RTW, INC.
GOVERNANCE GUIDELINES

Effective
July 26, 2006

The following Governance Guidelines have been adopted by the Board of Directors (the "Board") of RTW, Inc. (the "Company") to assist the Board in the exercise of its responsibilities.

MISSION AND RESPONSIBILITIES OF THE BOARD

Mission Statement

The Board's primary objective is to maximize long-term shareholder value and to ensure the vitality of the Company for its owners, employees, customers and the other individuals and organizations who depend on the Company.

Responsibility of the Board

The business and affairs of the Company are managed by or under the direction of the Board. In furtherance of its mission, the Board delegates certain authority to management. The Board also advises management with respect to strategic plans and expects and requires that the Company's management and employees operate in a legal and ethically responsible manner.

Each director is expected to spend the time and effort necessary to properly fulfill his or her responsibilities, including regularly attending meetings of the Board and committees on which he or she sits, with the understanding that on occasion a director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the Chair of the Board or the Chair of the appropriate committee in advance of such meeting.

BOARD COMPOSITION AND INDEPENDENCE

1. Size of the Board

   The Board should generally have between six and nine directors. If appropriate, the Board can determine to increase or decrease its size at any time.

2. Mix of Inside and Outside Directors

   The Board will consist of a majority of independent outside directors.

3. Broad Definition of What Constitutes Independence for Outside Directors

   The Company incorporates the definition of independence as provided in the listing standards of the Nasdaq Stock Market, as amended from time to time.

4. Board Membership Criteria

The Governance Committee is responsible for reviewing with the Board on an annual basis the appropriate skills and characteristics required of Board members in the context of the existing makeup of the Board. This assessment should include issues of experience, integrity, diversity, ability to make independent analytical inquiries, understanding of the Company's business and a willingness to devote adequate time and effort to Board responsibilities, all in the context of an assessment of the perceived needs of the Board at that point.

5. <u>Selection of New Director Candidates</u>

The Governance Committee and, if applicable, the Nominating Subcommittee of the Governance Committee, is responsible for selecting candidates for membership to the Board.

6. <u>Extending the Invitation to a New Potential Director to Join the Board</u>

An invitation to join the Board should be extended by the Chair of the Governance Committee or his or her designee.

7. <u>Term Limits</u>

The Board does not believe it should establish term limits. The Governance Committee should consider the issue of continuing director tenure in connection with each director nomination and take appropriate steps to ensure that the Board maintains openness to new ideas and willingness to critically re-examine the status quo.

8. <u>Loans</u>

Personal loans to directors and executive officers are not permitted.

COMMITTEES

9. <u>Number of Committees</u>

The Board has the following standing committees: Audit, Compensation and Governance. The Board has the flexibility to form a new committee or disband a current committee. The general policy of the Board is that only independent outside directors may serve on the Audit, Compensation and Governance Committees as those terms are defined and applicable to the respective committees in the 1934 Exchange Act, the Exchange Act Rules, the Nasdaq listing standards, and the Internal Revenue Code. Each Committee may also elect directors that are not independent to serve on the Committee if the Committee believes it is in the best interest of the Company. These Committees may limit the participation by non-independent directors or, if appropriate, create subcommittees composed solely of independent directors. These committees may have the same or mostly the same members, given the limited number of outside directors on a board of six to nine members, but no member may be the chair of more than one standing committee.

10. Assignment and Rotation of Committee Members

The Board, upon recommendation of the Governance Committee, designates the members of the committees taking into account the desires of individual Board members.

It is the sense of the Board that consideration should be given to rotating committee members periodically, but the Board does not feel that this rotation should be mandatory because there may be reasons at a given point in time to maintain an individual director's committee membership for a longer period or to shorten the period.

11. Frequency and Length of Committee Meetings

The Chair of each committee, in consultation with its members and invited management or other guests, determines the frequency and length of the meetings of the committee.

12. Committee Agenda

The Chair of each committee, in consultation with the appropriate members of the Board, management and staff, will develop the committee's agenda.

BOARD OPERATIONS AND PERFORMANCE

13. Selection of Agenda for Board Members

The Chair of the Board will establish the agenda for each Board meeting.

Each Board member is free to suggest items for the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting.

14. Board Materials Distributed in Advance

Information and data that are important to the Board's understanding of the business should be distributed in writing to the Board before the Board meets. Management will make every attempt to see that this material is as complete and concise as possible.

15. Presentations

As a general rule, presentations on specific subjects should be sent to Board members in advance so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the material.

16. Regular Attendance of Non-Directors at Board Meetings

The members of the Board or the CEO may invite senior officers to attend Board meetings.

17. Board Interaction with Institutional Investors, the Press and Customers

The Board believes that Management speaks for the Company. Individual Board members may, from time-to-time, meet or otherwise communicate with various constituencies that are involved with the Company, but only at the request of Management.

18. Executive Sessions of Outside Directors

The outside directors will meet in executive session at least quarterly.

19. Board Access to Senior Management

Board members must have complete access to the Company's management, auditors and outside counsel. Board members are expected to use judgment to ensure that this contact is not distracting to the business operation of the Company and that this contact, if in writing, be copied to the Chair of the Board.

Furthermore, the Board encourages management to bring managers into Board meetings as needed (i) to provide the Board with additional insight into the items being discussed, and (ii) to provide managers with future potential appropriate interaction with the Board.

The Board has authority to retain outside counsel of its choice with respect to any issue relating to its activities.

20. Board Compensation Review

Changes in Board compensation, if any, should come at the suggestion of the Compensation Committee, but with full discussion and action by the Board.

It is the policy of the Board that a portion of director compensation be in the form of stock or stock options, consistent with the Company's equity compensation plans then in effect.

21. Assessing the Board's Performance

The Governance Committee is responsible for reporting annually to the Board an assessment of the Board's performance. If the Governance Committee so desires, it may be assisted by an outside consultant assessing the Board's performance. The Board assessment will be discussed with the full Board. This should be done following the end of each fiscal year. This assessment should be of the Board's contribution as a whole and specifically review areas in which the Board or management believes a greater contribution could be made.

LEADERSHIP DEVELOPMENT

22. Selection of the Chief Executive Officer

The Board is responsible for identifying potential candidates for, and selecting, the Company's CEO. In doing so, the Board should consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, skills, integrity, reputation in the business community, and willingness to devote the necessary time and effort to make the Company successful.

23. Formal Evaluation of the Chief Executive Officer

The Governance Committee has the responsibility of establishing a CEO evaluation process, to be implemented by the Compensation Committee.

The full Board (outside directors) will review the CEO at least annually. This review will be subsequent to the recommendations from the Compensation Committee with respect to long and short-term compensation goals and performance of the CEO. The results of the review process will be communicated to the CEO by the Chairs of the Governance and Compensation Committees or as otherwise determined by the Board.

The evaluation should be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of management and development of management succession.

24. Strategic and Succession Planning and Management Development

The Board should review and discuss on an annual basis the Company's annual and longer-term strategic plans, succession planning and management development.

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