

RTW, INC.

**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS**

**Effective
October 26, 2005**

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CHARTER OF THE AUDIT COMMITTEE

OF THE BOARD OF DIRECTORS

I. PURPOSE

RTW, Inc. has established the Audit Committee to provide oversight of: (1) the financial reports and other financial information provided by the Company to any governmental body or the public; (2) the Company's systems of internal controls over financial reporting regarding finance, accounting, legal compliance and ethics established by management or the Board; and (3) the Company's accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting process and internal control system.
- Review and appraise the audit efforts of the Company's independent auditors.
- Provide an open avenue of communications among the independent auditors, financial and senior management and the Board of Directors.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV. of this Charter.

II. COMPOSITION

The Audit Committee will be comprised of three or more directors as determined by the Board, each of whom will be an independent director, free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. The composition and function of the Audit Committee will meet the applicable rules and regulations of the U.S. Securities and Exchange Commission (the "Commission") and any exchange on which the Company's securities are listed or any system on which the Company's securities are quoted (the "Market"). Each member of the Audit Committee must be "independent" as defined by the applicable rules and regulations of the Commission and the Market. All members of the Committee must have a basic understanding of finance and accounting practices and be able to read and understand fundamental financial statements, and at least one member of the Committee must have accounting or related financial management expertise. If required by the Commission or the Market, the Board of Directors will designate at least one member of the Audit Committee as an "Audit Committee Financial Expert" as defined by the then-applicable rules and regulations of the Commission. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

The members of the Committee are to be elected by the Board at the annual organizational meeting of the Board and are to serve until their successors are to be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

III. MEETINGS

The Committee will meet four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with management and the independent auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or at least its Chair should meet with the independent auditors and management quarterly to review the Company's financials in a manner consistent with IV.3. below.

IV. RESPONSIBILITIES AND DUTIES

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities. The Audit Committee has direct access to and is directly accessible by the independent auditors, the independent appointed actuary, Company counsel, the Company's internal actuary, Company management as well as anyone in the Company. The Audit Committee has the authority to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties. To fulfill its responsibilities and duties the Audit Committee will:

Review of Documents and Reports

1. Annual Review of Charter. Review and update this Charter periodically, at least annually, as conditions dictate. Prepare reports to shareholders and publish this Charter in the manner required by the Commission or the Market.
2. Review of Annual Audited Financial Statements. Review with management and the independent auditors the Company's annual financial results prior to the release of earnings. Review the Company's audited financial statements prior to filing or distribution. Review and comment upon the Company's annual reports. Recommend to the Company's Board of Directors the inclusion of the audited financial statements in the Company's annual report.
3. Review of Quarterly Financial Statements. Review with management and the independent auditors the Company's quarterly financial results prior to the release of earnings. Review the Company's quarterly financial statements prior to filing or distribution. Review and comment upon the Company's quarterly reports.

Independent Auditors

4. Oversight of Auditors. Provide oversight of the independent auditors and have sole authority and responsibility for their appointment, termination and compensation.
5. Approval of Audit and Non-Audit Services. Approve the engagement of the independent auditors. Approve all auditing services and authorized non-audit services provided by the independent auditors, and the fees and other significant compensation to be paid to the independent auditors.
6. Annual Review of Auditors' Independence. The Audit Committee must receive on an annual basis a written statement from the independent auditors detailing all relationships between the independent auditors and the Company, consistent with requirements of the Independence Standards Board. The Committee will review services performed by the

- independent auditors, including the type and extent of non-audit services performed and the impact that these services may have on the independent auditors' independence.
7. Executive Session. Provide sufficient opportunity at meetings for the independent auditors to meet with the members of the Audit Committee without members of management present.
 8. Engagement of Other Auditors. Consider, with management, the rationale for employing audit firms other than the principal independent auditors.

Financial Reporting Processes

9. Quarterly Review of Processes. Meet with management at least quarterly to review management's disclosure of fraud or deficiencies, if any, in the design or operations of the Company's internal controls over financial reporting. Receive reports from management regarding the Company's system of internal controls over financial reporting and disclosure controls and procedures.
10. Review of Audit Results. Discuss with the auditors the results of the audit, any significant changes to the Company's accounting principles and items required to be communicated by the independent auditors in accordance with AICPA SAS 61, "Communications with Audit Committees". Consider and approve, if appropriate, significant changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors or management.
11. Integrity of Processes and Controls. In consultation with the management and the independent auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report these exposures. Review significant findings prepared by the independent auditors together with management's responses.
12. Accounting and Auditing Principles. Consider and approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors or management.

Process Improvement

13. System of Reporting. Establish regular and separate systems of reporting to the Audit Committee by management and the independent auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
14. Communications. Critical Accounting Policies. Review with management and the independent auditors, based on reports required from the independent auditors: (1) all critical accounting policies and practices to be used; (2) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management; (3) ramifications of the use of such alternative disclosures and treatments; and (4) other material written communications between the independent auditors and management.

15. Review of Scope and Results of Audit. Review with the independent auditors: (1) the proposed scope of their examination with emphasis on accounting and financial areas where the Committee, the accountants or management believe special attention should be directed; (2) results of their audit, including their opinion on the financial statements and the independent auditors' judgment on the quality, not just the acceptability, of the Company's accounting principles as applied in the financial statements; (3) their evaluation of the adequacy of the system of internal controls over financial reporting; (4) significant disputes, if any, with management; and (5) cooperation received from management in the conduct of the audit.
16. Disagreements. Review and resolve disagreements among management and the independent auditors regarding financial reporting or in connection with the preparation of the financial statements.
17. Changes. Review with the independent auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented.
18. Self-Evaluation. Perform a self-evaluation periodically to ensure that the committee is effectively discharging its duties responsibilities.

Ethical and Legal Compliance

19. Code of Ethics. Establish and administer a code of ethics for senior officers to ensure that Company's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements (the "Code") and ensure that management has established a system to enforce the Code. Establish and administer any other code of corporate conduct required by the Market or the Commission. Grant waivers from the Code when appropriate and in the best interest of the Company.
20. Review of Code Compliance. Review programs designed to monitor compliance with the Code. Periodically review the Code to ensure that it is adequate and up to date.
21. Communications with Counsel. Review with the Company's counsels any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies. Receive reports from the Company's legal counsel regarding any material violation of securities laws or breach of fiduciary duty or similar violation by the Company or any agent of the Company.
22. Approval of Related Parties Transactions. Approve any Company transactions in which a Company officer, director or 5% or greater shareholder or any affiliate of these persons has a direct or indirect material interest, not including employment of the Company's officers or the compensation of the Company's officers or directors.
23. Complaints. Establish procedures for: (1) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls over financial reporting or auditing matters; and (2) the submission by employees of concerns on a confidential and anonymous basis regarding accounting and auditing matters.

24. Other Duties. Perform any other activities consistent with this Charter, the Company's By-Laws and governing law, as the Committee or the Board deems necessary or appropriate.

Adopted on March 10, 2004

Updated June 15, 2005 and October 26, 2005