



Press Release

August 7, 2007

LIBERTY ALL-STAR® EQUITY FUND ANNOUNCES RIGHTS OFFERING

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For Immediate Release

BOSTON, August 7, 2007 -- The Board of Trustees of Liberty All-Star Equity Fund (NYSE: USA) has authorized and set the terms of an offering to the Fund's shareholders of rights to purchase additional shares of the Fund.

Shareholders would be issued non-transferable rights entitling them to subscribe for one additional share for every ten shares held, with the right to subscribe for additional shares not subscribed for by others in the primary subscription. The subscription price per share will be 95 percent of the lower of the last reported sale price on the New York Stock Exchange or the net asset value on the business day following the expiration of the subscription period. The Fund will determine and announce the definitive terms of the rights offering at a later date.

The rights offering is subject to the effectiveness of the Fund's Registration statement to be filed with the Securities and Exchange Commission and will be made only by means of a prospectus. The Fund anticipates that the offering will commence in October 2007 and will continue for approximately 30 days.

Liberty All-Star Equity Fund is a multi-managed, closed-end investment company with more than \$1.3 billion in net assets. The Fund's shares are listed on the New York Stock Exchange under the symbol USA.

A Registration Statement relating to the securities has not been made with the Securities and Exchange Commission as of the date of this release. These securities may not be sold nor may offers to purchase be accepted prior to the time the Registration Statement becomes effective. This press release shall not constitute an offer to sell or constitute a solicitation of an offer to buy. Investors should read the prospectus, when available, and consider the investment objective, risks, fees and expenses of the Fund carefully before investing.

The Liberty All-Star Equity Fund is a closed-end fund and does not continuously offer shares.

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