



Press Release

December 1, 2008

LIBERTY ALL-STAR® EQUITY FUND DECLARES DISTRIBUTION

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For Immediate Release

BOSTON, December 1, 2008 — The Board of Trustees of Liberty All-Star Equity Fund (NYSE: USA) has declared a distribution of \$0.10 per share payable on January 2, 2009 to shareholders of record on December 12, 2008 (ex-dividend date of December 10, 2008). 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 2008 for tax reporting purposes, including the percentage of qualified dividend income, will be made after year-end.

The distribution will be paid in cash. Shareholders participating in Liberty All-Star Equity Fund's Dividend Reinvestment Plan and Cash Purchase Plan will receive shares purchased for them on the open market by the Plan Agent (if the shares are trading at a discount from their net asset value) or issued to them by the Fund (if the shares are trading at or above their net asset value).

ALPS Advisers, Inc. is the fund manager of the All-Star Equity Fund, a multi-managed, closed-end investment company with more than \$740 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.

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