



Press Release

October 29, 2007

LIBERTY ALL-STAR® EQUITY FUND DECLARES DISTRIBUTION AND PROVIDES RIGHTS OFFERING UPDATE

For Information Contact:
Liberty All-Star Equity Fund
617-426-1745
www.all-starfunds.com

For Immediate Release

BOSTON, October 29, 2007 -- The Board of Trustees of Liberty All-Star Equity Fund (NYSE: USA) has declared a distribution of \$0.22 per share payable on January 2, 2008 to shareholders of record on November 9, 2007 (ex-dividend date of November 7, 2007). The distribution is in accordance with the Fund's current distribution policy of paying distributions on its shares totaling approximately 10 percent of its net asset value per year, payable in four quarterly installments of 2.5 percent. A portion of the distribution may be treated as paid from sources other than net income, including but not limited to short-term capital gain, long-term capital gain and return of capital. The final determination of the source of all distributions in 2007, including the percentage of qualified dividend income, will be made after year-end.

The distribution will be paid in newly issued shares to all shareholders except those who are not participating in Liberty All-Star Equity Fund's Dividend Reinvestment Plan and who elect to receive the distribution in cash. Shares will be issued at the lower of the December 7, 2007 net asset value per share or market value per share (but not less than 95% of market value). The market value of the Fund's shares for this purpose will be the last sales price on the New York Stock Exchange.

The previously announced rights offering is still in the registration process with the Securities and Exchange Commission. Information regarding the to be determined record date and commencement date of the offering will be released at least ten days prior to those dates.

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.

The Liberty All-Star Equity Fund is a closed-end fund and does not continuously offer shares. The Fund trades in the secondary market, investors wishing to buy or sell shares need to place orders through an intermediary or broker. The share price of a closed-end fund is based on the market's value.

###

LAS000156 03/31/08