

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

| OMB APPROVAL | |
|--|------------------|
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(Print or Type Responses)

| | | | | | | | | |
|---|---------|----------|---|--|--|---|--|--|
| 1. Name and Address of Reporting Person * John W. Prosser | | | 2. Issuer Name and Ticker or Trading Symbol RTW, Inc. [RTWI] | | | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) | | |
| (Last) | (First) | (Middle) | 3. Date of Earliest Transaction (Month/Day/Year) 08/17/2004 | | | 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person | | |
| 6358 Oxbow Bend | | | 4. If Amendment, Date Original Filed (Month/Day/Year) | | | | | |
| (Street) Chanhasen, MN 55317 | | | Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned | | | | | |
| (City) | (State) | (Zip) | | | | | | |

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|--------|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock ⁽¹⁾ | | | | | | | | 373,759 | D | |
| Common Stock ⁽¹⁾ | | | | | | | | 39,250 | I | By Trust for Polly J Wollner |
| Common Stock | 08/17/2004 | | S | | 200 | D | \$6.53 | 373,559 | D | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

Ownership Submission

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|---|---|-----|--|-----------------|---|----------------------------|--|--|--|--|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | | |
| Stock Options (Right to Buy) (1) | \$2.2 | | | | | | | 07/24/2003 | 07/24/2012 | Common Stock | 2,500 | | 2,500 | D | |
| Stock Options (Right to Buy) (1) (2) | \$3.13 | | | | | | | 05/21/2003 | 05/21/2013 | Common Stock | 2,500 | | 5,000 | D | |
| Stock Options (Right to Buy) (1) (3) | \$6.5 | | | | | | | 06/16/2005 | 06/16/2014 | Common Stock | 2,500 | | 7,500 | D | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| John W. Prosser 6358 Oxbow Bend Chanhasen, MN 55317 | X | | | |

Signatures

/s/ John W. Prosser

08/19/2004

**Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Previously reported options
 - (2) The option shares vest immediately upon issuance
 - (3) The option shares vest as follows: 833 on June 16, 2005, 833 on June 16, 2006, and 834 on June 16, 2007

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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