



City of Chicago Deferred Compensation Plan



Nationwide®
Retirement Solutions

a Nationwide Financial company

June 2003

Dear City of Chicago Deferred Compensation Plan Participant:

The City of Chicago Deferred Compensation Committee ("Committee") and Nationwide Retirement Solutions ("Nationwide") perform an analysis of the Plan's investment options on an annual basis. As a result of this analysis, the Committee has decided to make several changes to streamline the current menu and add options to allow you the opportunity to invest in multiple asset classes. (Please see the enclosed card that includes each fund's ticker symbol and voice response system (VRS) code.)

You are receiving this letter because you are currently a participant in one or more of the following ten (10) mutual funds that will be **closed** or **walled-off** to new investments effective **August 22, 2003**. (Additional information regarding the reasons for changes, other similar investment options available, and default replacement funds are on the reverse of this correspondence.)

- T. Rowe Price International Stock Fund *
- INVESCO Dynamics Fund – Investor Class *
- MFS Growth Opportunities Fund – Class A *
- Massachusetts Investors Growth Stock Fund – Class A *
- Putnam Investors Fund – Class A *
- Dreyfus Premier Third Century Fund – Class Z *
- SEI Index Funds: S&P 500 Index Fund – Class E **
- Nationwide S&P 500 Index Fund – Instl. Service Class **
- Neuberger Berman Guardian Fund – Investor Class *
- Bond Fund of America – Class A *

LEGEND:

* Existing assets may remain invested in these funds; only new deferral allocations will be automatically changed to the replacement fund on 8/22/2003.

** Both existing assets and new deferral allocations for these funds will be automatically moved to the replacement fund on 8/22/2003.

Please see the reverse of this sheet for details.

Because the above mutual funds are being walled-off from the Plan, we encourage you to review your investment objectives, and consider transferring your existing assets and future deferral allocations to investment options that remain open in the Plan.

What are your options?

1. If the automatic changes are not consistent with how you would like your account invested, you may make changes of your own choosing prior to 3:00 p.m. Central Time on August 21, 2003. You may make changes to your investments by contacting the local Nationwide office at (312) 443-1975, calling toll-free to Customer Service/Voice Response System (VRS) at 877-677-3678 or by logging on to <http://www.chicagodeferredcomp.com>.

Note: No changes to the above funds will be allowed after 3:00 p.m. Central Time on August 21 and all day on August 22 so that the changes to the Plan menu can be completed.

2. If you are satisfied with the changes that are outlined in this letter, then you do not need to do anything. The changes will occur automatically on August 22, 2003.

Please refer to the reverse of this sheet for additional details about the changes and your options.

New mutual funds available starting on July 2, 2003:

In addition to the mutual funds that are being closed or walled-off, four (4) new investment options will be **added** to the Plan, and will be available to add to your Plan investments via exchanges or allocation changes starting on **July 2, 2003**. These new options are as follows (please refer to the reverse of the enclosed card for additional information on these new funds):

New Mutual Fund	Total Return (as of 3/31/2003)		Average Annual Return (as of 3/31/2003)		
	YTD	1-Year	3-Year	5-Year	10-Year
Corresponding Index					
Dreyfus Small Cap Stock Index Fund ⁽¹⁾	-5.77%	-24.77%	-3.59%	-1.18%	2.85% #
*S&P SmallCap 600 Index	-5.80%	-24.81%	-3.26%	-0.88%	8.67%
One Group Mid Cap Growth Fund – Class A	-2.63%	-24.39%	-15.11%	2.51%	10.43%
*S&P MidCap 400/BARRA Growth Index	-3.02%	-24.23%	-12.85%	4.02%	11.10%
One Group Mid Cap Value Fund – Class A	-5.89%	-24.81%	0.70%	1.22%	9.06%
*S&P MidCap 400/BARRA Value Index	-5.81%	-22.97%	2.96%	2.49%	10.85%
State Street Equity 500 Index Fund – Class B	2.45% #	N/A	N/A	N/A	N/A
*S&P 500 Index	-3.15%	-24.75%	-16.09%	-3.76%	8.52%

Additional information regarding the changes and updated performance results will be included in your 2nd Quarter 2003 account statement.

If you have any questions regarding these changes, please contact the local Chicago office of Nationwide Retirement Solutions at (312) 443-1975, option 3. One of our Retirement Specialists will be happy to assist you.

Sincerely,

Nationwide Retirement Solutions
Deferred Compensation Plan Administrator

(1) Small company funds involve increased risk and volatility.

Inception date and return since inception, if less than period indicated. Dreyfus Small Cap Stock Inception Date 6/30/97, State Street Equity 500 Inception Date 3/10/2003

* Market indices have been provided for comparison purposes only; they are unmanaged and no fees or expenses have been reflected. Individuals cannot invest directly in an index.

Past performance is no guarantee of future performance. Figures shown are net of all fees and expenses charged by the fund. There are no additional fees charged by the Plan for these funds. Investment return and principal of mutual funds are not guaranteed and will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. There is no guarantee the fund's objective will be met.

For more information about the new funds, including charges and expenses, please request a fund prospectus by calling 312-443-1975, option 3. Please read carefully before investing. Securities offered through Nationwide Investment Services Corporation, Member NASD.

(Continued on reverse)



City of Chicago Deferred Compensation Plan
Investment Option Changes Effective on August 22, 2003

Changing Fund	Reason for Change	Action	Date of Action	Default Replacement Fund	Other Available Options Within Category
Foreign Stock	Performance	Walled-off to further investments; new deferrals redirected to Default Replacement Fund.	8/22/2003	Chicago Blended Fixed Option *	- Putnam International Equity Fund – Class A⁽¹⁾ - Templeton Foreign Fund – Class A⁽¹⁾
Mid-Cap Growth	Performance	Walled-off to further investments; new deferrals redirected to Default Replacement Fund.	8/22/2003	Chicago Blended Fixed Option *	One Group Mid Cap Growth Fund – Class A (<i>available starting 7/2/2003</i>)
Large Cap Growth	Performance	Walled-off to further investments; new deferrals redirected to Default Replacement Fund.	8/22/2003	Chicago Blended Fixed Option *	- AIM Constellation Fund – Institutional Class - American Century Growth Fund – Investor Class - American Century Ultra Fund – Investor Class - Morgan Stanley Institutional Fund: Equity Growth Portfolio – Class B - Putnam Voyager Fund – Class A
	Fund already walled-off to new participants				
	Performance, fund manager change and investment style change				
Large Cap Blend	Performance and fund manager change	Closed and removed from the Plan; assets and new deferrals transferred to Default Replacement Fund.	8/22/2003	State Street Equity 500 Index Fund – Class B (<i>available starting 7/2/2003</i>)	- Dreyfus Appreciation Fund - Fidelity Contrafund - Fidelity Growth & Income Portfolio - Fidelity Magellan Fund - Gartmore Nationwide Fund – Class D
	Lower total expenses for replacement fund.				
Large Cap Value	Performance and fund manager change	Walled-off to further investments; new deferrals redirected to Default Replacement Fund.	8/22/2003	Chicago Blended Fixed Option *	Fidelity Equity-Income Fund
Intermediate-Term Bond	Performance	Walled-off to further investments; new deferrals redirected to Default Replacement Fund.	8/22/2003	Chicago Blended Fixed Option *	Dreyfus Bond Market Index Fund – Investor Shares

* **Note:** The current rate of return for the Chicago Blended Fixed Option is 5.17% for the 2nd Quarter of 2003. This rate could change for the upcoming 3rd quarter. The net interest rate is declared quarterly and is credited daily. Please note that you are only permitted to exchange assets from the Chicago Blended Fixed Option twice per calendar year. If your deferral allocation is defaulted from a walled-off fund into the Fixed Option and you have already made two exchanges out of the Fixed Option, you will not be able to make additional exchanges out of the Fixed Option until January 2, 2004. To avoid a default allocation into the Fixed Option, please make an allocation change to funds remaining in the program by 3:00 p.m. Central Time on Thursday, August 21, 2003.

(1) International investing involves additional risks including: political instability, currency fluctuations, differences in accounting standards, and foreign regulations.