

The Depository Trust Company

IMPORTANT

B#: 3135

DATE: April 09, 2002

TO: All Participants

CATEGORY: Dividends

FROM: Nilesh Desai, Supervisor, Dividend Department

ATTENTION: Dividend Managers, Cashiers & Reorganization Managers

SUBJECT: Rights: Liberty All-Star Equity Fund
Common CUSIP#: 530158104 Rights Contra-CUSIP#: 530158955
R/D: 4/1/02 Expires: 5/6/02 (5:00 p.m. N.Y.C. time)
Rate: one right for each share of the Fund's stock held

***** Warning Time Critical *****

Liberty All-Star Fund, Inc. (the "Fund") is distributing non-transferable rights ("Rights") to its shareholders of record as of the close of business on April 1, 2002 (the "Record Date").

The Depository Trust Company ("DTC") credited Rights to participants' accounts on **4/5/02**.

THE DIVIDEND POSITION AND ALLOCATION HISTORY (DPAL) OPTION, ACCESSED VIA THE PTS DIVIDEND ANNOUNCEMENTS INQUIRY (DIVA) FUNCTION, SHOULD BE USED TO CONFIRM YOUR RECORD DATE POSITION HISTORY AND PAYMENT INFORMATION.

IT IS IMPORTANT THAT PARTICIPANTS REFER TO THE DTC REORGANIZATION INQUIRY FOR PARTICIPANTS (RIPS CODE 59) FOR INFORMATION REGARDING THE SUBSCRIPTION PRIVILEGE AND ANY EXTENSIONS TO THE EXPIRATION DATE.

If participants have any questions concerning this Important Notice, please contact Mr. Ray Lew or Ms. Susan Alvino of DTC's Stock Dividend Department at (212) 855-4523/4532.

If participants have any questions regarding the Rights Offering, they may contact Georgenson Shareholder Communications Inc., the Information Agent, at (866) 904-6821.