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**Citibank Announces \$150,000 Grant to Expand Computer-Based
"Career Education" in 125 South Dakota Schools**

*Classroom, Inc.'s Career Simulation Software
To Provide 2,500 Students with Lessons on "Working in the Real World"*

Sioux Falls, April 27, 1999 – Citibank South Dakota today announced a \$150,000 Citigroup Foundation grant to fund installation of Classroom, Inc. career simulation software in public schools throughout the state. Under the program, which will also receive support from the South Dakota Department of Education and Cultural Affairs and the South Dakota Community Foundation, Classroom, Inc. software will be installed in 125 schools over the next 12-24 months. More than 200 teachers will also receive related computer training.

"We're excited to be funding an educational initiative that is truly innovative; Classroom, Inc.'s unique technology-based approach opens a world of career possibilities for young people in this state," said Thomas W. Jones, President & CEO of Citibank, South Dakota. "The grant also will be supplemented by \$254,441 from the fund Citibank established with the South Dakota Community Foundation in 1989. This grant underscores our commitment to supporting the community of Sioux Falls and the entire state of South Dakota, which over the years has provided Citibank with a strong employee base and an excellent business environment."

With Classroom, Inc., students use custom-designed computer software to simulate "real-life" workplace experiences in a number of career categories, including banking and economics, the environment, health care, the hospitality industry, civics and publishing. Students work together in teams, under the guidance of a teacher or team of teachers, and use the Classroom, Inc. software to build and run a business over the course of a semester or full school year.

In Classroom, Inc.'s *Chelsea Bank* simulation, for example, students work together, taking on the role first as teller, then as customer service representative as they serve customers and learn about the banking industry. This approach builds teamwork in the classroom and engages students in authentic problem solving and critical thinking, all of which help develop skills needed in a workplace environment. The Classroom, Inc. experience also provides practice in the areas of reading, writing and computing; this in turn can positively impact performance in other classes.

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"Our career simulations provide kids with a glimpse into the 'real-life' of work; that's an experience that may not be available for all students statewide," explained Madeline Lacovara for Classroom, Inc. "Many students, for the first time in their lives, gain exposure to the kinds of issues and decisions that shape daily life in a number of different careers. And all these careers can be pursued right here in South Dakota."

The Citigroup Foundation grant for Classroom, Inc. builds on South Dakota's "Wiring the Schools" program, initiated by Governor Bill Janklow. Under the program, public schools are specially wired for technology, with three computer drops for every four students. The final two school districts will be completed this spring. In the next step, the governor is providing \$7 million of technology to link the schools with each other. The governor also established summer computer academies for teachers.

"Citibank demonstrated great foresight in bringing the Classroom, Inc. program to Sioux Falls two years ago," noted Dr. Jim Parry, Director of Technology and Innovations in Education, a technology consortium based in Rapid City serving all schools in South Dakota. "Students and teachers alike clearly benefit from the experience, which underscores the important and complementary role that education and technology play in preparing young people for the working world. We're extremely pleased to learn Citibank will provide the necessary funding to ensure that schools throughout the state can access Classroom, Inc. software and training."

Citibank is part of Citigroup (NYSE:C), the world's most global financial services organization. Citigroup's consumer businesses cover a broad range of financial services in 57 countries – retail and private banking, credit and charge cards, mortgage lending, consumer lending, personal financial planning, personal insurance and investment brokerage and counseling. These services are marketed through Citibank, Commercial Credit, Primerica, Travelers Life & Annuity and Travelers Property Casualty.

Today Citigroup serves over 100 million customers – including consumers, businesses, governments and financial institutions – in 100 countries and territories.

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STATE OF SOUTH DAKOTA

WILLIAM J. JANKLOW, GOVERNOR

For Immediate Release: Tuesday, April 27, 1999
For More Information: Bob Mercer or Mike Mueller, 773-3212

Janklow Praises Citigroup in New Partnership to Provide Career-Related Computer Software and Training to SD Schools

(Pierre) – Governor Bill Janklow today praised a new partnership that will bring computer-based career information and unique learning experiences to South Dakota students.

Citigroup Foundation of New York, teamed with the South Dakota Community Foundation, will financially support computer-based career simulations in schools and train South Dakota teachers how to use the information in their classrooms.

"This is a tremendous commitment by Citigroup, which includes Citibank of South Dakota, to bring new and innovative education opportunities to South Dakota," Janklow said. "This project can reach 200 classrooms and more than 2,500 students in South Dakota over the next two years."

Citigroup is providing a \$150,000 grant to support the work of Classroom, Inc. statewide. Classroom Inc. is the New York company that developed the career-based software and support materials. The program has been piloted in middle and high schools in the Sioux Falls School District for the past two years.

A second major Citigroup grant, worth \$225,000, has been set up with the South Dakota Community Foundation. This seed money will be matched by other donations to support education in South Dakota. Initially, the funds will help purchase software licenses and train others to use the Classroom, Inc., model.

Technology and Innovations in Education (TIE), a Rapid City-based technology consortium that serves schools across the state, will manage the project.

"We're connecting South Dakota schools with world-class network electronics, and this is a great way to use those kind of connections," Janklow said. "Our kids will be able to explore a whole new world of career opportunities and real-world ways to use their technology skills."

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Classroom, Inc. in South Dakota:
Overview

Background

In 1996, Citibank South Dakota funded a pilot program to test Classroom, Inc.'s computer-based career simulation software in the Sioux Falls (S.D.) school system. Designed specifically for students at the middle (or junior high) school level, Classroom, Inc.'s programs enable students to explore real-life work experiences in a variety of different career fields:

**Banking/Economics
Environment
Health Care**

**Hospitality
Civics
Publishing**

In courses that typically run for a semester or full year, teams of students, guided by a teacher/advisor, use Classroom, Inc. software to grow and run a simulated business. The students work together to make decisions that influence the overall success of the business.

Success in Sioux Falls Leads to Statewide Roll-Out

Classroom, Inc.'s career simulation software was enthusiastically received in the Sioux Falls community. Its popularity with students drew favorable reactions from parents, teachers and government officials at the local and state levels, including South Dakota Governor Bill Janklow.

Based on the program's tremendous success in Sioux Falls, in 1999 Citibank decided, as part of its global "Banking on Education" initiative, to provide a **\$150,000 Citigroup Foundation grant** to fund expansion of the Classroom, Inc. program throughout the state of South Dakota.

The statewide installation of the software, and related teacher-training, is being managed by South Dakota's **Technology and Innovations in Education (TIE)** program. The initiative is also receiving funding and support from the **South Dakota Community Foundation** and the **South Dakota Department of Education and Cultural Affairs**.

Timetable for Classroom, Inc. Roll-Out

Classroom, Inc. will be rolled out across the state in four phases over a two-year period. Upon completion of the South Dakota roll-out, Classroom, Inc. will be available to over 2,500 students in 200 classrooms and 125 schools.

- Phase I (January 1, 1999 to May 31, 1999): 12 schools in southeast South Dakota
 - 1 large school (Mitchell)
 - 11 members of the Mid-Central cooperative (Armour, Burke, Colome, Corsica, Gregory, Kimball, Mt. Vernon, Plankinton, Platte, Stickney, White Lake)
 - 1 Dept. of Corrections facility (Plankinton)
- Phase II (June 1, 1999 to December 31, 1999): 18 schools in all four quadrants of the state
 - 4 large districts (Aberdeen, Brookings, Yankton, Huron)
 - 7 members of the Northwest Area Educational Cooperative (Bison, Dupree, Faith, Isabel, McIntosh, McLaughlin, Timber Lake)
 - 7 members of the Three Rivers Educational Cooperative (Bennett County/Martin, Jones County/Murdo, Lyman/Presho, Midland, Kakoka, White River, Wood)

- more -

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- Phase III (January 1, 2000 to May 31, 2000): 24 schools in all four quadrants of the state
 - 4 large districts (Belle Fourche, Hot Springs, Rapid City, Spearfish)
 - 9 members of the South Central Cooperative (Andes Central, Avon, Bon Homme, Bonesteel-Fairfax, Geddes, Menno, Scotland, Tripp-Delmont, Wagner)
 - 11 members of the Cornbelt Educational Cooperative (Bridgewater, Canistota, Emery, Freeman, Hanson, Harrisburg, Hurley, Marion, McCook Central, Montrose, Parker)
 - 1 Dept. of Corrections facility (Custer)
- Phase IV (June 1, 2000 to December 31, 2000): 47 schools in all four quadrants of the state
 - 4 large schools (Brandon Valley, Pierre, Vermilion, Watertown)
 - 24 members of the Northeast Educational Services Cooperative (Arlington, Castlewood, Clark, DeSmet, Deubrook, Deuel, Elkton, Estelline, Florenca, Grant-Deuel, Hamlin, Henry, Lake Preston, Rosholt, Sioux Valley, Sisseton, South Shore, Summit, Veblen, Waubay, Waverly, Willow Lake, Wilmot)
 - 11 members of the Prairie Lakes Educational Cooperative (Baltic, Chester, Colman-Egan, Dell Rapids, Flandreau, Garretson, Howard, Lake Central, Oldham-Ramona, Rutland, Tri-Valley)
 - 8 members of the North Central Special Education Cooperative (Bristol, Conde, Doland, Elm Valley, Groton, Heela, Northwestern, Warner)

Teacher Benefits

South Dakota recently created the *Technology for Teaching and Learning (TTL) Academies*, which provide teachers with skills needed to integrate technology into the classroom. Over 750 teachers have completed an Academy since mid-1997. Classroom, Inc. takes the TTL experience to the next level by providing teachers with a useful way to begin using computers and related technology in a classroom setting. Teachers play a central role in the Classroom, Inc. experience, helping students first to develop computer skills necessary to use Classroom, Inc. software, and later guiding them through the simulated workplace experience.

Background on Classroom, Inc.

Classroom, Inc. is a non-profit organization based in New York, and was founded in 1991 as a collaboration between Columbia University, the Federal Reserve Bank of New York, the Mariposa Foundation, the New York City Board of Education, IBM, Morgan Stanley & Co. and Bear Stearns. By emphasizing teamwork in the classroom and engaging students in authentic problem solving and critical thinking, Classroom, Inc. helps young people develop the skills necessary to succeed in today's modern workplace. Today, Classroom, Inc.'s career simulation programs are used in approximately 275 schools and community-based organizations in 10 states and the District of Columbia, reach more than 30,000 students and nearly 1200 teachers and staff developers.

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Our Tools:

Computer Simulations

The creation and development of our simulation software is a true collaboration. We rely on the experience of a variety of professionals — including industry experts and program developers — to create authentic, highly practical learning tools. We test new

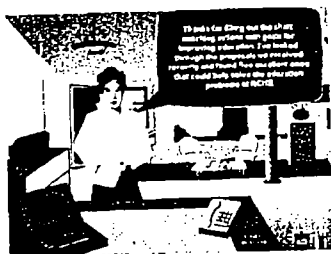


The Green Mountain Paper Company

simulations at our pilot sites, continually refining the programs to incorporate student and teacher feedback.



**The Court Square
Community Bank**



The Alicia Leary Progress Foundation

This collaborative process ensures that the simulations are both engaging and realistic, as well as educationally and instructionally sound.

Used in a wide range of class subjects, each of Classroom, Inc.'s computer simulations places students in a professional setting with a focus on an area such as:

- banking
- civics
- economics
- the environment
- health
- health care
- the hospitality industry
- publishing
- sports management.

Our Accomplishments:

Sustaining Change

Research shows that students who use Classroom, Inc. programs spend 20-30% of their time reading — in sharp contrast to the 2-3% spent reading in traditional classrooms.

Another finding shows that our students spend 30-40% of their time in class writing, as compared to 15-20% in other classrooms.

Our programs are being used in schools and community organizations across the country by more than 30,000 students in both urban and rural environments.

Teachers report that our programs lead to dramatic improvements in student attendance and participation.

We have trained more than 1,000 teachers and administrators to use Classroom, Inc. programs — introducing many of them to computer technology for the first time.

Our parent and teacher's guides facilitate discussion among students, educators, and parents about academics and career-related issues, helping young people set goals for their future.

In 1997, the Department of Labor designated Classroom, Inc. as a national provider for school-to-work initiatives.



Teachers at the Ditmas
Educational Complex, I.S. 62,
Brooklyn, New York, learn about
Classroom, Inc.

"Kids feel as if adults don't think they are very important, because they see such a discrepancy between what's happening in the outside world compared to what's happening inside school. They must wonder, 'What does this have to do with my future?' Classroom, Inc. helps them see their own self-interest in studying. It's a reality bridge to help kids see what's in it for them in the long run."

*Paul Ostergard, President
Citicorp Foundation*

Putting Students in Charge

Classroom, Inc. simulations engage students by putting them in charge of a professional situation. Our simulations take advantage of computer technology to turn classroom learning from a passive to an interactive experience. As soon as a student team makes a decision, the program lets them know the results of their choice. Students must then face the consequences of their decision.

When the simulation is introduced in the classroom, students are grouped into teams of three or four around each computer. Students collaborate as they gather information, define problems, evaluate solutions, and make decisions. Over the course of a semester, students can see the long-term impact of their decisions as they work through several years in the life of a business.

The team approach fosters cooperation and makes student involvement both natural and comfortable. Teachers report that reticent students who might not raise their hands in a traditional classroom often actively participate during the simulations. Students gain confidence in their abilities while learning to appreciate other team members' strengths.

Simulations encourage students to integrate the skills they have learned in academic areas such as reading, math, social studies, science, health education, and English. Teachers using our simulations report a significant improvement in student attendance and class participation, as well as in levels of student self-esteem.

Classroom, Inc. brings content-rich software to disadvantaged students, giving them access to technology that helps prepare them for the job market. Since technology is fully integrated into the learning process, not taught separately from other subjects, students learn the value of using computer-based resources in decision-making and solving "real world" problems.

"I learned that it is fun to run a business. I have to make all the important decisions, make sure the company is in good shape, and make sure the employees are satisfied."

A 7th grade student from Leeds Middle School, Philadelphia, Pennsylvania

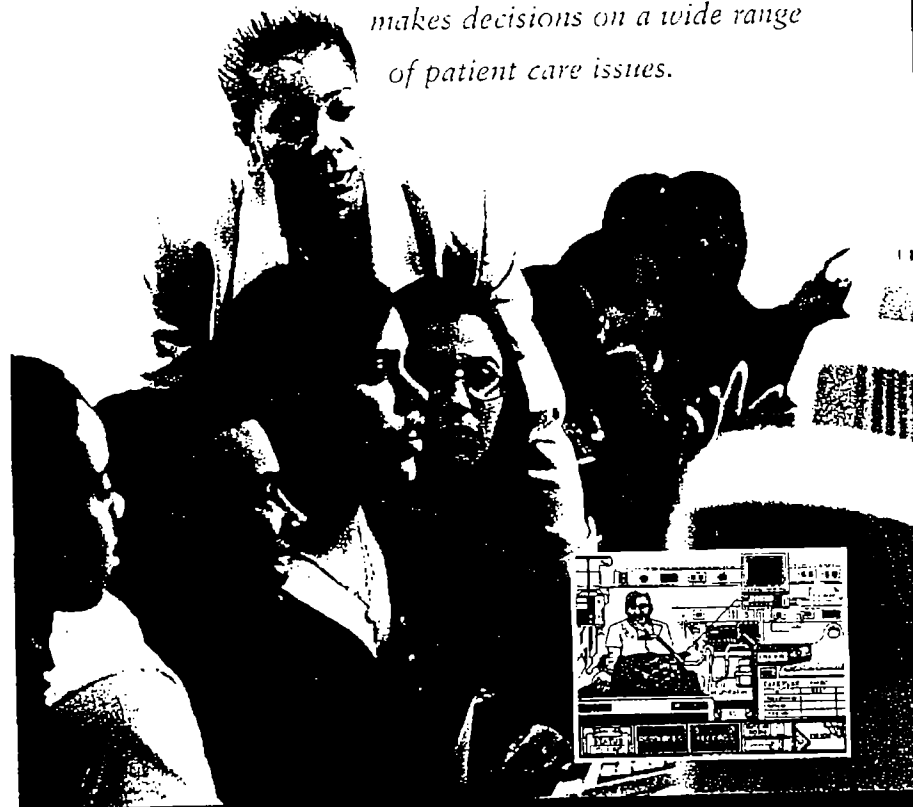
"I liked being able to be the boss and our group could choose whatever we thought was right. None of the teachers told us what to do. They left the responsibility up to us."

*An 8th grade student
from Whittier Middle School,
Sioux Falls, South Dakota*

*(Right) Students and
teacher work together
on The Starr Medical
Center*

In The Starr Medical Center

your team takes on the role of a nurse in a medical unit and an intensive care unit. You gather information by consulting written resources and meeting with specialists in various medical fields. Using knowledge from subjects such as math, English, health education, and science, your team makes decisions on a wide range of patient care issues.



Discovering New Ways to Learn with Technology

Creating a Classroom, Inc. Interactive Computer Simulation

Producing a Classroom, Inc. computer simulation begins with a concept that integrates an industry focus with curriculum content and objectives.

To create a visually rich and appealing simulation, we work with a software development team, a group of industry advisors, two or three schools, and an advisory board of teachers. The software development team consists of writers, an artist, an instructional designer, a programmer, and a project manager. It is the instructional designer's job to make sure that the educational objectives of the program fit with appropriate grade level curricula.

Industry advisors help the team identify important learning opportunities based on their workplace experiences. They are familiar with the industry and the issues to be explored in the simulation. Since employers recognize the tremendous potential of our learning tools to develop "real world" skills in students, they frequently contribute funding to help develop our simulations.

Classroom, Inc. staff members discuss a new simulation

Perfecting the Model

Writers develop three or four episodes by creating scenes, characters, and activities for the simulation. Then the artist and programmer create a rough prototype so we can get initial feedback from industry partners, teachers, and students.

After the simulation is assembled into a workable format, students and teachers review the prototype on computers at Classroom, Inc.'s offices and in the classroom. We continue to incorporate feedback on reactions to the program.

"This is hard — this job is hard.

People are constantly barging into my office, dropping papers on my desk; the phone never stops ringing and it is always the Company's President or the Mayor; I have to deal with this accident report; I've got a guy in the hospital with a concussion; and — there are always people talking in the hallway outside my door!"

A 7th grade student from Intermediate School 62, Brooklyn, New York



Simulation development at Classroom, Inc. is a collaborative effort

The Final Test

Finally, we place the simulation in classrooms for a semester to test its effectiveness over time. Teachers and students respond to and submit journal questions based on their work with the program. This gives us insight into how the program is being used in the classroom, the students' responses to the scenarios, and whether or not the learning objectives are being met. From start to finish, it takes approximately three semesters to create a new simulation.



Students at the High School of Telecommunication Arts and Technology, Brooklyn, New York, share in the development process



Building Collaborations

"Students are constantly asking me when they come into the classroom, 'Are we going to do banking?' And while they might 'hate' calculating percents just for the sake of calculating percents, if they have to do it in relation to a banking project, they get really into it."

A teacher from the Dallas Educational Complex, U.S. 62, Dallas, Texas, 75204



A middle school student engages actively with The Community Clinic.

"When I visited a ninth-grade class that was using the banking simulation, I was struck by how Classroom, Inc.'s programs have broadened the students' perspective on the business world. I got all kinds of great questions from the kids about what we do at the Federal Reserve. Classroom, Inc. opens up a window into a world they might not have the opportunity to see in their daily lives."

*Barbara Walter, Vice President,
Federal Reserve Bank of New York*



The Chelsea Bank

Using a variety of collaborative models, Classroom, Inc. works closely with individual schools, school districts, school systems, and community organizations to implement our unique programs. We also monitor and support classroom teachers to ensure the program's success.

Model Sites

Model Sites offer a mutually beneficial relationship for both the school and Classroom, Inc. We provide sites with simulation software, curriculum materials, professional development for teachers, and ongoing support. Classroom, Inc. staff work with teachers and administrators throughout the year to help them integrate the simulations in the classroom and use our programs to help achieve school goals.

In return, Model Sites allow us to explore how our simulations can best be used in particular learning environments. Model Sites give us the opportunity to test new software programs and professional development materials. Functioning as "learning laboratories," participating sites generate the new ideas and innovations which invigorate our larger work.

System Initiative

We receive many more requests for simulations than our Model Site program can accommodate. In response to this demand, the System Initiative was launched to provide a greater number of teachers and students with access to our tools. The System Initiative is a collaborative model for working with entire school districts and systems.

At this wider level of involvement, we build relationships with staff developers in a school system. Our knowledge transfer approach encourages staff developers not only to learn how to use the simulations, but also to understand the pedagogy that underlies our curriculum design. Staff developers, along with Classroom, Inc. specialists, focus on how to work with teachers who will ultimately expand the use of the simulations within the school system at large.

Alternative Sites

Alternative Sites allow us to work in non-traditional educational settings. These sites provide Classroom, Inc. with the opportunity to see how our simulations engage and educate different audiences, including adults, welfare-to-work participants, and special-needs students.

"The biggest success was the opportunity my students had to use the computer and gain practical work experience. It gave me an opportunity to put people who said: 'All right, I want to go for a job,' in the position where they had a job via the simulation. And it showed them that the computer is not something they should be afraid of. It's just a tool."

*Group Leader of adult education class,
Bedford-Stuyvesant, Brooklyn, New York*



A teacher coaches a student team at Liberty High School in Glen Daniel, West Virginia

Member Sites

We also have ongoing relationships with Member Sites, our longest-standing colleagues, where trained teachers continue to use our simulations and receive our support materials.



Working with students, Classroom, Inc. educators bring renewed vitality to their teaching practice.

Supporting Teachers

"The Classroom, Inc. interactive software provides the piece that has been missing. The students now see the connection between learning the basics and using those skills in real life. It is wonderful to see those light bulbs turn on!"

A teacher from George Washington High School, Kanawha County, West Virginia

In a classroom, the critical relationship is between a student and a teacher — not between a student and a computer. While using our simulations, teachers work to transform their classroom role from lecturer to coach as they strive to encourage critical thinking among their students. This is a challenging process, and Classroom, Inc. provides extensive professional development and support services designed to assist teachers with these new skills. Our program alters traditional

teaching techniques by giving teachers new tools for motivating students.

Classroom, Inc. programs also inspire greater interaction with parents, business people, and other educators. Teachers report that enthusiasm about Classroom, Inc. simulations energizes curriculum discussions and motivates other teachers to implement the program. After having used these simulations, they try new activities and incorporate other technology into their classrooms.

Institutes and Workshops

Through Classroom, Inc.'s series of institutes and workshops, teachers learn the computer technology necessary to use our simulations and discover the methodology behind our programs. These events also provide an opportunity for teachers to become more familiar with computers in general and increase their comfort level with technology.

At the institutes, teachers develop strategies for how to use simulations in the classroom, such as methods for encouraging students to work together in teams. They also learn how to integrate simulations into their curriculum.

Ongoing Assistance

Classroom, Inc. managers consult with teachers in their classrooms, providing support and technical assistance. Teachers are also in contact with Classroom, Inc. to discuss questions about the computer software or teaching objectives.

Online support for teachers is available through The SPOT — Supporting Professionals with Online Technology — an interactive professional development area of our Web site. Via a password, educators in the Classroom, Inc. community can access a wealth of resources designed to

enhance their effectiveness in using our simulations in their classrooms.

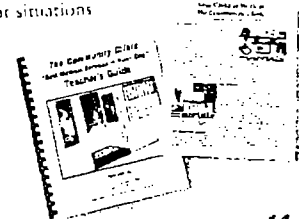
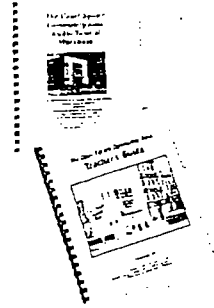
Our Resident Educator Program creates leadership opportunities for principals and teachers in our larger initiatives. Resident Educators spend a month at Classroom, Inc. working on a professional development project that supports educational improvement. Their work is then shared system-wide and with our community of educators on line.

Publications

We offer a wide variety of support materials including audio tutorials, videos, newsletters, and instructional guides.

We publish *ClassNotes*, a regular newsletter, to serve as a forum for educators to share ideas and learn about professional development opportunities. *ClassNotes* is also available on our Web site at <http://www.classroominc.org/>.

Our teacher's guides provide educators with a comprehensive overview of Classroom, Inc.'s programs. We also create parent guides to help facilitate dialogue among teachers, parents, and their children about situations and ethical issues raised in the simulations.



Ensuring Future Growth

Funding Makes it Possible

Classroom, Inc. receives national support from individuals, families, businesses, corporations, and foundations. We are gratified by the generosity of our donors. Their gifts affirm our mission, honor the children and educators we serve, and sustain our work.

As we address the challenges of replicating our work in new communities and sustaining the quality of implementation, Classroom, Inc. must continue to develop new tools for teachers and students. We depend on grants to fund development and production of our innovative computer-based curricula. Such gifts also support our Model Sites which serve as our learning laboratories so that we may answer the needs of educators as they refresh and invigorate their practice. In addition, philanthropic contributions help us undertake research so that we can assess, validate, and improve our work. Finally, unrestricted contributions provide essential support for general operations.

Earning Income from our Programs

To complement our philanthropic support, Classroom, Inc. has developed a fee structure that enables us to recover a portion of our costs. For example, schools in the larger system initiatives pay a modest licensing fee to use our simulations in the classroom. We also charge a fee for our training programs — such as institutes for teachers — and our ongoing consultative services to schools. Funds for these fees come from professional development, school-to-work, and curriculum budgets within the districts. We believe the willingness of the education community to contribute financially to our work is an important reflection of the value they find in our programs.

"What is unique about Classroom, Inc. software is that it truly challenges students to use the skills we focus on in our district — reading, math, reasoning, and communication — and apply them to real-world situations."

*Dr. John J. Keegan, Jr.,
Superintendent, Sioux Falls
School District, South Dakota*

"Over the years, we have seen Classroom, Inc. develop powerful learning tools for public school children and their teachers. We are confident that our investments in their innovative educational programs will continue to yield promising opportunities for children with the greatest needs."

*Hedy Simmons,
Managing Director,
J.P. Morgan*

Philanthropic contributions provide the stable base for us to create, refine, and assess our work; earned income gives us the ability to extend our reach more widely and rapidly. Together, they enable us to serve more children and educators throughout the country with an increasing range of learning tools.

Classroom, Inc. is an innovator in the field of education. We have pioneered the use of computer-based simulations to enhance learning and teaching in the classroom. Our work with educators ensures effective use of our programs as they help students learn to think critically about real-world problems and develop the confidence to solve them. Our learning tools encourage children — especially those with low expectations — to achieve in school and focus their dreams toward a successful future.

(Above) Writier Middle School students in Sioux Falls, South Dakota grapple with a simulation dilemma

Design: Robert Speague Partners Principal Photography: Alan Orling
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