federal Income Tax Considerations for Holders of Our Capital Stock and Debt Securities Taxation of Taxable U.S. Holders of Our Capital Stock Distributions Generally* in the June Current Report. Generally, a U.S. Holder's adjusted tax basis in a note will be increased to the extent any such constructive distribution is treated as a dividend. U.S. Holders should consult their tax advisors regarding the impact a constructive distribution may have on their holding period in the notes.

Under the current regulations, we are generally required to report the amount of any deemed distributions on our website or to the Internal Revenue Service ( IRS ) and to holders of notes not exempt from reporting. On April 12, 2016, the IRS proposed regulations addressing the amount and timing of deemed distributions, as well as obligations of withholding agents and filing and notice obligations of issuers in respect of such deemed distributions. If adopted as proposed, the regulations would generally provide that (i) the amount of a deemed distribution is the excess of the fair market value of the right to acquire stock immediately after the conversion rate adjustment over the fair market value of the right to acquire stock (after the conversion rate adjustment) without the adjustment, (ii) the deemed distribution occurs at the earlier of the date the adjustment occurs under the terms of the note and the date of the actual distribution of cash or property that results in the deemed distribution and (iii) we are required to report the amount of any deemed distributions on our website or to the IRS and to all holders of notes (including holders of notes that would otherwise be exempt from reporting). The final regulations will be effective for deemed distributions occurring on or after the date of adoption, but holders of notes and withholding agents may rely on them prior to that date under certain circumstances.

***The following discussion is a supplement to, and should be read together with, the discussion under the heading *Material U.S. Federal Income Tax Considerations Federal Income Tax Considerations for Holders of Our Capital Stock and Debt Securities Taxation of Holders of Our Debt Securities Non-U.S. Holders of Our Debt****

***Securities in the June Current Report.***

*Conversion of Notes*

Any gain recognized by a Non-U.S. Holder upon a conversion of the notes will be determined in the same manner as described above under Taxation of Taxable U.S. Holders of Debt Securities Conversion of

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Notes . If such gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable) or the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met, such gain recognized will be subject to tax in the manner described under Material U.S. Federal Income Tax Considerations Federal Income Tax Considerations for Holders of Our Capital Stock and Debt Securities Taxation of Holders of Our Debt Securities Non-U.S. Holders of Our Debt Securities Sale or Other Taxable Disposition in the June Current Report.

Any amounts (including common stock) which a Non-U.S. Holder receives on a conversion of a note which are attributable to accrued and unpaid interest will generally be treated as interest and may be subject to the rules discussed under Material U.S. Federal Income Tax Considerations Federal Income Tax Considerations for Holders of Our Capital Stock and Debt Securities Taxation of Holders of Our Debt Securities Non-U.S. Holders of Our Debt Securities Payments of Interest in the June Current Report.

*Constructive Distributions*

A Non-U.S. Holder of convertible debt instruments such as the notes may, in certain circumstances, be deemed to have received distributions of stock as a result of adjustments (or failures to make adjustments) to the conversion rate of such instruments, as described above under Taxation of Taxable U.S. Holders of Debt Securities Constructive Distributions. If such adjustments are made, a Non-U.S. Holder will be deemed to have received constructive distributions taxable in the manner described under Material U.S. Federal Income Tax Considerations Federal Income Tax Considerations for Holders of Our Capital Stock and Debt Securities Taxation of Taxable U.S. Holders of Our Capital Stock Distributions Generally in the June Current Report even though such holder has not received any cash or property as a result of such adjustments. Such deemed distribution may be subject to U.S. federal withholding tax or backup withholding. Because a deemed distribution would not give rise to any cash from which any applicable withholding could be satisfied, if we pay withholding taxes on behalf of a holder we may, at our option, set off any such payment against payments of cash and common stock payable on the notes (or, in some circumstances, against any payments on the common stock).

**Table of Contents****UNDERWRITING**

Subject to the terms and conditions in the underwriting agreement between us and Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC and Wells Fargo Securities, LLC, as the representatives of the underwriters, we have agreed to sell to the underwriters, and the underwriters have severally agreed to purchase from us, the principal amount of the notes set forth below.

<b>Underwriter</b>	<b>Principal amount</b>
Credit Suisse Securities (USA) LLC	\$ 100,000,000
J.P. Morgan Securities LLC	\$ 50,000,000
Wells Fargo Securities, LLC	\$ 50,000,000
<b>Total</b>	<b>\$ 200,000,000</b>

The underwriters are offering the notes subject to acceptance of the notes from us and subject to prior sale. The underwriting agreement provides that the obligations of the underwriters to pay for and accept delivery of the notes offered by this prospectus supplement and the accompanying prospectus are subject to certain conditions. The underwriters are obligated to take and pay for all of the notes offered by this prospectus supplement if any such notes are taken. However, the underwriters are not required to take or pay for the notes covered by the over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

The underwriters initially propose to offer the notes directly to the public at the public offering price listed on the cover page of this prospectus supplement. After the initial offering of the notes, the offering price and other selling terms may from time to time be varied by the underwriters. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part. Sales of notes made outside of the United States may be made by affiliates of the underwriters.

We have granted the underwriters a 30-day option to purchase up to an additional \$30,000,000 aggregate principal amount of notes from us to cover sales of notes that exceed the principal amount of notes specified above. If any additional notes are purchased with this over-allotment option, the underwriters will offer such additional notes on the same terms as those on which the notes are being offered and in approximately the same proportion as shown in the table above.

The following table shows the public offering price, underwriting discounts and commissions and proceeds, before estimated offering expenses, to us. The information assumes either no exercise or full exercise by the underwriters of their over-allotment option.

	<b>Per note</b>	<b>Without option</b>	<b>With option</b>
Public offering price	99.50%	\$ 199,000,000	\$ 228,850,000
Underwriting discounts and commissions	2.25%	\$ 4,500,000	\$ 5,175,000
Proceeds, before expenses, to us	97.25%	\$ 194,500,000	\$ 223,675,000

In addition, we estimate that the expenses of this offering payable by us, other than underwriting discounts and commissions, will be approximately \$500,000.

We have agreed that we will indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in respect of those liabilities.

We have agreed that we will not, without the prior written consent of Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC and Wells Fargo Securities, LLC on behalf of the underwriters for a period of 75 days

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after the date of this prospectus supplement, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exchangeable or exercisable for any shares of our common stock or publicly announce the intention to do any of the foregoing, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of our common stock or such other securities, in cash or otherwise, other than:

notes to be sold pursuant to this prospectus supplement or shares of our common stock issuable upon conversion of the notes;

shares of our common stock issued pursuant to our Direct Stock Purchase and Dividend Reinvestment Plan;

shares of our common stock, options to purchase shares of our common stock or other equity-based awards granted under our existing equity incentive plans or any replacement plan under a new registration statement;

any shares of our common stock issued upon the exercise of options or other awards (including deferred stock units) granted under existing equity incentive plans; and

any shares of common stock (with a value not exceeding \$6.75 million) in connection with our option to purchase the remainder of the 5 Arches, LLC platform.

Our directors and executive officers have entered into lock up agreements with the underwriters prior to the commencement of this offering pursuant to which they, with limited exceptions, for a period of 75 days after the date of this prospectus supplement, may not, without the prior written consent of Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC and Wells Fargo Securities, LLC on behalf of the underwriters, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right, or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock (including without limitation, our common stock which may be deemed to be beneficially owned by the director or executive officer in accordance with the rules and regulations of the Securities and Exchange Commission and securities which may be issued upon exercise of a stock option or warrant) or publicly announce the intention to do any of the foregoing or (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of our common stock or such other securities, in cash or otherwise. In addition, our directors and executive officers have agreed that, without the prior written consent of Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC and Wells Fargo Securities, LLC on behalf of the underwriters, he or she will not, during the period ending 75 days after the date of this prospectus supplement, make any demand for or exercise any right with respect to, the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock.

With respect to our directors and executive officers, the foregoing restrictions do not apply to transfers of our common stock (subject to specified limitations):

to an immediate family member;

to one or more trusts of which the sole beneficiaries thereof are the directors and executive officers and/or their respective immediate family members;

as a bona fide gift or gifts;

in a transaction consummated in accordance with a contract, instruction or plan satisfying the requirements of Rule 10b5-1 under the Exchange Act and existing or entered into prior to the date of this prospectus supplement;

pursuant to a domestic order or a negotiated divorce settlement; and

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to us in satisfaction of any tax withholding obligations pursuant to the terms of any equity compensation plan or arrangement.

In addition, subject to specified limitations, our directors and executive officers may establish a contract, instruction or plan satisfying the requirements of Rule 10b5-1 under the Exchange Act without being subject to the foregoing restrictions.

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for inclusion of the notes on any automated dealer quotation system. We have been advised by the underwriters that they presently intend to make a market in the notes after completion of the offering. However, the underwriters are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial public offering price, depending on prevailing interest rates, the market for similar securities, our performance and other factors.

In connection with the offering of the notes, the underwriters may engage in over-allotment, stabilizing transactions and syndicate covering transactions in the notes and shares of our common stock. Over-allotment involves sales in excess of the offering size, which creates a short position for the underwriters. Stabilizing transactions involve bids to purchase the notes or shares of our common stock in the open market for the purpose of pegging, fixing or maintaining the price of the notes. Syndicate covering transactions involve purchases of the notes or shares of our common stock in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the notes or our common stock to be higher than it otherwise would be.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act of 1933, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the notes, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase notes in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those notes as part of this offering to repay the underwriting discount received by them.

A prospectus supplement and accompanying prospectus in electronic format may be made available on websites maintained by the underwriters or by their respective affiliates. The underwriters may agree to allocate a number of notes for sale to their online brokerage account holders. Internet distributions will be made by the underwriters on the same basis as other allocations.

The underwriters and their affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their affiliates have provided, and may in the future provide, a variety of these services to us and to persons and entities with relationships with us, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to our assets, securities and/or instruments (directly, as collateral securing other obligations or otherwise) and/or persons and entities with

relationships with us. The underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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