



Press Release

April 27, 2009

LIBERTY ALL-STAR® EQUITY FUND DECLARES DISTRIBUTION

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For Immediate Release

BOSTON, April 27, 2009 — The Board of Trustees of Liberty All-Star Equity Fund (NYSE: USA) has declared a distribution of \$0.06 per share payable on June 22, 2009 to shareholders of record on May 8, 2009 (ex-dividend date of May 6, 2009). This distribution reflects the Board of Trustees decision to change the Fund's distribution policy from an annual rate of approximately 10 percent (2.5 percent quarterly) of net asset value to approximately 6 percent (1.5 percent quarterly). The change was adopted primarily to better align the Fund's distribution rate with historical equity market returns.

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 2009, 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 June 5, 2009 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.

ALPS Advisors, Inc. is the fund manager of the Liberty All-Star Equity Fund, a multi-managed, closed-end investment company with greater than \$759 million 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. Forward-looking statements are based on information that is available on the date hereof, and neither the fund manager nor any other person affiliated with the fund manager has any duty to update any forward-looking statements. Important factors that could affect actual results to differ from these statements include, among other factors, material, negative changes to the asset class and the actual composition of the portfolio.

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