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GABELLI EQUITY TRUST INC  
Form N-CSR  
March 09, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-04700

The Gabelli Equity Trust Inc.  
(Exact name of registrant as specified in charter)

One Corporate Center  
Rye, New York 10580-1422  
(Address of principal executive offices) (Zip code)

Bruce N. Alpert  
Gabelli Funds, LLC  
One Corporate Center  
Rye, New York 10580-1422  
(Name and address of agent for service)

registrant's telephone number, including area code: 1-800-422-3554

Date of fiscal year end: December 31

Date of reporting period: December 31, 2008

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

The Report to Shareholders is attached herewith.

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(THE GABELLI EQUITY TRUST INC. LOGO)

THE GABELLI EQUITY TRUST INC.

Annual Report  
December 31, 2008

TO OUR SHAREHOLDERS,

The Sarbanes-Oxley Act requires a fund's principal executive and financial officers to certify the entire contents of the semi-annual and annual shareholder reports in a filing with the Securities and Exchange Commission on Form N-CSR. This certification would cover the portfolio manager's commentary and subjective opinions if they are attached to or a part of the financial statements. Many of these comments and opinions would be difficult or impossible to certify.

Because we do not want our portfolio managers to eliminate their opinions and/or restrict their commentary to historical facts, we have separated their commentary from the financial statements and investment portfolio and have sent it to you separately. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at [www.gabelli.com](http://www.gabelli.com).

Enclosed are the audited financial statements and the investment portfolio as of December 31, 2008.

## COMPARATIVE RESULTS

### AVERAGE ANNUAL RETURNS THROUGH DECEMBER 31, 2008 (a)

	Quarter	1 Year	3 Year	5 Year	10 Year	15 Year	20 Year
GABELLI EQUITY TRUST							
NAV TOTAL RETURN (b) .....	(29.04)%	(48.99)%	(9.82)%	(1.47)%	2.37%	5.94%	7.77%
INVESTMENT TOTAL RETURN (c) ..	(43.64)	(54.77)	(12.94)	(3.80)	0.79	4.38	7.69
S&P 500 Index .....	(21.95)	(36.99)	(8.36)	(2.19)	(1.38)	6.46	8.42
Dow Jones Industrial Average .	(18.41)	(31.88)	(4.10)	(1.09)	1.70	8.15	9.93
Nasdaq Composite Index .....	(24.61)	(40.54)	(10.58)	(4.67)	(3.24)	4.83	7.36

(a) RETURNS REPRESENT PAST PERFORMANCE AND DO NOT GUARANTEE FUTURE RESULTS. INVESTMENT RETURNS AND THE PRINCIPAL VALUE OF AN INVESTMENT WILL FLUCTUATE. WHEN SHARES ARE SOLD, THEY MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. CURRENT PERFORMANCE MAY BE LOWER OR HIGHER THAN THE PERFORMANCE DATA PRESENTED. VISIT [WWW.GABELLI.COM](http://WWW.GABELLI.COM) FOR PERFORMANCE INFORMATION AS OF THE MOST RECENT MONTH END. PERFORMANCE RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED. INVESTORS SHOULD CAREFULLY CONSIDER THE INVESTMENT OBJECTIVES, RISKS, CHARGES, AND EXPENSES OF THE FUND BEFORE INVESTING. THE DOW JONES INDUSTRIAL AVERAGE IS AN UNMANAGED INDEX OF 30 LARGE CAPITALIZATION STOCKS. THE S&P 500 AND THE NASDAQ COMPOSITE INDICES ARE UNMANAGED INDICATORS OF STOCK MARKET PERFORMANCE. DIVIDENDS ARE CONSIDERED REINVESTED EXCEPT FOR THE NASDAQ COMPOSITE INDEX. YOU CANNOT INVEST DIRECTLY IN AN INDEX.

(b) TOTAL RETURNS AND AVERAGE ANNUAL RETURNS REFLECT CHANGES IN THE NET ASSET VALUE ("NAV") PER SHARE, REINVESTMENT OF DISTRIBUTIONS AT NAV ON THE EX-DIVIDEND DATE, ADJUSTMENTS FOR RIGHTS OFFERINGS, SPIN-OFFS, AND TAXES

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PAID ON UNDISTRIBUTED LONG-TERM CAPITAL GAINS AND ARE NET OF EXPENSES.  
SINCE INCEPTION RETURN IS BASED ON AN INITIAL NAV OF \$9.34.

- (c) TOTAL RETURNS AND AVERAGE ANNUAL RETURNS REFLECT CHANGES IN CLOSING MARKET VALUES ON THE NEW YORK STOCK EXCHANGE, REINVESTMENT OF DISTRIBUTIONS, AND ADJUSTMENTS FOR RIGHTS OFFERINGS, SPIN-OFFS, AND TAXES PAID ON UNDISTRIBUTED LONG-TERM CAPITAL GAINS. SINCE INCEPTION RETURN IS BASED ON AN INITIAL OFFERING PRICE OF \$10.00.
- (D) FROM AUGUST 31, 1986, THE DATE CLOSEST TO THE FUND'S INCEPTION FOR WHICH DATA IS AVAILABLE.

Sincerely yours,

/s/ Bruce N. Alpert  
Bruce N. Alpert  
President

February 24, 2009

### THE GABELLI EQUITY TRUST INC. SUMMARY OF PORTFOLIO HOLDINGS (UNAUDITED)

The following table presents portfolio holdings as a percent of total investments as of December 31, 2008:

#### LONG POSITIONS

Food and Beverage .....	12.0%
Energy and Utilities .....	8.4%
Financial Services .....	7.7%
Cable and Satellite .....	6.2%
Diversified Industrial .....	6.1%
Telecommunications .....	5.9%
Health Care .....	5.4%
Entertainment .....	5.3%
U.S. Government Obligations .....	5.0%
Equipment and Supplies .....	4.2%
Consumer Products .....	3.9%
Automotive: Parts and Accessories .....	3.0%
Publishing .....	2.4%
Business Services .....	2.3%
Consumer Services .....	2.1%
Retail .....	1.9%
Aviation: Parts and Services .....	1.8%
Machinery .....	1.7%
Specialty Chemicals .....	1.7%
Aerospace .....	1.5%
Wireless Communications .....	1.3%
Agriculture .....	1.3%
Metals and Mining .....	1.3%
Environmental Services .....	1.2%
Hotels and Gaming .....	1.2%
Electronics .....	1.0%
Communications Equipment .....	1.0%
Automotive .....	0.6%
Transportation .....	0.6%
Real Estate .....	0.6%
Computer Software and Services .....	0.5%

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Broadcasting .....	0.5%
Closed-End Funds .....	0.2%
Manufactured Housing and Recreational Vehicles .....	0.1%
Real Estate Investment Trusts .....	0.1%
	-----
	100.0%
	=====

THE GABELLI EQUITY TRUST INC. (THE "FUND") FILES A COMPLETE SCHEDULE OF PORTFOLIO HOLDINGS WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") FOR THE FIRST AND THIRD QUARTERS OF EACH FISCAL YEAR ON FORM N-Q, THE LAST OF WHICH WAS FILED FOR THE QUARTER ENDED SEPTEMBER 30, 2008. SHAREHOLDERS MAY OBTAIN THIS INFORMATION AT WWW.GABELLI.COM OR BY CALLING THE FUND AT 800-GABELLI (800-422-3554). THE FUND'S FORM N-Q IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.SEC.GOV AND MAY ALSO BE REVIEWED AND COPIED AT THE SEC'S PUBLIC REFERENCE ROOM IN WASHINGTON, DC. INFORMATION ON THE OPERATION OF THE PUBLIC REFERENCE ROOM MAY BE OBTAINED BY CALLING 1-800-SEC-0330.

### PROXY VOTING

The Fund files Form N-PX with its complete proxy voting record for the 12 months ended June 30th, no later than August 31st of each year. A description of the Fund's proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC's website at www.sec.gov.

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### THE GABELLI EQUITY TRUST INC. PORTFOLIO CHANGES QUARTER ENDED DECEMBER 31, 2008 (UNAUDITED)

	SHARES	OWNERSHIP AT DECEMBER 31, 2008
	-----	-----
NET PURCHASES		
COMMON STOCKS		
Accor SA .....	500	2,500
Alcoa Inc. ....	37,000	65,000
Aruze Corp. ....	10,000	110,000
Ascent Media Corp., Cl. A .....	1,400	16,850
BCE Inc. ....	5,000	65,000
Bel Fuse Inc., Cl. A .....	2,000	16,000
British American Tobacco plc (a) .....	36,182	66,182
Brown-Forman Corp., Cl. A (b) .....	8,000	32,000
Brown-Forman Corp., Cl. B (b) .....	6,250	6,250
Cable & Wireless Jamaica Ltd. ....	872,580	7,040,836
Cadbury plc, ADR .....	4,800	120,000
Calamos Asset Management Inc., Cl. A .....	2,500	10,000
Champion Enterprises Inc. ....	50,000	150,000
China Mengniu Dairy Co. Ltd. ....	10,000	50,000

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Citadel Broadcasting Corp. ....	10,000	20,343
Clearwire Corp., Cl. A (c) .....	14,000	14,000
Compagnie Financiere Richemont SA, Cl. A (d) .....	55,200	55,200
Constellation Energy Group Inc. ....	37,000	70,000
Dean Foods Co. ....	30,000	180,000
Deere & Co. ....	10,000	435,000
Eastman Kodak Co. ....	20,000	120,000
Finmeccanica SpA .....	2,640	32,640
Fortune Brands Inc. ....	18,000	78,000
Freeport-McMoRan Copper & Gold Inc. ....	4,000	4,000
Gaylord Entertainment Co. ....	10,000	200,000
GenCorp Inc. ....	50,000	250,000
General Electric Co. ....	20,000	170,000
Gerber Scientific Inc. ....	5,000	95,000
GrafTech International Ltd. ....	5,000	80,000
Halliburton Co. ....	10,000	220,000
Heineken NV .....	3,000	48,000
Idearc Inc. ....	6,000	10,000
Janus Capital Group Inc. ....	20,000	200,000
Jarden Corp. ....	2,000	4,000
JPMorgan Chase & Co. ....	8,300	70,088
Las Vegas Sands Corp. ....	34,000	40,000
Legg Mason Inc. ....	85,000	180,000
Life Technologies Corp. ....	80,000	80,000
Macy's Inc. ....	10,000	150,000
Mandarin Oriental International Ltd. ....	89,000	3,900,000
MGM Mirage .....	3,000	155,000
Och-Ziff Capital Management Group LLC, Cl. A .....	14,000	22,000
Omnova Solutions Inc. ....	61,018	291,018
Orient-Express Hotels Ltd., Cl. A .....	26,000	44,000
PetroChina Co. Ltd., ADR .....	200	1,500
Pinnacle Entertainment Inc. ....	60,000	110,000
Remy Cointreau SA .....	4,000	37,000
Rockwell Automation Inc. ....	6,000	30,000
Rolls-Royce Group plc, Cl. C (e) .....	68,640,000	68,640,000
Spectra Energy Corp. ....	10,000	130,000
Sprint Nextel Corp. ....	50,000	750,000
Svenska Cellulosa AB, Cl. B .....	3,000	33,000
The Bank of New York Mellon Corp. ....	8,000	154,038
The Blackstone Group LP .....	5,000	10,000
The E.W. Scripps Co., Cl. A .....	7,000	50,333
The Great Atlantic & Pacific Tea Co. Inc. ...	55,000	225,000
The Hongkong & Shanghai Hotels Ltd. ....	140,000	140,000
The Interpublic Group of Companies Inc. ....	12,200	265,000
Thomas & Betts Corp. ....	15,000	250,000

	SHARES	OWNERSHIP AT DECEMBER 31, 2008
	-----	-----
Tokyo Broadcasting System Inc. ....	2,000	122,000
Transocean Ltd. ....	10,000	10,000
Tyco International Ltd. ....	10,000	210,000
Tyson Foods Inc., Cl. A .....	41,000	140,000
Vivo Participacoes SA, ADR (f) .....	44,377	44,377
Walgreen Co. ....	15,000	90,000

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Wynn Resorts Ltd. ....	1,000	1,000
Zimmer Holdings Inc. ....	500	3,500

PRINCIPAL  
AMOUNT

CONVERTIBLE CORPORATE BOND

The Great Atlantic & Pacific Tea Co. Inc., Cv., 5.125%, 06/15/11 .....	\$ 200,000	\$ 3,300,000
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SHARES

NET SALES

COMMON STOCKS

Abbott Laboratories .....	(4,000)	4,000
ACCO Brands Corp. ....	(1,050)	6,000
Acuity Brands Inc. ....	(5,000)	4,000
Advanced Medical Optics Inc. ....	(10,000)	135,000
Ajinomoto Co. Inc. ....	(17,000)	68,000
Allianz SE .....	(600)	2,200
Alpharma Inc., Cl. A (g) .....	(30,000)	--
American Express Co. ....	(15,000)	560,000
AMETEK Inc. ....	(3,000)	254,000
Amgen Inc. ....	(1,000)	51,000
Ampco-Pittsburgh Corp. ....	(1,000)	160,000
Anglo American plc .....	(6,000)	24,030
Anheuser-Busch Cos Inc. (h) .....	(80,000)	--
Archer-Daniels-Midland Co. ....	(65,000)	340,000
Ashland Inc. (i) .....	(17,000)	13,000
AstraZeneca plc .....	(3,800)	15,346
AutoNation Inc. ....	(30,000)	180,000
AutoZone Inc. ....	(3,000)	1,000
Avis Budget Group Inc. ....	(15,000)	--
Avon Products Inc. ....	(5,000)	75,000
AXA Asia Pacific Holdings Ltd. ....	(31,700)	126,900
Barrick Gold Corp. ....	(1,148)	88,000
Bayer AG .....	(4,800)	19,200
Bell Aliant Regional Communications Income Fund .....	(1,000)	--
Berkshire Hathaway Inc., Cl. A .....	(5)	137
BHP Billiton Ltd. ....	(4,000)	16,000
Boeing Co. ....	(8,000)	102,000
Boston Scientific Corp. ....	(35,000)	120,000
Bouygues SA .....	(4,000)	16,000
BP plc .....	(20,000)	80,000
Bristol-Myers Squibb Co. ....	(50,000)	85,000
British Sky Broadcasting Group plc .....	(19,000)	76,000
Cablevision Systems Corp., Cl. A .....	(40,000)	1,510,000
Cadbury plc .....	(18,100)	72,300
Campbell Soup Co. ....	(10,000)	70,000
Canon Inc. ....	(6,100)	24,400
CBS Corp., Cl. A .....	(15,000)	410,000
Cephalon Inc. ....	(1,000)	2,000
CH Energy Group Inc. ....	(43,100)	61,900

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Cheung Kong (Holdings) Ltd. ....	(14,000)	56,000
China Mobile Ltd. ....	(13,000)	52,000
Christian Dior SA ....	(6,400)	35,600
Church & Dwight Co. Inc. ....	(2,000)	12,000
Ciba Holding AG ....	(20,000)	--

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
 PORTFOLIO CHANGES (CONTINUED)  
 QUARTER ENDED DECEMBER 31, 2008  
 (UNAUDITED)

	SHARES	OWNERSHIP AT DECEMBER 31, 2008
	-----	-----
NET SALES (CONTINUED)		
COMMON STOCKS (CONTINUED)		
Cincinnati Bell Inc. ....	(20,000)	888,300
Citigroup Inc. ....	(60,000)	300,000
CLARCOR Inc. ....	(8,000)	173,000
Clearwire Corp. (c) ....	(14,000)	--
Clorox Co. ....	(18,000)	12,000
CNH Global NV ....	(3,400)	13,600
Coca-Cola Enterprises Inc. ....	(5,000)	15,000
Cochlear Ltd. ....	(2,400)	9,600
Comcast Corp., Cl. A ....	(52,000)	--
Comcast Corp., Cl. A, Special ....	(10,000)	110,000
Commerzbank AG, ADR ....	(5,000)	150,000
Compagnie Financiere Richemont SA, Cl. A (d) ....	(69,000)	--
Compania de Telecomunicaciones de Chile SA, ADR (j) ....	(120,000)	--
Constellation Brands Inc., Cl. A ....	(80,000)	10,000
Cooper Industries Ltd., Cl. A ....	(20,000)	225,000
Corn Products International Inc. ....	(5,000)	45,000
CRH plc ....	(15,500)	62,000
Deutsche Telekom AG, ADR ....	(20,000)	170,000
Diageo plc ....	(16,000)	64,000
Diageo plc, ADR ....	(20,000)	204,000
Diamond Offshore Drilling Inc. ....	(200)	2,800
Diebold Inc. ....	(10,000)	100,000
DISH Network Corp., Cl. A ....	(8,700)	125,000
Donaldson Co. Inc. ....	(1,000)	193,000
Dr. Pepper Snapple Group Inc. ....	(2,600)	130,600
DTE Energy Co. ....	(2,000)	12,000
Duke Energy Corp. ....	(20,000)	200,000
El Paso Electric Co. ....	(15,000)	265,000
Energizer Holdings Inc. ....	(2,000)	110,000
Enodis plc (k) ....	(300,000)	--
Exxon Mobil Corp. ....	(2,000)	78,000
Fanuc Ltd. ....	(2,800)	11,200

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Fleetwood Enterprises Inc. ....	(50,000)	--
Flowers Foods Inc. ....	(20,000)	70,000
Frontier Communications Corp. ....	(30,000)	50,000
Galp Energia SGPS SA, Cl. B ....	(9,000)	36,000
General Mills Inc. ....	(152,000)	25,000
Genuine Parts Co. ....	(40,000)	300,000
GlaxoSmithKline plc ....	(9,000)	36,036
Gray Television Inc. ....	(10,000)	110,000
Gray Television Inc., Cl. A ....	(3,000)	23,000
Greatbatch Inc. ....	(5,000)	--
Groupe Danone ....	(155,000)	200,000
Grupo Bimbo SAB de CV, Cl. A ....	(80,000)	900,000
Grupo Televisa SA, ADR ....	(5,000)	690,000
Grupo TMM SA, Cl. A, ADR ....	(1,000)	15,000
Harmony Gold Mining Co. Ltd. ....	(17,500)	35,000
Hellenic Telecommunications Organization SA ....	(1,000)	32,000
Hennes & Mauritz AB, Cl. B ....	(4,300)	17,200
Hercules Inc. (i) ....	(175,000)	--
Home Inns & Hotels Management Inc., ADR ....	(20,000)	--
HSN Inc. ....	(5,000)	30,000
Huttig Building Products Inc. ....	(4,000)	27,000
IDEX Corp. ....	(2,000)	318,000
Il Sole 24 Ore ....	(134,700)	1,825,300
Impala Platinum Holdings Ltd. ....	(5,000)	20,000
Imperial Oil Ltd. ....	(6,400)	25,600
InterContinental Hotels Group plc ....	(46,160)	--
ITO EN Ltd. ....	(25,000)	175,000

	SHARES	OWNERSHIP AT DECEMBER 31, 2008
	-----	-----
ITT Corp. ....	(3,000)	250,000
Japan Tobacco Inc. ....	(40)	160
Jardine Matheson Holdings Ltd. ....	(9,000)	48,000
Johnson & Johnson ....	(15,000)	105,000
Kellogg Co. ....	(32,000)	16,000
Kerry Group plc, Cl. A ....	(3,000)	72,000
Keyence Corp. ....	(1,200)	4,720
Kraft Foods Inc., Cl. A ....	(5,000)	130,000
Ladbrokes plc ....	(50,000)	1,100,058
Landauer Inc. ....	(2,000)	92,000
Leucadia National Corp. ....	(1,000)	132,000
LIN TV Corp., Cl. A ....	(20,000)	70,000
Lockheed Martin Corp. ....	(1,000)	8,000
LVMH Moet Hennessy Louis Vuitton SA ....	(600)	11,500
Marsh & McLennan Companies Inc. ....	(5,000)	260,000
Mattel Inc. ....	(7,000)	8,000
Media General Inc., Cl. A ....	(70,000)	250,000
Merck & Co. Inc. ....	(10,000)	85,000
Mitsui & Co. Ltd. ....	(8,000)	32,000
Monster Worldwide Inc. ....	(5,000)	50,000
National Presto Industries Inc. ....	(5,000)	16,000
Nestle SA ....	(6,000)	49,000
News Corp., Cl. A ....	(95,000)	1,430,000
Nintendo Co. Ltd. ....	(2,000)	--
Nissin Foods Holdings Co. Ltd. ....	(220,000)	80,000



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Nortel Networks Corp. ....	(159,900)	100
Northeast Utilities .....	(25,000)	215,000
Northrop Grumman Corp. ....	(17,600)	85,000
Novartis AG .....	(7,800)	31,200
Novartis AG, ADR .....	(4,000)	98,000
NTT DoCoMo Inc. ....	(300)	1,700
Orascom Telecom Holding SAE, GDR .....	(3,000)	12,000
Pactiv Corp. ....	(20,000)	80,000
PepsiAmericas Inc. ....	(50,000)	550,000
PepsiCo Inc. ....	(83,000)	155,000
Pernod-Ricard SA .....	(200)	56,000
Petroleo Brasileiro SA, ADR .....	(8,300)	46,700
Pfizer Inc. ....	(20,000)	450,000
Precision Castparts Corp. ....	(1,000)	104,000
Procter & Gamble Co. ....	(285,000)	10,000
Proliance International Inc. ....	(60,000)	100,000
Qwest Communications International Inc. ....	(90,000)	450,000
Ralcorp Holdings Inc. ....	(4,200)	64,000
Rank Group plc .....	(150,000)	--
Reckitt Benckiser Group plc .....	(2,000)	58,000
Regal Entertainment Group, Cl. A .....	(2,000)	10,000
Republic Services Inc. ....	(1,800)	97,000
Rio Tinto plc .....	(5,000)	20,000
Roche Holding AG .....	(3,300)	13,100
Rogers Communications Inc., Cl. B, New York .....	(5,000)	495,690
Rollins Inc. ....	(10,000)	1,090,000
Royal Philips Electronics NV .....	(3,000)	35,000
Saipem SpA .....	(13,000)	52,000
Sanofi-Aventis .....	(2,000)	8,000
Schering-Plough Corp. ....	(10,000)	100,000
Schroders plc .....	(9,000)	36,000
Secom Co. Ltd. ....	(5,000)	20,000
Sensient Technologies Corp. ....	(15,000)	260,000
Six Flags Inc. ....	(45,000)	--
SMC Corp. ....	(1,600)	6,400
Smith & Nephew plc .....	(16,000)	64,000
Square Enix Holdings Co. Ltd. ....	(4,800)	19,300
Standard Chartered plc .....	(8,000)	32,000

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
PORTFOLIO CHANGES (CONTINUED)  
QUARTER ENDED DECEMBER 31, 2008  
(UNAUDITED)

	SHARES	OWNERSHIP AT DECEMBER 31, 2008
	-----	-----
NET SALES (CONTINUED)		
COMMON STOCKS (CONTINUED)		

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Standard Motor Products Inc., Sub. Deb. Cv ..	(1,000,000)	--
Straumann Holding AG .....	(1,050)	4,200
Swire Pacific Ltd., Cl. A .....	(13,800)	55,200
Syngenta AG .....	(1,000)	4,000
Synthes Inc. ....	(2,500)	10,000
Takeda Pharmaceutical Co. Ltd. ....	(3,800)	15,200
Technip SA .....	(6,000)	24,000
Tele Norte Celular Participacoes SA, ADR (1) .....	(3,340)	--
Tele Norte Leste Participacoes SA, ADR .....	(2,554)	184,000
Tele2 AB, Cl. B .....	(12,000)	48,000
Telecom Italia SpA .....	(440,000)	1,000,000
Telefonica SA, ADR .....	(20,000)	205,000
Telefonos de Mexico SAB de CV, Cl. L, ADR ...	(5,000)	55,000
Tesco plc .....	(22,000)	88,000
The Charles Schwab Corp. ....	(1,500)	43,000
The Coca-Cola Co. ....	(85,000)	115,000
The DIRECTV Group Inc. ....	(20,000)	440,000
The Dun & Bradstreet Corp. ....	(3,000)	15,000
The New York Times Co., Cl. A .....	(50,000)	--
The Phoenix Companies Inc. ....	(5,000)	130,000
The St. Joe Co. ....	(7,000)	138,000
The Swatch Group AG .....	(7,500)	30,000
The Walt Disney Co. ....	(22,000)	10,000
The Weir Group plc .....	(5,000)	90,000
Ticketmaster .....	(20,000)	--
Tokai Carbon Co. Ltd. ....	(33,000)	132,000
Toll Holdings Ltd. ....	(14,000)	56,000
Tootsie Roll Industries Inc. ....	(384)	122,000
Total SA .....	(4,800)	19,328
Triple Crown Media Inc. ....	(20,200)	--
UnionBanCal Corp. (m) .....	(250,000)	--
UnitedHealth Group Inc. ....	(10,000)	115,000
Verizon Communications Inc. ....	(20,000)	160,000
Viacom Inc., Cl. A .....	(35,000)	320,000
Vivendi .....	(21,800)	432,100
Vodafone Group plc, ADR .....	(5,000)	45,000
Waste Management Inc. ....	(170,000)	330,000
Whole Foods Market Inc. ....	(12,000)	32,000
William Demant Holding A/S .....	(2,400)	79,600
Wm. Wrigley Jr. Co. (n) .....	(390,000)	--
Wm. Wrigley Jr. Co., Cl. B (n) .....	(42,500)	--
Woolworths Ltd. ....	(14,600)	58,400
Wyeth .....	(10,000)	90,000
Xstrata plc .....	(13,900)	55,766
Yahoo! Inc. ....	(5,000)	185,000
Yahoo! Japan Corp. ....	(400)	1,600
YAKULT HONSHA Co. Ltd. ....	(135,000)	415,000
Young Broadcasting Inc., Cl. A .....	(80,000)	--

PRINCIPAL  
AMOUNT

OWNERSHIP AT  
DECEMBER 31,  
2008

U.S. GOVERNMENT OBLIGATIONS

U.S. Treasury Note, 4.500%, 04/30/09 .....	\$ (125,000)	--
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- 
- (a) Spin-off - 0.61126 share of British American Tobacco plc for every 1 share of Reinet Investments SCA.
  - (b) Spin-off - 0.25 share Brown-Forman Corp., Cl. B for every 1 share Brown-Forman Corp., Cl. A.
  - (c) Exchange - 1 share of Clearwire Corp., Cl. A for every 1 share of Clearwire Corp.
  - (d) Merger - 1 share of Compagnie Financiere Richemont SA, Cl. A (B3DCZF3) and 1 share of Reinet Investments SCA for every 1 share of Compagnie Financiere Richemont SA, Cl. A.
  - (e) Spin-off - 57.2 shares of Rolls-Royce Group plc, Cl. C for every 1 share of Rolls-Royce Group plc.
  - (f) Reverse Split - 1:4.
  - (g) Tender Offer - \$37.00 for every 1 share.
  - (h) Cash Merger - \$70.00 for every 1 share.
  - (i) Merger - \$18.60 cash plus 0.093 share of Ashland Inc. for every 1 share of Hercules Inc.
  - (j) Tender Offer - \$6.616939 for every 1 share.
  - (k) Cash Merger - L3.28 for every 1 share.
  - (l) Cash Exchange - \$14.59482 for every 1 share.
  - (m) Tender Offer - \$73.50 for every 1 share.
  - (n) Cash Merger - \$80.00 for every 1 share.

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2008

SHARES		COST	MAR VA
-----		-----	-----
	COMMON STOCKS -- 94.7%		
	FOOD AND BEVERAGE -- 12.0%		
68,000	Ajinomoto Co. Inc. ....	\$ 791,868	\$
32,000	Brown-Forman Corp., Cl. A .....	1,556,972	1,
6,250	Brown-Forman Corp., Cl. B .....	410,925	
72,300	Cadbury plc .....	828,562	
120,000	Cadbury plc, ADR .....	5,698,877	4,
70,000	Campbell Soup Co. ....	1,928,257	2,
50,000	China Mengniu Dairy Co. Ltd. ....	138,064	
15,000	Coca-Cola Enterprises Inc. ....	275,289	

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57,000	Coca-Cola Hellenic Bottling Co. SA .....	492,259	
10,000	Constellation Brands Inc., Cl. A+ .....	193,731	
45,000	Corn Products International Inc. ....	633,413	1,
300,000	Davide Campari-Milano SpA .....	3,120,039	2,
180,000	Dean Foods Co.+ .....	3,957,950	3,
60,000	Del Monte Foods Co. ....	564,374	
64,000	Diageo plc .....	939,251	
204,000	Diageo plc, ADR .....	8,526,541	11,
130,600	Dr. Pepper Snapple Group Inc.+ .....	3,234,965	2,
70,000	Flowers Foods Inc. ....	519,947	1,
97,000	Fomento Economico Mexicano SAB de CV, ADR .....	1,332,725	2,
25,000	General Mills Inc. ....	1,213,148	1,
200,000	Groupe Danone .....	10,262,457	12,
900,000	Grupo Bimbo SAB de CV, Cl. A .....	2,480,224	3,
100,000	H.J. Heinz Co. ....	3,532,093	3,
20,000	Hain Celestial Group Inc.+ .....	267,663	
48,000	Heineken NV .....	2,162,258	1,
175,000	ITO EN Ltd. ....	4,124,961	2,
60,000	ITO EN Ltd., Preference .....	1,329,645	
16,000	Kellogg Co. ....	574,418	
72,000	Kerry Group plc, Cl. A .....	826,834	1,
130,000	Kraft Foods Inc., Cl. A .....	4,110,509	3,
11,500	LVMH Moet Hennessy Louis Vuitton SA .....	397,547	
10,000	Meiji Seika Kaisha Ltd. ....	50,608	
70,000	Morinaga Milk Industry Co. Ltd. ....	299,202	
49,000	Nestle SA .....	1,606,474	1,
80,000	Nissin Foods Holdings Co. Ltd. ....	2,844,340	2,
550,000	PepsiAmericas Inc. ....	10,386,521	11,
155,000	PepsiCo Inc. ....	7,483,104	8,
56,000	Pernod-Ricard SA .....	5,482,901	4,
64,000	Ralcorp Holdings Inc.+ .....	1,243,785	3,
37,000	Remy Cointreau SA .....	2,143,700	1,
330,000	Sara Lee Corp. ....	5,273,525	3,
88,000	Tesco plc .....	774,066	
115,000	The Coca-Cola Co. ....	5,040,583	5,
70,000	The Hershey Co. ....	2,941,476	2,
2,000	The J.M. Smucker Co. ....	52,993	
122,000	Tootsie Roll Industries Inc. ....	1,558,589	3,
140,000	Tyson Foods Inc., Cl. A .....	1,805,240	1,
415,000	YAKULT HONSHA Co. Ltd. ....	11,645,098	8,
		-----	-----
		127,057,971	127,
		-----	-----
	ENERGY AND UTILITIES -- 8.4%		
5,000	AGL Resources Inc. ....	88,898	
68,000	Allegheny Energy Inc. ....	1,081,525	2,
70,000	Apache Corp. ....	2,728,670	5,
80,000	BP plc .....	991,715	

SHARES		COST	MAR VA
-----		-----	-----
247,000	BP plc, ADR .....	\$ 15,155,797	\$ 11,
61,900	CH Energy Group Inc. ....	2,552,443	3,
65,000	CMS Energy Corp. ....	416,572	
315,000	ConocoPhillips .....	19,291,860	16,
70,000	Constellation Energy Group Inc. ....	2,067,062	1,
2,800	Diamond Offshore Drilling Inc. ....	313,674	

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60,000	DPL Inc. ....	1,411,620	1,
12,000	DTE Energy Co. ....	531,798	
200,000	Duke Energy Corp. ....	3,620,407	3,
300,000	El Paso Corp. ....	3,694,589	2,
265,000	El Paso Electric Co.+ ....	4,404,805	4,
78,000	Exxon Mobil Corp. ....	2,685,692	6,
25,000	FPL Group Inc. ....	951,662	1,
36,000	Galp Energia SGPS SA, Cl. B ....	965,430	
68,480	Great Plains Energy Inc. ....	1,775,002	1,
220,000	Halliburton Co. ....	4,034,029	3,
25,600	Imperial Oil Ltd. ....	1,010,170	
20,000	Marathon Oil Corp. ....	242,414	
10,000	Mirant Corp.+ ....	192,014	
140,000	Mirant Corp., Escrow+ (a) ....	0	
2,000	Niko Resources Ltd., New York ....	110,842	
1,000	Niko Resources Ltd., Toronto ....	55,421	
10,000	NiSource Inc. ....	215,500	
215,000	Northeast Utilities ....	4,161,436	5,
19,000	Oceaneering International Inc.+ ....	512,207	
1,500	PetroChina Co. Ltd., ADR ....	105,964	
46,700	Petroleo Brasileiro SA, ADR ....	874,713	1,
100,000	Progress Energy Inc., CVO+ (a) ....	52,000	
200,000	Rowan Companies Inc. ....	7,306,068	3,
52,000	Saipem SpA ....	1,059,541	
5,000	SJW Corp. ....	68,704	
20,000	Southwest Gas Corp. ....	451,132	
130,000	Spectra Energy Corp. ....	3,274,110	2,
60,000	The AES Corp.+ ....	342,617	
19,328	Total SA ....	1,176,490	1,
10,000	Transocean Ltd.+ ....	782,489	
270,000	Westar Energy Inc. ....	4,552,840	5,
		-----	-----
		95,309,922	90,
		-----	-----
	FINANCIAL SERVICES -- 7.7%		
2,200	Allianz SE ....	433,950	
560,000	American Express Co. ....	26,496,577	10,
100,000	American International Group Inc. ....	327,750	
6,000	Ameriprise Financial Inc. ....	174,632	
19,452	Argo Group International Holdings Ltd.+ ....	752,879	
126,900	AXA Asia Pacific Holdings Ltd. ....	758,929	
90,000	Banco Santander SA, ADR ....	322,130	
137	Berkshire Hathaway Inc., Cl. A+ ....	401,727	13,
10,000	Calamos Asset Management Inc., Cl. A ....	155,620	
300,000	Citigroup Inc. ....	7,301,605	2,
150,000	Commerzbank AG, ADR ....	2,981,150	1,
148,000	Deutsche Bank AG ....	12,095,676	6,
50,000	Federal National Mortgage Association ....	49,750	
20,000	Fortress Investment Group LLC, Cl. A ....	176,151	

See accompanying notes to financial statements.

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SHARES		COST	MAR VA
-----		-----	-----
	COMMON STOCKS (CONTINUED)		
	FINANCIAL SERVICES (CONTINUED)		
20,000	H&R Block Inc. ....	\$ 329,930	\$
25,000	Interactive Brokers Group Inc., Cl. A+ .....	687,185	
200,000	Janus Capital Group Inc. ....	3,490,021	1,
70,088	JPMorgan Chase & Co. ....	2,006,316	2,
180,000	Legg Mason Inc. ....	6,358,132	3,
132,000	Leucadia National Corp.+ .....	1,652,339	2,
5,000	Loews Corp. ....	183,078	
260,000	Marsh & McLennan Companies Inc. ....	8,004,551	6,
65,000	Moody's Corp. ....	3,235,338	1,
22,000	Och-Ziff Capital Management Group LLC, Cl. A .....	214,559	
2,500	Prudential Financial Inc. ....	68,750	
36,000	Schroders plc .....	885,171	
32,000	Standard Chartered plc .....	753,763	
80,000	State Street Corp. ....	4,001,480	3,
20,000	SunTrust Banks Inc. ....	419,333	
150,000	T. Rowe Price Group Inc. ....	4,610,820	5,
5,000	The Allstate Corp. ....	209,064	
154,038	The Bank of New York Mellon Corp. ....	5,249,704	4,
10,000	The Blackstone Group LP .....	156,323	
43,000	The Charles Schwab Corp. ....	628,337	
15,000	The Dun & Bradstreet Corp. ....	353,346	1,
130,000	The Phoenix Companies Inc. ....	1,784,449	
3,000	The Travelers Companies Inc. ....	113,277	
66	Tree.com Inc.+ .....	538	
100,000	Wachovia Corp. ....	321,730	
100,000	Waddell & Reed Financial Inc., Cl. A .....	2,058,579	1,
280,000	Wells Fargo & Co. ....	8,659,774	8,
		-----	-----
		108,864,413	82,
		-----	-----
	CABLE AND SATELLITE -- 6.2%		
1,510,000	Cablevision Systems Corp., Cl. A .....	31,995,082	25,
110,000	Comcast Corp., Cl. A, Special .....	658,947	1,
125,000	DISH Network Corp., Cl. A+ .....	3,479,676	1,
26,740	EchoStar Corp., Cl. A+ .....	841,442	
176,770	Liberty Global Inc., Cl. A+ .....	2,780,875	2,
139,001	Liberty Global Inc., Cl. C+ .....	2,941,276	2,
495,690	Rogers Communications Inc., Cl. B, New York .....	4,053,956	14,
19,310	Rogers Communications Inc., Cl. B, Toronto .....	137,424	
125,000	Scripps Networks Interactive Inc., Cl. A .....	4,016,039	2,
160,000	Shaw Communications Inc., Cl. B, New York .....	329,198	2,
40,000	Shaw Communications Inc., Cl. B, Toronto .....	52,983	
440,000	The DIRECTV Group Inc.+ .....	11,196,558	10,
		-----	-----
		62,483,456	65,
		-----	-----
	DIVERSIFIED INDUSTRIAL -- 6.1%		
4,000	Acuity Brands Inc. ....	102,010	
160,000	Ampco-Pittsburgh Corp. ....	2,094,820	3,
155,000	Baldor Electric Co. ....	5,270,000	2,
19,200	Bayer AG .....	807,750	1,
16,000	Bouygues SA .....	796,366	
225,000	Cooper Industries Ltd., Cl. A .....	6,075,292	6,
260,000	Crane Co. ....	5,942,015	4,

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SHARES/ UNITS		COST	MAR VA
62,000	CRH plc .....	863,592	1,
170,000	General Electric Co. ....	\$ 5,266,590	\$ 2,
190,000	Greif Inc., Cl. A .....	2,309,052	6,
18,000	Greif Inc., Cl. B .....	559,808	
450,000	Honeywell International Inc. ....	15,285,048	14,
250,000	ITT Corp. ....	6,493,529	11,
32,000	Mitsui & Co. Ltd. ....	739,391	
100,000	Park-Ohio Holdings Corp.+ .....	1,062,045	
1,000	Pentair Inc. ....	31,908	
19,000	Sulzer AG .....	403,775	1,
55,200	Swire Pacific Ltd., Cl. A .....	622,328	
24,000	Technip SA .....	1,681,134	
70,000	Trinity Industries Inc. ....	899,679	1,
210,000	Tyco International Ltd. ....	10,072,720	4,
		67,378,852	65,
	TELECOMMUNICATIONS -- 5.8%		
65,000	BCE Inc. ....	1,607,838	1,
16,000	Bell Aliant Regional Communications Income Fund (a) (b) .....	510,683	
30,000	Brasil Telecom Participacoes SA, ADR .....	1,743,257	1,
1,700,000	BT Group plc .....	7,029,679	3,
7,040,836	Cable & Wireless Jamaica Ltd.+ (c) .....	128,658	
888,300	Cincinnati Bell Inc.+ .....	6,008,340	1,
170,000	Deutsche Telekom AG, ADR .....	2,806,557	2,
3,394	FairPoint Communications Inc. ....	32,949	
5,000	France Telecom SA, ADR .....	146,305	
50,000	Frontier Communications Corp. ....	734,000	
32,000	Hellenic Telecommunications Organization SA .....	704,508	
8,500	Hellenic Telecommunications Organization SA, ADR .....	90,649	
100,000	Koninklijke KPN NV .....	232,728	1,
12,000	Orascom Telecom Holding SAE, GDR .....	842,050	
450,000	Qwest Communications International Inc. ....	1,756,816	1,
750,000	Sprint Nextel Corp.+ .....	13,023,006	1,
184,000	Tele Norte Leste Participacoes SA, ADR .....	2,443,834	2,
48,000	Tele2 AB, Cl. B .....	804,719	
48,000	Telecom Argentina SA, ADR+ .....	369,540	
1,000,000	Telecom Italia SpA .....	4,090,270	1,
205,000	Telefonica SA, ADR .....	9,753,929	13,
55,000	Telefonos de Mexico SAB de CV, Cl. L, ADR .....	250,894	1,
265,000	Telephone & Data Systems Inc. ....	12,354,090	8,
360,000	Telephone & Data Systems Inc., Special .....	15,809,811	10,
60,000	Telmex Internacional SAB de CV, ADR .....	187,288	
15,000	TELUS Corp. ....	280,203	
160,000	Verizon Communications Inc. ....	5,797,745	5,
5,169	Windstream Corp. ....	19,996	
		89,560,342	61,
	HEALTH CARE -- 5.4%		
4,000	Abbott Laboratories .....	152,046	
135,000	Advanced Medical Optics Inc.+ .....	3,546,626	
14,046	Allergan Inc. ....	655,380	

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See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.  
 SCHEDULE OF INVESTMENTS (CONTINUED)  
 DECEMBER 31, 2008

SHARES		COST	MAR
-----		-----	VA
	COMMON STOCKS (CONTINUED)		
	HEALTH CARE (CONTINUED)		
51,000	Amgen Inc.+ .....	\$ 2,981,404	\$ 2,
15,346	AstraZeneca plc .....	761,070	
17,000	Baxter International Inc. ....	996,870	
2,000	Becton Dickinson & Co. ....	174,354	
35,000	Biogen Idec Inc.+ .....	806,669	1,
120,000	Boston Scientific Corp.+ .....	1,655,930	
85,000	Bristol-Myers Squibb Co. ....	2,152,363	1,
2,000	Cephalon Inc.+ .....	152,351	
9,600	Cochlear Ltd. ....	431,782	
20,000	Covidien Ltd. ....	876,365	
36,036	GlaxoSmithKline plc .....	1,111,118	
4,000	GlaxoSmithKline plc, ADR .....	216,096	
30,000	Henry Schein Inc.+ .....	764,324	1,
18,000	Hospira Inc.+ .....	635,417	
105,000	Johnson & Johnson .....	6,821,167	6,
80,000	Life Technologies Corp.+ .....	2,065,234	1,
85,000	Merck & Co. Inc. ....	3,158,470	2,
10,000	Nobel Biocare Holding AG .....	286,712	
31,200	Novartis AG .....	1,661,323	1,
98,000	Novartis AG, ADR .....	4,369,878	4,
450,000	Pfizer Inc. ....	11,897,037	7,
13,100	Roche Holding AG .....	2,066,711	2,
8,000	Sanofi-Aventis .....	717,112	
100,000	Schering-Plough Corp. ....	1,707,438	1,
64,000	Smith & Nephew plc .....	611,868	
50,000	SSL International plc .....	439,178	
4,200	Straumann Holding AG .....	870,588	
10,000	Synthes Inc. ....	1,197,005	1,
15,200	Takeda Pharmaceutical Co. Ltd. ....	689,373	
115,000	UnitedHealth Group Inc. ....	5,470,701	3,
79,600	William Demant Holding A/S+ .....	3,610,621	3,
90,000	Wyeth .....	3,565,970	3,
3,500	Zimmer Holdings Inc.+ .....	206,742	
		-----	-----
		69,483,293	57,
		-----	-----
	ENTERTAINMENT -- 5.3%		
110,000	Aruze Corp. ....	3,345,171	1,
32,000	Canal+ Groupe .....	34,011	
2,002	Chestnut Hill Ventures+ (a) .....	54,500	
134,500	Discovery Communications Inc., Cl. A+ .....	2,306,045	1,



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134,500	Discovery Communications Inc., Cl. C+ .....	1,609,881	1,
3,000	DreamWorks Animation SKG Inc., Cl. A+ .....	68,959	
690,000	Grupo Televisa SA, ADR .....	8,053,491	10,
430,000	Liberty Media Corp. - Entertainment, Cl. A+ .....	8,493,064	7,
125	Live Nation Inc.+ .....	1,296	
65,341	Macrovision Solutions Corp.+ .....	1,341,728	
110,000	Pinnacle Entertainment Inc.+ .....	532,805	
10,000	Regal Entertainment Group, Cl. A .....	134,259	
10,000	The Walt Disney Co. ....	164,934	
920,000	Time Warner Inc. ....	19,618,517	9,
122,000	Tokyo Broadcasting System Inc. ....	3,603,992	1,
320,000	Viacom Inc., Cl. A+ .....	15,057,981	6,
432,100	Vivendi .....	13,327,675	13,
		77,748,309	56,

EQUIPMENT AND SUPPLIES -- 4.2%

254,000	AMETEK Inc. ....	4,284,352	7,
4,000	Amphenol Corp., Cl. A .....	14,775	

SHARES

COST

MAR  
VA

94,000	CIRCOR International Inc. ....	\$ 974,241	\$ 2,
193,000	Donaldson Co. Inc. ....	2,982,411	6,
50,000	Fedders Corp.+ (a) .....	71,252	
150,000	Flowserve Corp. ....	5,544,523	7,
23,000	Franklin Electric Co. Inc. ....	250,434	
95,000	Gerber Scientific Inc.+ .....	999,244	
80,000	GrafTech International Ltd.+ .....	809,606	
318,000	IDEX Corp. ....	7,631,663	7,
40,000	Ingersoll-Rand Co. Ltd., Cl. A .....	855,378	
102,000	Lufkin Industries Inc. ....	990,973	3,
11,000	Mueller Industries Inc. ....	485,034	
2,000	Sealed Air Corp. ....	17,404	
75,000	Tenaris SA, ADR .....	3,308,011	1,
4,000	The Manitowoc Co. Inc. ....	25,450	
90,000	The Weir Group plc .....	378,710	
190,000	Watts Water Technologies Inc., Cl. A .....	2,957,983	4,
		32,581,444	45,

CONSUMER PRODUCTS -- 3.9%

75,000	Avon Products Inc. ....	2,108,560	1,
66,182	British American Tobacco plc .....	1,941,437	1,
35,600	Christian Dior SA .....	2,542,238	1,
12,000	Church & Dwight Co. Inc. ....	79,628	
12,000	Clorox Co. ....	667,921	
120,000	Eastman Kodak Co. ....	1,529,603	
110,000	Energizer Holdings Inc.+ .....	4,823,303	5,
78,000	Fortune Brands Inc. ....	4,736,771	3,
2,000	Givaudan SA .....	550,742	1,
60,000	Hanesbrands Inc.+ .....	1,376,148	
32,000	Harley-Davidson Inc. ....	1,486,605	
160	Japan Tobacco Inc. ....	891,860	
4,000	Jarden Corp.+ .....	91,909	
8,000	Mattel Inc. ....	144,000	
16,000	National Presto Industries Inc. ....	524,551	1,

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10,000	Oil-Dri Corp. of America .....	171,255	
80,000	Pactiv Corp.+ .....	828,772	1,
10,000	Procter & Gamble Co. ....	438,500	
58,000	Reckitt Benckiser Group plc .....	1,787,176	2,
33,000	Svenska Cellulosa AB, Cl. B .....	450,176	
1,000,000	Swedish Match AB .....	11,131,012	14,
30,000	The Swatch Group AG .....	1,684,101	
		-----	-----
		39,986,268	41,
		-----	-----
	AUTOMOTIVE: PARTS AND ACCESSORIES -- 3.0%		
2,000	BERU AG .....	210,290	
86,000	BorgWarner Inc. ....	1,126,424	1,
173,000	CLARCOR Inc. ....	1,433,218	5,
82,500	Earl Scheib Inc.+ .....	644,854	
300,000	Genuine Parts Co. ....	10,831,178	11,
200,000	Johnson Controls Inc. ....	4,137,496	3,
135,000	Midas Inc.+ .....	1,878,589	1,
330,000	Modine Manufacturing Co. ....	8,213,644	1,
160,000	O'Reilly Automotive Inc.+ .....	4,667,399	4,
100,000	Proliance International Inc.+ .....	573,231	
175,000	Standard Motor Products Inc. ....	1,873,526	
35,000	Superior Industries International Inc. ....	822,800	
		-----	-----
		36,412,649	31,
		-----	-----
	PUBLISHING -- 2.4%		
10,000	Idearc Inc. ....	1,041	
1,825,300	Il Sole 24 Ore .....	15,304,545	5,
348,266	Independent News & Media plc .....	663,968	
250,000	Media General Inc., Cl. A .....	14,458,909	

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2008

SHARES/ UNITS		COST	MAR VA
-----		-----	-----
	COMMON STOCKS (CONTINUED)		
	PUBLISHING (CONTINUED)		
122,000	Meredith Corp. ....	\$ 5,066,964	\$ 2,
1,430,000	News Corp., Cl. A .....	18,529,673	12,
20,000	News Corp., Cl. B .....	186,274	
66,585	Seat Pagine Gialle SpA+ .....	177,139	
50,333	The E.W. Scripps Co., Cl. A .....	375,680	
182,000	The McGraw-Hill Companies Inc. ....	7,122,447	4,
		-----	-----
		61,886,640	26,
		-----	-----
	BUSINESS SERVICES -- 2.3%		
6,000	ACCO Brands Corp.+ .....	77,008	

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16,850	Ascent Media Corp., Cl. A+ .....	523,580	
310,000	BPW Acquisition Corp.+ .....	3,097,250	2,
24,400	Canon Inc. ....	1,096,003	
110,000	Clear Channel Outdoor Holdings Inc., Cl. A+ .....	1,961,320	
186,554	Contax Participacoes SA, ADR .....	76,632	
100,000	Diebold Inc. ....	3,841,978	2,
200,000	G4S plc .....	0	
1,000	Hertz Global Holdings Inc.+ .....	7,031	
48,000	Jardine Matheson Holdings Ltd. ....	1,179,013	
92,000	Landauer Inc. ....	2,498,708	6,
39,500	MasterCard Inc., Cl. A .....	1,593,825	5,
50,000	Monster Worldwide Inc.+ .....	1,145,594	
72,500	Nashua Corp.+ .....	656,628	
20,000	Secom Co. Ltd. ....	871,059	1,
265,000	The Interpublic Group of Companies Inc.+ .....	2,478,784	1,
8,000	Visa Inc., Cl. A .....	352,000	
		<hr/>	
		21,456,413	24,
		<hr/>	
	CONSUMER SERVICES -- 2.1%		
100,000	IAC/InterActiveCorp.+ .....	2,555,272	1,
210,000	Liberty Media Corp. - Interactive, Cl. A+ .....	4,593,199	
1,090,000	Rollins Inc. ....	11,170,177	19,
		<hr/>	
		18,318,648	21,
		<hr/>	
	AVIATION: PARTS AND SERVICES -- 1.8%		
350,000	Curtiss-Wright Corp. ....	4,965,900	11,
250,000	GenCorp Inc.+ .....	2,734,011	
104,000	Precision Castparts Corp. ....	5,728,725	6,
160,000	The Fairchild Corp., Cl. A+ .....	543,870	
		<hr/>	
		13,972,506	18,
		<hr/>	
	RETAIL -- 1.7%		
180,000	AutoNation Inc.+ .....	1,951,054	1,
1,000	AutoZone Inc.+ .....	87,930	
40,000	Coldwater Creek Inc.+ .....	157,162	
55,200	Compagnie Financiere Richemont SA, Cl. A .....	1,243,853	1,
40,000	Costco Wholesale Corp. ....	1,868,913	2,
75,000	CVS Caremark Corp. ....	2,782,778	2,
10,108	Denny's Corp.+ .....	14,357	
17,200	Hennes & Mauritz AB, Cl. B .....	742,807	
30,000	HSN Inc.+ .....	530,083	
150,000	Macy's Inc. ....	3,455,543	1,
50,000	Sally Beauty Holdings Inc.+ .....	416,927	
50,000	SUPERVALU Inc. ....	1,453,171	
225,000	The Great Atlantic & Pacific Tea Co. Inc.+ .....	4,663,767	1,
SHARES		COST	MAR VA
<hr/>		<hr/>	<hr/>
50,000	Wal-Mart Stores Inc. ....	\$ 2,439,000	\$ 2,
90,000	Walgreen Co. ....	3,188,463	2,
32,000	Whole Foods Market Inc. ....	805,826	
58,400	Woolworths Ltd. ....	862,777	1,
		<hr/>	<hr/>
		26,664,411	18,

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MACHINERY -- 1.7%		
20,000	Caterpillar Inc. ....	136,559
13,600	CNH Global NV .....	720,020
435,000	Deere & Co. ....	12,737,846
6,400	SMC Corp. ....	826,649
		14,421,074
SPECIALTY CHEMICALS -- 1.7%		
13,000	Ashland Inc. ....	217,620
5,400	Ciba Holding AG, ADR .....	4,285
30,000	E.I. du Pont de Nemours and Co. ....	1,263,365
350,000	Ferro Corp. ....	7,353,490
4,000	FMC Corp. ....	136,430
45,000	H.B. Fuller Co. ....	620,163
70,000	International Flavors & Fragrances Inc. ....	3,296,486
291,018	Omnova Solutions Inc.+ .....	1,910,452
40,000	Rohm and Haas Co. ....	1,950,695
260,000	Sensient Technologies Corp. ....	4,760,885
132,000	Tokai Carbon Co. Ltd. ....	543,332
100,000	Zep Inc. ....	1,293,508
		23,350,711
AEROSPACE -- 1.5%		
102,000	Boeing Co. ....	6,077,497
32,640	Finmeccanica SpA .....	843,311
25,899	Kaman Corp. ....	586,549
8,000	Lockheed Martin Corp. ....	468,720
85,000	Northrop Grumman Corp. ....	4,892,048
1,200,000	Rolls-Royce Group plc+ .....	9,166,092
68,640,000	Rolls-Royce Group plc, Cl. C+ .....	107,024
		22,141,241
WIRELESS COMMUNICATIONS -- 1.3%		
95,000	America Movil SAB de CV, Cl. L, ADR .....	1,335,987
52,000	China Mobile Ltd. ....	637,345
14,000	Clearwire Corp., Cl. A+ .....	250,895
1,700	NTT DoCoMo Inc. ....	3,438,005
5,087	Telemig Celular Participacoes SA, ADR .....	147,017
32,165	Tim Participacoes SA, ADR .....	390,212
115,400	United States Cellular Corp.+ .....	5,343,392
44,377	Vivo Participacoes SA, ADR .....	2,262,222
45,000	Vodafone Group plc, ADR .....	1,223,275
		15,028,350
AGRICULTURE -- 1.3%		
340,000	Archer-Daniels-Midland Co. ....	7,725,192
31,000	Monsanto Co. ....	1,451,491
4,000	Syngenta AG .....	1,197,594
15,000	Syngenta AG, ADR .....	189,981
10,000	The Mosaic Co. ....	176,051
		10,740,309
METALS AND MINING -- 1.3%		
65,000	Alcoa Inc. ....	1,385,315
24,030	Anglo American plc .....	943,612

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See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2008

SHARES -----		COST -----	MAR VA
	COMMON STOCKS (CONTINUED)		
	METALS AND MINING (CONTINUED)		
88,000	Barrick Gold Corp. ....	\$ 2,576,640	\$ 3,
16,000	BHP Billiton Ltd. ....	673,778	
4,000	Freeport-McMoRan Copper & Gold Inc. ....	102,895	
35,000	Harmony Gold Mining Co. Ltd.+ ....	176,902	
35,000	Harmony Gold Mining Co. Ltd., ADR+ ....	460,008	
20,000	Impala Platinum Holdings Ltd. ....	789,714	
75,000	Ivanhoe Mines Ltd.+ ....	560,208	
52,000	New Hope Corp. Ltd. ....	70,252	
155,000	Newmont Mining Corp. ....	4,747,145	6,
20,000	Rio Tinto plc ....	1,222,126	
55,766	Xstrata plc ....	1,281,816	
		-----	-----
		14,990,411	13,
		-----	-----
	ENVIRONMENTAL SERVICES -- 1.2%		
97,000	Republic Services Inc. ....	905,229	2,
330,000	Waste Management Inc. ....	8,005,033	10,
		-----	-----
		8,910,262	13,
		-----	-----
	HOTELS AND GAMING -- 1.2%		
2,500	Accor SA ....	167,938	
200,000	Gaylord Entertainment Co.+ ....	5,147,797	2,
45,000	Interval Leisure Group Inc.+ ....	876,000	
1,100,058	Ladbrokes plc ....	11,258,708	2,
40,000	Las Vegas Sands Corp.+ ....	508,828	
3,900,000	Mandarin Oriental International Ltd. ....	7,272,574	3,
155,000	MGM Mirage+ ....	9,710,063	2,
44,000	Orient-Express Hotels Ltd., Cl. A ....	1,003,821	
34,000	Starwood Hotels & Resorts Worldwide Inc. ....	520,597	
140,000	The Hongkong & Shanghai Hotels Ltd. ....	110,578	
1,000	Wynn Resorts Ltd.+ ....	45,383	
		-----	-----
		36,622,287	12,
		-----	-----
	ELECTRONICS -- 1.0%		
6,000	Advanced Micro Devices Inc.+ ....	57,915	
16,000	Bel Fuse Inc., Cl. A ....	500,167	
11,200	Fanuc Ltd. ....	1,145,649	
5,000	Hitachi Ltd., ADR ....	347,376	
180,000	Intel Corp. ....	3,637,892	2,
4,720	Keyence Corp. ....	960,847	

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SHARES		COST	MAR VA
<hr/>			
80,000	LSI Corp.+ .....	474,386	
20,000	Molex Inc., Cl. A .....	519,697	
7,500	NEC Corp., ADR .....	43,625	
35,000	Royal Philips Electronics NV .....	48,221	
265,000	Texas Instruments Inc. ....	6,407,535	4,
62,000	Tyco Electronics Ltd. ....	2,392,821	1,
		<hr/>	<hr/>
		16,536,131	11,
		<hr/>	<hr/>
	COMMUNICATIONS EQUIPMENT -- 1.0%		
480,000	Corning Inc. ....	4,124,295	4,
90,000	Motorola Inc. ....	1,024,871	
100	Nortel Networks Corp.+ .....	688	
250,000	Thomas & Betts Corp.+ .....	8,254,260	6,
		<hr/>	<hr/>
		13,404,114	10,
		<hr/>	<hr/>
	AUTOMOTIVE -- 0.6%		
330,000	General Motors Corp. ....	\$ 6,180,347	\$ 1,
125,000	Navistar International Corp.+ .....	3,272,936	2,
96,750	PACCAR Inc. ....	431,444	2,
		<hr/>	<hr/>
		9,884,727	6,
		<hr/>	<hr/>
	TRANSPORTATION -- 0.6%		
100,000	AMR Corp.+ .....	1,924,248	1,
165,000	GATX Corp. ....	4,548,661	5,
15,000	Grupo TMM SA, Cl. A, ADR+ .....	70,729	
56,000	Toll Holdings Ltd. ....	542,075	
		<hr/>	<hr/>
		7,085,713	6,
		<hr/>	<hr/>
	REAL ESTATE -- 0.6%		
2,000	Brookfield Asset Management Inc., Cl. A .....	70,670	
56,000	Cheung Kong (Holdings) Ltd. ....	658,818	
55,500	Griffin Land & Nurseries Inc. ....	529,368	2,
138,000	The St. Joe Co.+ .....	7,982,868	3,
		<hr/>	<hr/>
		9,241,724	5,
		<hr/>	<hr/>
	COMPUTER SOFTWARE AND SERVICES -- 0.5%		
8,000	Alibaba.com Ltd.+ .....	13,935	
10,000	Check Point Software Technologies Ltd.+ .....	169,874	
50,000	NCR Corp.+ .....	1,282,708	
30,000	Rockwell Automation Inc. ....	1,406,205	
19,300	Square Enix Holdings Co. Ltd. ....	519,618	
25,256	Telecom Italia Media SpA+ .....	26,868	
185,000	Yahoo! Inc.+ .....	5,607,536	2,
1,600	Yahoo! Japan Corp. ....	603,852	
		<hr/>	<hr/>
		9,630,596	5,
		<hr/>	<hr/>
	BROADCASTING -- 0.5%		
76,000	British Sky Broadcasting Group plc .....	883,006	

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410,000	CBS Corp., Cl. A .....	12,823,068	3,
20,343	Citadel Broadcasting Corp.+ .....	29,042	
2,000	Cogeco Inc. ....	39,014	
25,334	Corus Entertainment Inc., Cl. B, New York .....	46,981	
6,666	Corus Entertainment Inc., Cl. B, Toronto .....	12,406	
110,000	Gray Television Inc. ....	721,003	
23,000	Gray Television Inc., Cl. A .....	274,444	
77,000	Liberty Media Corp. - Capital, Cl. A+ .....	990,182	
70,000	LIN TV Corp., Cl. A+ .....	685,615	
100,000	Television Broadcasts Ltd. ....	396,239	
		-----	-----
		16,901,000	5,
		-----	-----
	CLOSED-END FUNDS -- 0.2%		
31,500	Royce Value Trust Inc. ....	388,297	
104,000	The Central Europe and Russia Fund Inc. ....	2,391,965	1,
70,000	The New Germany Fund Inc. ....	754,518	
		-----	-----
		3,534,780	2,
		-----	-----
	MANUFACTURED HOUSING AND RECREATIONAL VEHICLES -- 0.1%		
150,000	Champion Enterprises Inc.+ .....	782,392	
27,000	Huttig Building Products Inc.+ .....	68,453	
7,000	Martin Marietta Materials Inc. ....	144,225	
10,000	Nobility Homes Inc. ....	195,123	
30,000	Skyline Corp. ....	1,072,261	
		-----	-----
		2,262,454	1,
		-----	-----

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2008

SHARES		COST	MAR VA
-----		-----	-----
	COMMON STOCKS (CONTINUED)		
	REAL ESTATE INVESTMENT TRUSTS -- 0.1%		
2,000	Camden Property Trust .....	\$ 37,490	\$
24,984	Rayonier Inc. ....	798,811	
		-----	-----
		836,301	
		-----	-----
	TOTAL COMMON STOCKS .....	1,184,687,722	1,011,
		-----	-----
	CONVERTIBLE PREFERRED STOCKS -- 0.1%		
	TELECOMMUNICATIONS -- 0.1%		
25,000	Cincinnati Bell Inc., 6.75% Cv. Pfd., Ser. B .....	787,113	
		-----	-----

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	WARRANTS -- 0.0%			
	ENERGY AND UTILITIES -- 0.0%			
12,183	Mirant Corp.,			
	Ser. A, expire 01/03/11+ .....	36,353		
		-----		-----
PRINCIPAL				
AMOUNT				
-----				
	CONVERTIBLE CORPORATE BONDS -- 0.2% RETAIL -- 0.2%			
\$ 3,300,000	The Great Atlantic & Pacific Tea Co. Inc., Cv., 5.125%, 06/15/11 .....	3,207,436		1,
		-----		-----
	CORPORATE BONDS -- 0.0% CONSUMER PRODUCTS -- 0.0%			
1,000,000	Pillowtex Corp., Sub. Deb., 9.000%, 12/15/17+ (a) .....	0		
		-----		-----
	U.S. GOVERNMENT OBLIGATIONS -- 5.0% U.S. TREASURY CASH MANAGEMENT BILLS -- 0.1%			
1,417,000	U.S. Treasury Cash Management Bills, 0.030% to 0.137%+, 04/29/09 to 06/24/09 .....	1,416,267		1,
		-----		-----
	U.S. TREASURY BILLS -- 4.9% U.S. Treasury Bills, 0.020% to 1.129%+, 01/02/09 to 06/25/09 .....	52,584,451		52,
52,609,000		-----		-----
	TOTAL U.S. GOVERNMENT OBLIGATIONS .....	54,000,718		53,
		-----		-----
		COST		MAR
		-----		VA
	TOTAL INVESTMENTS -- 100.0% .....	\$1,242,719,342		\$1,068,
		=====		
	OTHER ASSETS AND LIABILITIES (NET) .....			38,
	PREFERRED STOCK			
	(8,828,015 preferred shares outstanding) .....			(382,
				-----
	NET ASSETS -- COMMON STOCK			
	(174,919,152 common shares outstanding) .....			\$ 724,
				=====
	NET ASSET VALUE PER COMMON SHARE			
	(\$724,076,078/174,919,152 shares outstanding) .....			\$
				=====
-----				

(a) Security fair valued under procedures established by the Board of Directors. The procedures may include reviewing available financial information about the company and reviewing the valuation of comparable



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securities and other factors on a regular basis. At December 31, 2008, the market value of fair valued securities amounted to \$405,652 or 0.04% of total investments.

- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2008, the market value of the Rule 144A security amounted to \$305,225 or 0.03% of total investments.
- (c) At December 31, 2008, the Fund held an investment in a restricted security amounting to \$44,282 or 0.00% of total investments, which was valued under methods approved by the Board of Directors as follows:

ACQUISITION SHARES	ISSUER	ACQUISITION DATE	ACQUISITION COST	12/31/08 CARRYING VALUE PER UNIT
7,040,836	Cable & Wireless Jamaica Ltd.....	09/30/93	\$128,658	\$0.0063

+ Non-income producing security.

++ Represents annualized yield at date of purchase.

ADR American Depositary Receipt

CVO Contingent Value Obligation

GDR Global Depositary Receipt

GEOGRAPHIC DIVERSIFICATION	% OF MARKET VALUE	MARKET VALUE
North America.....	75.8%	\$ 809,248,821
Europe.....	16.4	175,780,303
Latin America.....	4.0	42,533,858
Japan.....	2.8	29,689,302
Asia/Pacific.....	0.9	9,390,578
South Africa.....	0.1	1,045,875
Africa/Middle East.....	0.0	331,613
Total Investments.....	100.0%	\$1,068,020,350

See accompanying notes to financial statements.

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## STATEMENT OF ASSETS AND LIABILITIES DECEMBER 31, 2008

### ASSETS:

Investments, at value (cost \$1,242,719,342) .....	\$1,068,020,350
Foreign currency, at value (cost \$2,218,056) .....	2,483,498
Receivable for investments sold .....	41,581,450
Dividends and interest receivable .....	2,247,024
Unrealized appreciation on swap contracts .....	77,128
Deferred offering expense .....	143,247
Prepaid expense .....	45,722
TOTAL ASSETS .....	1,114,598,419

### LIABILITIES:

Payable to custodian .....	4,067
Payable to brokers .....	171
Payable for investments purchased .....	6,063,503
Distributions payable .....	226,061
Payable for Preferred shares repurchased .....	156,095
Payable for investment advisory fees .....	584,627
Payable for payroll expenses .....	33,890
Payable for accounting fees .....	7,481
Payable for auction agent fees .....	378,656
Other accrued expenses .....	529,415
TOTAL LIABILITIES .....	7,983,966

### PREFERRED STOCK:

Series C Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 5,200 shares authorized with 4,680 shares issued and outstanding) .....	117,000,000
Series D Cumulative Preferred Stock (5.875%, \$25 liquidation value, \$0.001 par value, 3,000,000 shares authorized with 2,901,269 shares issued and outstanding) .....	72,531,725
Series E Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 2,000 shares authorized with 1,800 shares issued and outstanding) .....	45,000,000
Series F Cumulative Preferred Stock (6.200%, \$25 liquidation value, \$0.001 par value, 6,000,000 shares authorized with 5,920,266 shares issued and outstanding) .....	148,006,650
TOTAL PREFERRED STOCK .....	382,538,375

NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS ..... \$ 724,076,078

### NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS

#### CONSIST OF:

Paid-in capital, at \$0.001 par value .....	\$ 920,886,132
Accumulated distributions in excess of net investment income .....	(397,261)
Accumulated net realized loss on investments, written options, futures contracts, swap contracts, and foreign currency transactions .....	(22,050,703)
Net unrealized depreciation on investments .....	(174,698,992)
Net unrealized appreciation on swap contracts .....	77,128
Net unrealized appreciation on foreign currency translations .....	259,774

NET ASSETS ..... \$ 724,076,078

NET ASSET VALUE PER COMMON SHARE

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(\$724,076,078 / 174,919,152 shares outstanding;  
246,000,000 shares authorized) ..... \$ 4.14  
=====

### STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2008

INVESTMENT INCOME:	
Dividends (net of foreign taxes of \$1,231,680) .....	\$ 34,140,954
Interest .....	1,190,040
	-----
TOTAL INVESTMENT INCOME .....	35,330,994
	-----
EXPENSES:	
Investment advisory fees .....	16,058,680
Shareholder communications expenses .....	640,041
Auction agent fees .....	447,756
Custodian fees .....	309,535
Legal and audit fees .....	173,224
Directors' fees .....	144,923
Payroll expenses .....	143,545
Shareholder services fees .....	112,782
Accounting fees .....	45,000
Interest expense .....	21,653
Miscellaneous expenses .....	299,707
	-----
TOTAL EXPENSES .....	18,396,846
Less:	
Advisory fee reduction .....	(4,012,394)
Custodian fee credits .....	(3,266)
	-----
NET EXPENSES .....	14,381,186
	-----
NET INVESTMENT INCOME .....	20,949,808
	-----
NET REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS, WRITTEN OPTIONS, SWAP CONTRACTS, FUTURES CONTRACTS, AND FOREIGN CURRENCY:	
Net realized loss on investments .....	(24,839,895)
Net realized gain on written options .....	11,985
Net realized loss on swap contracts .....	(1,315,321)
Net realized gain on futures contracts .....	9,531,398
Net realized gain on foreign currency transactions .....	182,670
	-----
Net realized gain/(loss) on investments, written options, swap contracts, futures contracts, and foreign currency transactions .....	(16,429,163)
	-----
Net change in unrealized appreciation/(depreciation):	
on investments .....	(729,934,434)
on written options .....	15
on swap contracts .....	69,963
on futures contracts .....	(1,088,286)
on foreign currency translations .....	174,827
	-----
Net change in unrealized appreciation/(depreciation) on investments, written options, swap contracts, futures contracts, and foreign currency translations .....	(730,777,915)
	-----

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NET REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS, WRITTEN OPTIONS, SWAP CONTRACTS, FUTURES CONTRACTS, AND FOREIGN CURRENCY .....	(747,207,078)
<hr/>	
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS .....	(726,257,270)
Total Distributions to Preferred Stock Shareholders .....	(19,287,568)
<hr/>	
NET DECREASE IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS .....	\$ (745,544,838)
<hr/>	

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.  
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO COMMON SHARES

OPERATIONS:

Net investment income .....	\$
Net realized gain/(loss) on investments, written options, swap contracts, futures contracts, and foreign currency transactions .....	
Net change in unrealized appreciation/(depreciation) on investments, written options, swap contracts, futures contracts, and foreign currency translations .....	
NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS .....	

DISTRIBUTIONS TO PREFERRED SHAREHOLDERS:

Net investment income .....	
Net realized short-term gain .....	
Net realized long-term gain .....	
TOTAL DISTRIBUTIONS TO PREFERRED SHAREHOLDERS .....	

NET INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS  
RESULTING FROM OPERATIONS .....

DISTRIBUTIONS TO COMMON SHAREHOLDERS:

Net investment income .....	
Net realized short-term gain .....	
Net realized long-term gain .....	
Return of capital .....	
TOTAL DISTRIBUTIONS TO COMMON SHAREHOLDERS .....	

FUND SHARE TRANSACTIONS:

Net increase in net assets from common shares issued upon reinvestment of distributions .....	
Net increase in net assets from repurchase of preferred shares .....	
Offering costs for preferred shares charged to paid-in capital .....	
NET INCREASE IN NET ASSETS FROM FUND SHARE TRANSACTIONS .....	

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NET DECREASE IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS .....	
NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS:	
Beginning of period .....	
End of period (including undistributed net investment income of \$0 and \$0, respectively) .....	

See accompanying notes to financial statements.

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### THE GABELLI EQUITY TRUST INC. FINANCIAL HIGHLIGHTS

SELECTED DATA FOR A SHARE OF COMMON STOCK OUTSTANDING THROUGHOUT EACH PERIOD:

	YEAR END	
	2008	2007
OPERATING PERFORMANCE:		
Net asset value, beginning of period .....	\$ 9.22	\$ 9.40
Net investment income .....	0.12	0.14
Net realized and unrealized gain/(loss) on investments, written options, swap contracts, futures contracts, and foreign currency transactions .....	(4.30)	1.12
Total from investment operations .....	(4.18)	1.26
DISTRIBUTIONS TO PREFERRED SHAREHOLDERS:(a)		
Net investment income .....	(0.11)	(0.02)
Net realized gain .....	--	(0.12)
Total distributions to preferred shareholders .....	(0.11)	(0.14)
NET INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS .....		
	(4.29)	1.12
DISTRIBUTIONS TO COMMON SHAREHOLDERS:		
Net investment income .....	(0.00) (d)	(0.12)
Net realized gain .....	--	(0.57)
Return of capital .....	(0.80)	(0.61)
Total distributions to common shareholders .....	(0.80)	(1.30)
FUND SHARE TRANSACTIONS:		
Increase/(decrease) in net asset value from common stock share transactions .....	0.01	--
Decrease in net asset value from shares issued in rights offering ..	--	--
Increase in net asset value from repurchase of preferred shares ....	0.00 (d)	--
Offering costs for preferred shares charged to paid-in capital .....	0.00 (d)	--

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Offering costs for issuance of rights charged to paid-in capital ...	--	--
Total fund share transactions .....	0.01	--
NET ASSET VALUE ATTRIBUTABLE TO COMMON SHAREHOLDERS, END OF PERIOD .....	\$ 4.14	\$ 9.22
Net Asset Value Total Return + .....	(49.06)%	12.14%
Market Value, End of Period .....	\$ 3.70	\$ 9.28
Total Investment Return ++ .....	(54.77)%	12.75%

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
FINANCIAL HIGHLIGHTS (CONTINUED)

SELECTED DATA FOR A SHARE OF COMMON STOCK OUTSTANDING THROUGHOUT EACH PERIOD:

	YEAR ENDED D		
	2008	2007	2006
RATIOS AND SUPPLEMENTAL DATA:			
Net assets including liquidation value of preferred shares, end of period (in 000's) .....	\$1,106,614	\$1,990,123	\$2,114,000
Net assets attributable to common shares, end of period (in 000's) .....	\$ 724,076	\$1,586,381	\$1,586,381
Ratio of net investment income to average net assets attributable to common shares before preferred distributions .....	1.73%	1.16%	--
Ratio of operating expenses to average net assets attributable to common shares before fees waived .....	1.52%	--	--
Ratio of operating expenses to average net assets attributable to common shares net of fee reduction, if any .....	1.19%	1.46%	--
Ratio of operating expenses to average net assets including liquidation value of preferred shares before fees waived .....	1.14%	--	--
Ratio of operating expenses to average net assets including liquidation value of preferred shares net of fee reduction, if any .....	0.89%	1.17%	--
Portfolio turnover rate+++ .....	13.5%	17.2%	--
PREFERRED STOCK:			
7.200% SERIES B CUMULATIVE PREFERRED STOCK			
Liquidation value, end of period (in 000's) .....	--	--	\$ 123,000
Total shares outstanding (in 000's) .....	--	--	4
Liquidation preference per share .....	--	--	\$ 2
Average market value (b) .....	--	--	\$ 2
Asset coverage per share .....	--	--	\$ 10
AUCTION RATE SERIES C CUMULATIVE PREFERRED STOCK			

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Liquidation value, end of period (in 000's) .....	\$ 117,000	\$ 130,000	\$ 130,000
Total shares outstanding (in 000's) .....	5	5	5
Liquidation preference per share .....	\$ 25,000	\$ 25,000	\$ 25,000
Average market value (b) .....	\$ 25,000	\$ 25,000	\$ 25,000
Asset coverage per share .....	\$ 72,320	\$ 123,230	\$ 100,000
5.875% SERIES D CUMULATIVE PREFERRED STOCK			
Liquidation value, end of period (in 000's) .....	\$ 72,532	\$ 73,743	\$ 73,743
Total shares outstanding (in 000's) .....	2,901	2,950	2,950
Liquidation preference per share .....	\$ 25.00	\$ 25.00	\$ 25.00
Average market value (b) .....	\$ 22.69	\$ 23.86	\$ 23.86
Asset coverage per share .....	\$ 72.32	\$ 123.23	\$ 100,000
AUCTION RATE SERIES E CUMULATIVE PREFERRED STOCK			
Liquidation value, end of period (in 000's) .....	\$ 45,000	\$ 50,000	\$ 50,000
Total shares outstanding (in 000's) .....	2	2	2
Liquidation preference per share .....	\$ 25,000	\$ 25,000	\$ 25,000
Average market value (b) .....	\$ 25,000	\$ 25,000	\$ 25,000
Asset coverage per share .....	\$ 72,320	\$ 123,230	\$ 100,000
6.200% SERIES F CUMULATIVE PREFERRED STOCK			
Liquidation value, end of period (in 000's) .....	\$ 148,007	\$ 150,000	\$ 150,000
Total shares outstanding (in 000's) .....	5,920	6,000	6,000
Liquidation preference per share .....	\$ 25.00	\$ 25.00	\$ 25.00
Average market value (b) .....	\$ 23.48	\$ 24.69	\$ 24.69
Asset coverage per share .....	\$ 72.32	\$ 123.23	\$ 100,000
ASSET COVERAGE (C) .....	289%	493%	

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- + Based on net asset value per share, adjusted for reinvestment of distributions, at prices dependent upon the relationship of the net asset value per share and the market value per share on the ex-dividend dates, including the effect of shares issued pursuant to the 2005 rights offering, assuming full subscription by shareholders.
- ++ Based on market value per share, adjusted for reinvestment of distributions, including the effect of shares issued pursuant to the 2005 rights offering, assuming full subscription by shareholders.
- +++ Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate to include cash proceeds due to mergers. Had this policy been adopted retroactively, the portfolio turnover rate for the years ended December 31, 2007, 2006, 2005, and 2004 would have been 27.3%, 33.1%, 27.0%, and 29.9%, respectively.
- (a) Calculated based upon average common shares outstanding on the record dates throughout the periods.
- (b) Based on weekly prices.
- (c) Asset coverage is calculated by combining all series of preferred stock.
- (d) Amount represents less than \$0.005 per share.

See accompanying notes to financial statements.

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1. ORGANIZATION. The Gabelli Equity Trust Inc. (the "Equity Trust") is a non-diversified closed-end management investment company organized as a Maryland corporation on May 20, 1986 and registered under the Investment Company Act of 1940, as amended (the "1940 Act"), whose primary objective is long-term growth of capital. Investment operations commenced on August 21, 1986.

The Equity Trust will invest at least 80% of its assets in equity securities under normal market conditions (the "80% Policy"). The 80% Policy may be changed without shareholder approval. The Equity Trust will provide shareholders with notice at least 60 days prior to the implementation of any changes in the 80% Policy.

2. SIGNIFICANT ACCOUNTING POLICIES. The preparation of financial statements in accordance with United States ("U.S.") generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

SECURITY VALUATION. Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market's official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Directors (the "Board") so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the "Adviser").

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of 60 days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities' fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than 60 days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value ADR securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

Statement of Financial Accounting Standard No. 157, "Fair Value Measurements" ("SFAS 157") clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements. The three



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levels of the fair value hierarchy under SFAS 157 are described below:

- Level 1 - quoted prices in active markets for identical securities;
- Level 2 - other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and
- Level 3 - significant unobservable inputs (including the Fund's determinations as to the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments and other financial instruments, by inputs used to value the Fund's investments as of December 31, 2008 is, as follows:

VALUATION INPUTS -----	INVESTMENTS IN SECURITIES (MARKET VALUE) ASSETS -----	OTHER FINANCIAL INSTRUMENTS (UNREALIZED APPRECIATION) * ASSETS -----
Level 1 - Quoted Prices	\$1,011,828,974	--
Level 2 - Other Significant Observable Inputs	56,090,949	\$77,128
Level 3 - Significant Unobservable Inputs	100,427	--
	-----	-----
Total	\$1,068,020,350 =====	\$77,128 =====

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\* Other financial instruments are derivative instruments not reflected in the Schedule of Investments, such as futures, forwards, and swaps which are valued at the unrealized appreciation/depreciation on the investment.

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### THE GABELLI EQUITY TRUST INC. NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

	INVESTMENTS IN SECURITIES (MARKET VALUE) -----
BALANCE AS OF 12/31/07	\$ 89,356
Accrued discounts/(premiums)	--
Realized gain/(loss)	--
Change in unrealized appreciation/(depreciation)+	11,071

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Net purchases/(sales)	--
Transfers in and/or out of Level 3	0
	-----
BALANCE AS OF 12/31/08	\$100,427
	=====
Net change in unrealized appreciation/ (depreciation) during the period on Level 3 investments held at 12/31/08+	\$(60,181) -----

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+ Net change in unrealized appreciation/(depreciation) is included in the related amounts on investments in the Statement of Operations.

In March 2008, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standard No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161") that is effective for fiscal years beginning after November 15, 2008. SFAS 161 is intended to improve financial reporting for derivative instruments by requiring enhanced disclosure that enables investors to understand how and why an entity uses derivatives, how derivatives are accounted for, and how derivative instruments affect an entity's results of operations and financial position. Management is currently evaluating the implications of SFAS 161 on the Fund's financial statement disclosures.

REPURCHASE AGREEMENTS. The Fund may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System, or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. It is the policy of the Fund to always receive and maintain securities as collateral whose market value, including accrued interest, are at least equal to 102% of the dollar amount invested by the Fund in each agreement. The Fund will make payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. At December 31, 2008, there were no open repurchase agreements.

INVESTMENTS IN OTHER INVESTMENT COMPANIES. The Fund may invest, from time to time, in shares of other investment companies (or entities that would be considered investment companies but are excluded from the definition pursuant to certain exceptions under the 1940 Act) (the "Acquired Funds") in accordance with the 1940 Act and related rules. As a shareholder in the Fund, you would bear the pro rata portion of the periodic expenses of the Acquired Funds in addition to the Fund's expenses. For the year ended December 31, 2008, the Fund's pro rata portion of the periodic expenses charged by the Acquired Funds was less than one basis point.

OPTIONS. The Fund may purchase or write call or put options on securities or indices. As a writer of put options, the Fund receives a premium at the outset and then bears the risk of unfavorable changes in the price of the financial instrument underlying the option. The Fund would incur a loss if the price of the underlying financial instrument decreases between the date the option is written and the date on which the option is terminated. The Fund would

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realize a gain, to the extent of the premium, if the price of the financial instrument increases between those dates. If a written call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a written put option is exercised, the premium reduces the cost basis of the security.

As a purchaser of put options, the Fund pays a premium for the right to sell to the seller of the put option the underlying security at a specified price. The seller of the put has the obligation to purchase the underlying security upon exercise at the exercise price. If the price of the underlying security declines, the Fund would realize a gain upon sale or exercise. If the price of the underlying security increases or stays the same, the Fund would realize a loss upon sale or at the expiration date, but only to the extent of the premium paid.

In the case of call options, these exercise prices are referred to as "in-the-money", "at-the-money", and "out-of-the-money", respectively. The Fund may write (a) in-the-money call options when the Adviser expects that the price of the underlying security will remain stable or decline during the option period, (b) at-the-money call options when the Adviser expects that the price of the underlying security will remain stable, decline or advance moderately during the option period, and (c) out-of-the-money call options when the Adviser expects that the premiums received from writing the call option will be greater than the appreciation in the price of the underlying security above the exercise price. By writing a call option, the Fund limits its opportunity to profit from any increase

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### THE GABELLI EQUITY TRUST INC. NOTES TO FINANCIAL STATEMENTS (CONTINUED)

in the market value of the underlying security above the exercise price of the option. Out-of-the-money, at-the-money, and in-the-money put options (the reverse of call options as to the relation of exercise price to market price) may be utilized in the same market environments that such call options are used in equivalent transactions. There were no open option contracts at December 31, 2008.

**SWAP AGREEMENTS.** The Fund may enter into equity, contract for difference, and interest rate swap or cap transactions. The use of swaps and caps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. A swap agreement may involve, to varying degrees, elements of market and counterparty risk and exposure to loss in excess of the related amounts reflected in the Statement of Assets and Liabilities. In an interest rate swap, the Fund would agree to pay to the other party to the interest rate swap (which is known as the "counterparty") periodically a fixed rate payment in exchange for the counterparty agreeing to pay to the Fund periodically a variable rate payment that is intended to approximate the Fund's variable rate payment obligation on Series C Preferred Stock and Series E Preferred Stock. In an interest rate cap, the Fund would pay a premium to the counterparty and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from that counterparty payments of the difference based on the notional amount of such cap. In a swap, a set of future cash flows are exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Swap and cap transactions introduce additional risk because the Fund would remain obligated to pay preferred stock dividends when due in

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accordance with the Articles Supplementary even if the counterparty defaulted. If there is a default by the counterparty to a swap contract, the Fund will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that the swap contract counterparties will be able to meet their obligations pursuant to a swap contract or that, in the event of default, the Fund will succeed in pursuing contractual remedies. The Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to a swap contract. The creditworthiness of the swap contract counterparties is closely monitored in order to minimize this risk. Depending on the general state of short-term interest rates and the returns on the Fund's portfolio securities at that point in time, such a default could negatively affect the Fund's ability to make dividend payments. In addition, at the time a swap or cap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction.

The use of derivative instruments involves, to varying degrees, elements of market and counterparty risk in excess of the amount recognized below.

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be paid or received on swaps, is reported as unrealized gains or losses in the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements.

At December 31, 2008, there were no open interest rate swap agreements.

Effective March 16, 2008, Bear, Stearns International Limited entered into a Guaranty Agreement with JPMorgan Chase & Co., whereby JPMorgan Chase & Co. unconditionally guarantees the due and punctual payment of certain liabilities of Bear, Stearns International Limited, including the current liabilities of Bear, Stearns International Limited to the Fund. As of December 31, 2008, the Fund held a contract for difference swap with Bear, Stearns International Limited which is covered by the JPMorgan Chase & Co. Guaranty Agreement as of the date of the report. Details of the swap at December 31, 2008 are as follows:

NOTIONAL AMOUNT	EQUITY SECURITY RECEIVED	INTEREST RATE/ EQUITY SECURITY PAID	TERMINATION DATE	NET UNREALIZED APPRECIATION
\$790,330 (180,000 Shares)	Market Value Appreciation on: Rolls-Royce Group plc	Overnight LIBOR plus 40 bps plus Market Value Depreciation on: Rolls-Royce Group plc	09/15/09	\$77,128

**FUTURES CONTRACTS.** The Fund may engage in futures contracts for the purpose of hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase. Upon entering into a futures contract, the Fund is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by the Fund each day, depending on the daily fluctuations in the value of the contract, which are included in unrealized appreciation/depreciation on investments and futures contracts. The Fund recognizes a realized gain or loss when the contract is closed.

There are several risks in connection with the use of futures contracts as

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a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. At December 31, 2008, there were no open futures contracts.

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### THE GABELLI EQUITY TRUST INC. NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**FORWARD FOREIGN EXCHANGE CONTRACTS.** The Fund may engage in forward foreign exchange contracts for hedging a specific transaction with respect to either the currency in which the transaction is denominated or another currency as deemed appropriate by the Adviser. Forward foreign exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/depreciation on investments and foreign currency translations. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. At December 31, 2008, there were no open forward foreign exchange contracts.

**FOREIGN CURRENCY TRANSLATIONS.** The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at the current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial trade date and subsequent sale trade date is included in realized gain/loss on investments.

**FOREIGN SECURITIES.** The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the ability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers.

**FOREIGN TAXES.** The Fund may be subject to foreign taxes on income, gains on

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investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

**RESTRICTED AND ILLIQUID SECURITIES.** The Fund may invest up to 10% of its net assets in securities for which the markets are illiquid. Illiquid securities include securities the disposition of which is subject to substantial legal or contractual restrictions. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity.

**SECURITIES TRANSACTIONS AND INVESTMENT INCOME.** Securities transactions are accounted for on the trade date with realized gain or loss on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date except for certain dividends which are recorded as soon as the Fund is informed of the dividend.

**CUSTODIAN FEE CREDITS AND INTEREST EXPENSE.** When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, shown as "custodian fee credits." When cash balances are overdrawn, the Fund is charged an overdraft fee equal to 110% of the 90 day Treasury Bill rate on outstanding balances. This amount, if any, would be included in "interest expense" in the Statement of Operations.

**DISTRIBUTIONS TO SHAREHOLDERS.** Distributions to common shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under U.S. generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income include net

### THE GABELLI EQUITY TRUST INC. NOTES TO FINANCIAL STATEMENTS (CONTINUED)

realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. Permanent differences were primarily due to reclassifications of distributions and swap investments. These reclassifications have no impact on the NAV of the Fund. For the year ended December 31, 2008,

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reclassifications were made to increase accumulated distributions in excess of net investment income by \$738,712 and decrease accumulated net realized loss on investments, written options, futures contracts, swap contracts, and foreign currency transactions by \$738,405 with an offsetting adjustment to paid-in capital.

On June 28, 2007, the Fund contributed \$67,695,672 in cash in exchange for shares of the Gabelli Healthcare & WellnessRx Trust, and on the same date distributed such shares to holders of the Fund on record as of June 21, 2007 at the rate of one share of the Gabelli Healthcare & WellnessRx Trust for every twenty shares of the Fund's common stock.

Distributions to shareholders of the Fund's Series C Auction Rate Cumulative Preferred Stock, 5.875% Series D Cumulative Preferred Stock, Series E Auction Rate Cumulative Preferred Stock, and 6.20% Series F Cumulative Preferred Stock ("Cumulative Preferred Stock") are recorded on a daily basis and are determined as described in Note 5.

The tax character of distributions paid during the years ended December 31, 2008 and December 31, 2007 was as follows:

	YEAR ENDED DECEMBER 31, 2008		YEAR ENDED DECEMBER 31, 2007	
	COMMON	PREFERRED	COMMON	PREFERRED
DISTRIBUTIONS PAID FROM:				
Ordinary income				
(inclusive of net short-term capital gains) ..	\$ 549,586	\$19,287,568	\$ 27,039,757	\$ 19,287,568
Net long-term capital gains .....	--	--	90,066,646	--
Return of capital .....	138,218,574	--	103,665,340	--
Total distributions paid .....	\$138,768,160	\$19,287,568	\$220,771,743	\$19,287,568

PROVISION FOR INCOME TAXES. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). It is the policy of the Fund to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required.

At December 31, 2008, the Fund had net capital loss carryforwards for federal income tax purposes of \$5,677,238 which are available to reduce future required distributions of net capital gains to shareholders through 2016.

At December 31, 2008, the difference between book basis and tax basis unrealized depreciation was primarily due to deferral of losses from wash sales for tax purposes and basis adjustments for investments in real estate investment trusts and partnerships.

As of December 31, 2008, the components of accumulated earnings/losses on a tax basis were as follows:

Accumulated capital loss carryforward .....	\$ (5,677,238)
Net unrealized depreciation on investments and swap contracts ...	(191,166,529)

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Net unrealized appreciation on foreign currency translations ....	259,774
Other temporary differences* .....	(226,061)
	-----
Total	\$ (196,810,054)
	=====

\* Other temporary differences are primarily due to adjustments on dividend payables.

The following summarizes the tax cost of investments, swap contracts, and the related unrealized appreciation/depreciation at December 31, 2008:

	COST	GROSS UNREALIZED APPRECIATION	GROSS UNREALIZED DEPRECIATION	NET UNREALIZED APPRECIATION (DEPRECIATION)
	-----	-----	-----	-----
Investments ...	\$1,259,186,879	\$170,153,193	\$(361,319,722)	\$(191,166,529)

FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48") provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold are recorded as a tax benefit or expense in the current year. In accordance with FIN 48, management has analyzed the Fund's tax positions taken on the federal and state income tax returns for all open tax years (the current and prior three tax years) and has concluded that no provision for income tax is required in the Fund's financial statements. Management's determination regarding FIN 48 may be subject to review and adjustment at a later date based on factors including, but not limited to, an on-going analysis of tax laws, regulations, and interpretations thereof.

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THE GABELLI EQUITY TRUST INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. AGREEMENTS AND TRANSACTIONS WITH AFFILIATES. The Fund has an investment advisory agreement (the "Advisory Agreement") with the Adviser which provides that the Fund will pay the Adviser a fee, computed weekly and paid monthly, equal on an annual basis to 1.00% of the value of the Fund's average weekly net assets including the liquidation value of preferred stock. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's portfolio and oversees the administration of all aspects of the Fund's business and affairs. The Adviser has agreed to reduce the management fee on the incremental assets attributable to the Cumulative Preferred Stock if the total return of the NAV of the common shares of the Fund, including distributions and advisory fee subject to reduction, does not exceed the stated dividend rate or corresponding swap rate of each particular series of the Cumulative Preferred Stock for the year.

The Fund's total return on the NAV of the common shares is monitored on a



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monthly basis to assess whether the total return on the NAV of the common shares exceeds the stated dividend rate or the corresponding swap rate of each particular series of Cumulative Preferred Stock for the period. For the year ended December 31, 2008, the Fund's total return on the NAV of the common shares did not exceed the stated dividend rate or the corresponding swap rate on any of the series of Preferred Stock. Thus, management fees with respect to the liquidation value of the preferred stock assets were reduced by \$4,012,394.

During the year ended December 31, 2008, the Fund paid brokerage commissions on security trades of \$331,715 to Gabelli & Company, Inc. ("Gabelli & Company"), an affiliate of the Adviser.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the year ended December 31, 2008, the Fund paid or accrued \$45,000 to the Adviser in connection with the cost of computing the Fund's NAV.

As per the approval of the Board, the Fund compensates officers who are employed by the Fund, and are not employed by the Adviser (although the officers may receive incentive based variable compensation from affiliates of the Adviser) and pays its allocated portion of the cost of the Fund's Chief Compliance Officer. For the year ended December 31, 2008, the Fund paid \$143,545, which is included in payroll expenses in the Statement of Operations.

The Fund pays each Director who is not considered to be an affiliated person an annual retainer of \$12,000 plus \$1,500 for each Board meeting attended in person and \$500 per telephonic meeting, and they are reimbursed for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$1,000 per meeting attended. In addition, the Audit Committee Chairman receives an annual fee of \$3,000, the Proxy Voting Committee Chairman receives an annual fee of \$1,500, the Nominating Committee Chairman receives an annual fee of \$2,000, and the Lead Director receives an annual fee of \$1,000. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

4. PORTFOLIO SECURITIES. Purchases and proceeds from the sales of securities for the year ended December 31, 2008, other than short-term securities and U.S. Government obligations, aggregated \$211,346,272 and \$316,095,409, respectively.

Purchases and proceeds from the sales of U.S. Government obligations for the year ended December 31, 2008, other than short-term obligations, aggregated \$127,500 and \$127,031, respectively.

Written options activity for the Fund for the year ended December 31, 2008 was as follows:

	NUMBER OF CONTRACTS	PREMIUMS
	-----	-----
Options outstanding at December 31, 2007 ...	10	\$ 11,985
Options expired .....	(10)	(11,985)
	---	-----
Options outstanding at December 31, 2008 ...	--	--
	===	=====

5. CAPITAL. The charter permits the Fund to issue 246,000,000 shares of common stock (par value \$0.001) and authorizes the Board to increase its authorized shares from time to time. The Board has authorized the repurchase of its shares

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on the open market when the shares are trading on the New York Stock Exchange ("NYSE") at a discount of 10% or more (or such other percentage as the Board may determine from time to time) from the NAV of the shares. During the year ended December 31, 2008, the Fund did not repurchase any shares of its common stock in the open market.

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### THE GABELLI EQUITY TRUST INC. NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Transactions in common shares were as follows:

	YEAR ENDED DECEMBER 31, 2008		YEAR ENDED DECEMBER 31, 2007	
	SHARES	AMOUNT	SHARES	AMOUNT
Net increase from shares issued				
upon reinvestment of distributions ...	2,814,862	\$21,433,746	3,348,018	\$31,379,440

The Fund's Articles of Incorporation, as amended, authorizes the issuance of up to 18,000,000 shares of \$0.001 par value Cumulative Preferred Stock. The Cumulative Preferred Stock is senior to the common stock and results in the financial leveraging of the common stock. Such leveraging tends to magnify both the risks and opportunities to common shareholders. Dividends on shares of the Cumulative Preferred Stock are cumulative. The Fund is required by the 1940 Act and by the Articles Supplementary to meet certain asset coverage tests with respect to the Cumulative Preferred Stock. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the Series C Auction Rate, 5.875% Series D, Series E Auction Rate, and 6.20% Series F Cumulative Preferred Stock at redemption prices of \$25,000, \$25, \$25,000, and \$25, respectively, per share plus an amount equal to the accumulated and unpaid dividends whether or not declared on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund's ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Fund's assets may vary in a manner unrelated to the fixed and variable rates, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

At the Fund's August 15, 2007 Board meeting, the Board approved the filing of a shelf registration with the SEC, to give the Fund the ability to offer additional preferred shares. The shelf registration was declared effective by the SEC on March 20, 2008.

On June 27, 2002, the Fund received net proceeds of \$128,246,557 (after underwriting discounts of \$1,300,000 and offering expenses of \$453,443) from the public offering of 5,200 shares of Series C Auction Rate Cumulative Preferred Stock ("Series C Stock"). The dividend rate, as set by the auction process, which is generally held every seven days, is expected to vary with short-term interest rates. Since February 2008, the number of Series C Stock subject to bid orders by potential holders has been less than the number of Series C Stock subject to sell orders. Therefore, the weekly auctions have failed, and the

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dividend rate has been the maximum rate. Holders that have submitted sell orders have not been able to sell any or all of the Series C Stock for which they have submitted sell orders. The current maximum rate is 150% of the "AA" Financial Composite Commercial Paper Rate. The dividend rates of Series C Stock ranged from 0.135% to 5.350% during the year ended December 31, 2008. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Shareholders of Series C Stock may also trade their shares in the secondary market. The Fund, at its option, may redeem the Series C Stock in whole or in part at the redemption price at any time. During the year ended December 31, 2008, the Fund redeemed and retired 520 shares of Series C Stock. Shareholders received the redemption price of \$25,000 per share, which was equal to the liquidation preference, together with any accumulated and unpaid dividends, for each share redeemed. At December 31, 2008, 4,680 shares of Series C Stock were outstanding with an annualized dividend rate of 0.300% and accrued dividends amounted to \$975.

On October 7, 2003, the Fund received net proceeds of \$72,375,842 (after underwriting discounts of \$2,362,500 and offering expenses of \$261,658) from the public offering of 3,000,000 shares of 5.875% Series D Cumulative Preferred Stock ("Series D Stock"). Commencing October 7, 2008 and thereafter, the Fund, at its option, may redeem the 5.875% Series D Stock in whole or in part at the redemption price at any time. The Board has authorized the repurchase of Series D Stock in the open market at prices less than the \$25 liquidation value per share. During the year ended December 31, 2008, the Fund repurchased 48,431 shares of 6.00% Series D Stock in the open market at a cost of \$977,750 and an average discount of approximately 19.29% from its liquidation preference. All 6.00% Series D Stock repurchased have been retired. At December 31, 2008, 2,901,269 shares of 5.875% Series D Stock were outstanding and accrued dividends amounted to \$71,021.

On October 7, 2003, the Fund received net proceeds of \$49,350,009 (after underwriting discounts of \$500,000 and offering expenses of \$149,991) from the public offering of 2,000 shares of Series E Auction Rate Cumulative Preferred Stock ("Series E Stock"). The dividend rate, as set by the auction process, which is generally held every seven days, is expected to vary with short-term interest rates. Since February 2008, the number of Series E Stock subject to bid orders by potential holders has been less than the number of Series E Stock subject to sell orders. Therefore, the weekly auctions have failed, and the dividend rate has been the maximum rate. In that event, holders that have submitted sell orders have not been able to sell any or all of the Series E Stock for which they have submitted sell orders. The current maximum rate is 150% of the "AA" Financial Composite Commercial Paper Rate. The dividend rates of Series E Stock ranged from 0.105% to 5.510% during the year ended December 31, 2008. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Shareholders of Series E Stock may also trade shares in the secondary market. The Fund, at its option, may redeem the Series E Stock in whole or in part at the redemption price at any time. During the year ended December 31, 2008, the Fund redeemed and retired 200 shares of Series E Stock.

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THE GABELLI EQUITY TRUST INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Shareholders received the redemption price of \$25,000 per share, which was equal to the liquidation preference, together with any accumulated and unpaid dividends, for each share redeemed. At December 31, 2008, 1,800 shares of Series E Stock were outstanding with an annualized dividend rate of 0.150% and accrued

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dividends amounted to \$1,125.

On November 10, 2006, the Fund received net proceeds of \$144,765,000 (after underwriting discounts of \$4,725,000 and estimated offering expenses of \$510,000) from the public offering of 6,000,000 shares of 6.20% Series F Cumulative Preferred Stock ("Series F Stock"). Commencing November 10, 2011 and thereafter, the Fund, at its option, may redeem the 6.20% Series F in whole or in part at the redemption price at any time. The Board has authorized the repurchase of Series F Stock in the open market at prices less than the \$25 liquidation value per share. During the year ended December 31, 2008, the Fund repurchased and retired 79,734 shares of Series F Stock in the open market at a cost of \$1,652,658 and an average discount of approximately 13.93% from its liquidation preference. At December 31, 2008, 5,920,266 shares of Series F Stock were outstanding and accrued dividends amounted to \$152,940.

The holders of Cumulative Preferred Stock generally are entitled to one vote per share held on each matter submitted to a vote of shareholders of the Fund and will vote together with holders of common stock as a single class. The holders of Cumulative Preferred Stock voting together as a single class also have the right currently to elect two Directors and under certain circumstances are entitled to elect a majority of the Board of Directors. In addition, the affirmative vote of a majority of the votes entitled to be cast by holders of all outstanding shares of the preferred stock, voting as a single class, will be required to approve any plan of reorganization adversely affecting the preferred stock, and the approval of two-thirds of each class, voting separately, of the Fund's outstanding voting stock must approve the conversion of the Fund from a closed-end to an open-end investment company. The approval of a majority (as defined in the 1940 Act) of the outstanding preferred stock and a majority (as defined in the 1940 Act) of the Fund's outstanding voting securities are required to approve certain other actions, including changes in the Fund's investment objectives or fundamental investment policies.

6. INDEMNIFICATIONS. The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

7. OTHER MATTERS. On April 24, 2008, the Adviser entered into an administrative settlement with the SEC to resolve the SEC's inquiry regarding prior frequent trading activity in shares of the GAMCO Global Growth Fund (the "Global Growth Fund") by one investor who was banned from the Global Growth Fund in August 2002. In the settlement, the SEC found that the Adviser had violated Section 206(2) of the Investment Advisers Act, Section 17(d) of the 1940 Act, and Rule 17d-1 thereunder and had aided and abetted and caused violations of Section 12(d)(1)(B)(i) of the 1940 Act. Under the terms of the settlement, the Adviser, while neither admitting nor denying the SEC's findings and allegations, agreed, among other things, to pay the previously reserved total of \$16 million (including a \$5 million penalty), of which at least \$11 million will be distributed to shareholders of the Global Growth Fund in accordance with a plan to be developed by an independent distribution consultant and approved by the independent directors of the Global Growth Fund and the staff of the SEC and to cease and desist from future violations of the above referenced federal securities laws. The settlement is not expected to impact the Fund and will not have a material adverse impact on the Adviser or its ability to fulfill its obligations under the Advisory Agreement. On the same day, the SEC filed a civil action against the Executive Vice President and Chief Operating Officer of the Adviser, alleging violations of certain federal securities laws arising from the same matter. The officer is also an officer of the Global Growth Fund and other funds in the Gabelli/GAMCO fund complex including the Fund. The officer denies the allegations and is continuing in his positions with the Adviser and the funds. The Adviser currently expects that any resolution of the action against the officer will not have a material adverse impact on the Adviser or its

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ability to fulfill its obligations under the Advisory Agreement.

In a separate matter, on January 12, 2009, the SEC issued an administrative action approving a final settlement of a previously disclosed matter with the Adviser involving compliance with Section 19(a) of the Investment Company Act of 1940 and Rule 19a-1 thereunder by two closed-end funds. These provisions require registered investment companies when making a distribution in the nature of a dividend from sources other than net investment income to contemporaneously provide written statements to shareholders, which adequately disclose the source or sources of such distribution. While the two funds sent annual statements and provided other materials containing this information, the shareholders did not receive the notices required by Rule 19a-1 with any of the distributions that were made for 2002 and 2003. The Adviser believes that the funds have been in compliance with Section 19(a) and Rule 19a-1 since the beginning of 2004. As part of the settlement, in which the Adviser neither admits nor denies the findings by the SEC, the Adviser agreed to pay a civil monetary penalty of \$450,000 and to cease and desist from causing violations of Section 19(a) and Rule 19a-1. In connection with the settlement, the SEC noted the remedial actions previously undertaken by the Adviser. The staff's notice to the Adviser did not relate to the Fund.

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### THE GABELLI EQUITY TRUST INC. REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of  
The Gabelli Equity Trust Inc.:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Gabelli Equity Trust Inc. (hereafter referred to as the "Trust") at December 31, 2008, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2008 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
February 27, 2009

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THE GABELLI EQUITY TRUST INC.  
 ADDITIONAL FUND INFORMATION (UNAUDITED)

The business and affairs of the Fund are managed under the direction of the Fund's Board of Directors. Information pertaining to the Directors and officers of the Fund is set forth below. The Fund's Statement of Additional Information includes additional information about the Fund's Directors and officers and is available without charge, upon request, by calling 800-GABELLI (800-422-3554) or by writing to The Gabelli Equity Trust Inc. at One Corporate Center, Rye, NY 10580-1422.

NAME, POSITION(S) ADDRESS(1) AND AGE	TERM OF OFFICE AND LENGTH OF TIME SERVED(2)	NUMBER OF FUNDS IN FUND COMPLEX OVERSEEN BY DIRECTOR	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS
INTERESTED DIRECTORS (3) :			
MARIO J. GABELLI Director and Chief Investment Officer Age: 66	Since 1986**	26	Chairman and Chief Executive Officer of GAMCO Investors, Inc. and Chief Investment Officer - Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Director/Trustee or Chief Investment Officer of other registered investment companies in the Gabelli/GAMCO Funds complex; Chairman and Chief Executive Officer of GGCP, Inc.
INDEPENDENT DIRECTORS (6) :			
THOMAS E. BRATTER Director Age: 69	Since 1986**	4	Director, President, and Founder of The John Dewey Academy (residential college preparatory therapeutic high school)
ANTHONY J. COLAVITA(4) Director Age: 73	Since 1999***	36	Partner in the law firm of Anthony J. Colavita, P.C.
JAMES P. CONN(4) Director Age: 70	Since 1989*	18	Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (insurance holding company) (1992-1998)
FRANK J. FAHRENKOPF JR. Director Age: 69	Since 1998***	6	President and Chief Executive Officer of the American Gaming Association; Co-Chairman of the Commission on Presidential Debates; Former Chairman of the Republican National Committee (1983-1989)
ARTHUR V. FERRARA Director Age: 78	Since 2001**	8	Former Chairman of the Board and Chief Executive Officer of The Guardian Life Insurance Company of America (1993-1995)

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ANTHONY R. PUSTORINO Director Age: 83	Since 1986*	13	Certified Public Accountant; Professor Emeritus, Pace University	D (
SALVATORE J. ZIZZA Director Age: 63	Since 1986***	28	Chairman of Zizza & Co., Ltd. (consulting)	D P a s

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THE GABELLI EQUITY TRUST INC.  
ADDITIONAL FUND INFORMATION (CONTINUED) (UNAUDITED)

NAME, POSITION(S) ADDRESS (1) AND AGE	TERM OF OFFICE AND LENGTH OF TIME SERVED (2)	PRINCIPAL OCCUPATIO DURING PAST FIVE YE
-----		
OFFICERS:		
BRUCE N. ALPERT President Age: 57	Since 2003	Executive Vice President and Chief Operating Officer and an officer of all of the registered investment co Funds complex. Director and President of Teton Adviso Advisers, Inc.) since 1998
CARTER W. AUSTIN Vice President Age: 42	Since 2000	Vice President of the Fund since 2000, Vice President Trust since 2003, The Gabelli Global Gold, Natural Re 2005, The Gabelli Global Deal Fund since 2006, and Th Trust since 2007; Vice President of Gabelli Funds, LL
AGNES MULLADY Treasurer and Secretary Age: 50	Since 2006	Vice President of Gabelli Funds, LLC since 2007; Offi investment companies in the Gabelli/GAMCO Funds compl Trust Company, N.A. and Treasurer and Chief Financial 2004 through 2005; Chief Financial Officer of AMIC Di through 2004
PETER D. GOLDSTEIN Chief Compliance Officer Age: 55	Since 2004	Director of Regulatory Affairs at GAMCO Investors, In Officer of all of the registered investment companies complex; Vice President of Goldman Sachs Asset Manage
MARC C. RINALDI Vice President and Ombudsman Age: 35	Since 2008	Vice President of the Fund since 2008; Vice President 2007; Student at Georgetown University 2005-2007

(1) Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.

(2) The Fund's Board of Directors is divided into three classes, each class having a term of three years. Each year the term of office of one class expires and the successor or successors elected to such class serve for a three year term. The three year term for each class expires as follows:

\* - Term expires at the Fund's 2009 Annual Meeting of Shareholders or until

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their successors are duly elected and qualified.

\*\* - Term expires at the Fund's 2010 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

\*\*\* - Term expires at the Fund's 2011 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.

(3) "Interested person" of the Fund as defined in the 1940 Act. Mr. Gabelli is considered an "interested person" of the Fund because of his affiliation with Gabelli Funds, LLC which acts as the Fund's investment adviser.

(4) Represents holders of the Fund's Preferred Stock.

(5) This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934, as amended (i.e. public companies) or other investment companies registered under the 1940 Act.

(6) Directors who are not interested persons are considered "Independent" Directors.

### CERTIFICATIONS

The Fund's Chief Executive Officer has certified to the New York Stock Exchange ("NYSE") that, as of June 17, 2008, he was not aware of any violation by the Fund of applicable NYSE corporate governance listing standards. The Fund reports to the SEC on Form N-CSR which contains certifications by the Fund's principal executive officer and principal financial officer that relate to the Fund's disclosure in such reports and that are required by Rule 30a-2(a) under the 1940 Act.

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### THE GABELLI EQUITY TRUST INC. INCOME TAX INFORMATION (UNAUDITED) DECEMBER 31, 2008

#### CASH DIVIDENDS AND DISTRIBUTIONS

PAYABLE DATE	RECORD DATE	TOTAL AMOUNT PAID PER SHARE (A)	ORDINARY INVESTMENT INCOME (A)	LONG-TERM CAPITAL GAINS (A)	RETURN OF CAPITAL (C)	DIVIDEND REINVESTMENT PRICE
-----	-----	-----	-----	-----	-----	-----
COMMON STOCK						
03/25/08	03/17/08	\$0.20000	\$0.00250	--	\$0.19750	\$8.19850
06/24/08	06/16/08	0.20000	0.00250	--	0.19750	7.99000
09/24/08	09/16/08	0.20000	0.00250	--	0.19750	6.81150
12/17/08	12/12/08	0.20000	0.00250	--	0.19750	--
		-----	-----	---	-----	
		\$0.80000	\$0.01000	--	\$0.79000	
5.875% SERIES D CUMULATIVE PREFERRED STOCK						
03/26/08	03/18/08	\$0.36719	\$0.36719	--		



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06/26/08	06/19/08	0.36719	0.36719	--
09/26/08	09/19/08	0.36719	0.36719	--
12/26/08	12/18/08	0.36719	0.36719	--
		-----	-----	---
		\$1.46876	\$1.46876	--
6.200% SERIES F CUMULATIVE PREFERRED STOCK				
03/26/08	03/18/08	\$0.38750	\$0.38750	--
06/26/08	06/19/08	0.38750	0.38750	--
09/26/08	09/19/08	0.38750	0.38750	--
12/26/08	12/18/08	0.38750	0.38750	--
		-----	-----	---
		\$1.55000	\$1.55000	--

AUCTION RATE SERIES C AND E CUMULATIVE PREFERRED STOCK

Auction Rate Preferred Stock pays dividends weekly based on a rate set at auction, usually held every seven days. There were no 2008 distributions derived from long-term capital gains for the Auction Rate Series C and Series E Cumulative Preferred Stock.

A Form 1099-DIV has been mailed to all shareholders of record which sets forth specific amounts to be included in the 2008 tax returns. Ordinary income distributions include net investment income and realized net short-term capital gains, if any. Ordinary income is reported in box 1a of Form 1099-DIV. Capital gain distributions are reported in box 2a of Form 1099-DIV. There were no long-term gain distributions for the year ended December 31, 2008.

CORPORATE DIVIDENDS RECEIVED DEDUCTION, QUALIFIED DIVIDEND INCOME, AND U.S. GOVERNMENT SECURITIES INCOME

In 2008, the Fund paid to common, 5.875% Series D, and 6.200% Series F cumulative preferred shareholders ordinary income totaling \$0.01000, \$1.46875, and \$1.55000 per share, respectively. The Fund paid weekly distributions to auction rate Series C and Series E cumulative preferred shareholders at varying rates throughout the year, including an ordinary income dividend totaling \$760.66000 and \$783.29000 per share, respectively, in 2008. For the year ended December 31, 2008, 94.57% of the ordinary income dividend qualified for the dividend received deduction available to corporations, and 100% of the ordinary income distribution was deemed qualified dividend income and is reported in box 1b on Form 1099-DIV. The percentage of the ordinary income dividends paid by the Fund during 2008 derived from U.S. Government securities was 0.33%. Such income is exempt from state and local tax in all states. However, many states, including New York and California, allow a tax exemption for a portion of the income earned only if a mutual fund has invested at least 50% of its assets at the end of each quarter of the Fund's fiscal year in U.S. Government securities. The Fund did not meet this strict requirement in 2008. The percentage of net assets of U.S. Government securities held as of December 31, 2008 was 5.00%.

The Annual Meeting of The Gabelli Equity Trust's shareholders will be held on Monday, May 18, 2009 at the Greenwich Library in Greenwich, Connecticut.

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	INVESTMENT INCOME	SHORT- TERM CAPITAL GAINS (b)	LONG- TERM CAPITAL GAINS	NON-TAXABLE RETURN OF CAPITAL	UNDISTRIBUTED LONG-TERM CAPITAL GAINS	TAXES PAID ON UNDISTRIBUTED CAPITAL GAINS (c)
COMMON STOCK						
2008.....	\$ 0.01000	--	--	\$0.79000	--	--
2007 (d)...	0.10455	\$ 0.05323	\$ 0.52679	0.63543	--	--
2006.....	0.15690	0.06400	0.65910	--	--	--
2005 (e)...	0.08756	0.00672	0.75572	--	--	--
2004.....	0.01930	0.04990	0.73080	--	--	--
2003.....	0.01140	0.04480	0.63380	--	--	--
2002.....	0.05180	0.01550	0.88270	--	--	--
2001 (f)...	0.06700	0.06400	0.94900	--	--	--
2000.....	0.04070	0.15500	1.11430	--	--	--
1999 (g)...	0.03010	0.21378	0.99561	0.91176	--	--
1998.....	0.06420	--	1.10080	--	--	--
1997.....	0.07610	0.00210	0.93670	0.02510	--	--
1996.....	0.10480	--	0.78120	0.11400	--	--
1995 (h)...	0.12890	--	0.49310	0.37800	--	--
1994 (i)...	0.13536	0.06527	0.30300	1.38262	--	--
1993 (j)...	0.13050	0.02030	0.72930	0.22990	--	--
1992 (k)...	0.20530	0.04050	0.29660	0.51760	--	--
1991 (l)...	0.22590	0.03990	0.14420	0.68000	--	--
1990.....	0.50470	--	0.22950	0.44580	--	--
1989.....	0.29100	0.35650	0.66250	--	\$0.62880	\$0.21380
1988.....	0.14500	0.20900	0.19600	--	0.25130	0.08540
1987.....	0.25600	0.49100	0.33500	--	--	--
7.200% SERIES B CUMULATIVE PREFERRED STOCK						
2008.....	--	--	--	--	--	--
2007.....	\$ 0.00900	\$ 0.00470	\$ 0.04630	--	--	--
2006.....	0.32000	0.13100	1.34900	--	--	--
2005.....	0.17650	0.01430	1.60920	--	--	--
2004.....	0.04340	0.11224	1.64436	--	--	--
2003.....	0.03000	0.11640	1.65360	--	--	--
2002.....	0.09800	0.02960	1.67240	--	--	--
2001.....	0.05870	0.05440	0.81690	--	--	--
5.875% SERIES D CUMULATIVE PREFERRED STOCK						
2008.....	\$ 1.46875	--	--	--	--	--
2007.....	0.22096	\$ 0.11474	\$ 1.13305	--	--	--
2006.....	0.26193	0.10688	1.09994	--	--	--
2005.....	0.14405	0.01170	1.31300	--	--	--
2004.....	0.03542	0.09159	1.34174	--	--	--
2003.....	0.00535	0.02086	0.29610	--	--	--
6.200% SERIES F CUMULATIVE PREFERRED STOCK						
2008.....	\$ 1.55000	--	--	--	--	--
2007.....	0.23330	\$ 0.12100	\$ 1.19570	--	--	--
2006.....	0.03527	0.01480	0.15229	--	--	--
AUCTION RATE SERIES C CUMULATIVE PREFERRED STOCK						
2008.....	\$760.66000	--	--	--	--	--
2007.....	203.92150	\$105.89030	\$1,045.68820	--	--	--
2006.....	219.92983	89.73249	923.57769	--	--	--
2005.....	83.01020	6.73650	756.60330	--	--	--
2004.....	9.15570	23.67550	346.83810	--	--	--
2003.....	5.42000	21.05000	298.41000	--	--	--
2002.....	12.28350	3.71450	209.89200	--	--	--
AUCTION RATE SERIES E CUMULATIVE PREFERRED STOCK						
2008.....	\$783.29000	--	--	--	--	--
2007.....	199.17211	\$103.42412	\$1,021.33377	--	--	--

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2006.....	218.22316	89.03616	916.41068	--	--	--
2005.....	82.44330	6.69050	751.43620	--	--	--
2004.....	9.30280	2.05620	352.41090	--	--	--
2003.....	1.07000	4.18000	59.32000	--	--	--

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- (a) Total amounts may differ due to rounding.
- (b) Taxable as ordinary income.
- (c) Net Asset Value was reduced by this amount on the last business day of the year.
- (d) On June 28, 2007, the Fund distributed shares of The Gabelli Healthcare & WellnessRx Trust valued at \$8.40 per share.
- (e) On September 21, 2005, the Fund also distributed Rights equivalent to \$0.21 per share based upon full subscription of all issued shares.
- (f) On January 10, 2001, the Fund also distributed Rights equivalent to \$0.56 per share based upon full subscription of all issued shares.
- (g) On July 9, 1999, the Fund also distributed shares of The Gabelli Utility Trust valued at \$9.8125 per share.
- (h) On October 19, 1995, the Fund also distributed Rights equivalent to \$0.37 per share based upon full subscription of all issued shares.
- (i) On November 15, 1994, the Fund also distributed shares of The Gabelli Global Multimedia Trust Inc. valued at \$8.0625 per share.
- (j) On July 14, 1993, the Fund also distributed Rights equivalent to \$0.50 per share based upon full subscription of all issued shares.
- (k) On September 28, 1992, the Fund also distributed Rights equivalent to \$0.36 per share based upon full subscription of all issued shares.
- (l) On October 21, 1991, the Fund also distributed Rights equivalent to \$0.42 per share based upon full subscription of all issued shares.
- Decrease in cost basis.
- + Increase in cost basis.

All designations are based on financial information available as of the date of this annual report and, accordingly, are subject to change. For each item, it is the intention of the Fund to designate the maximum amount permitted under the Internal Revenue Code and the regulations thereunder.

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### AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS

#### ENROLLMENT IN THE PLAN

It is the policy of The Gabelli Equity Trust Inc. (the "Fund") to automatically reinvest dividends payable to common shareholders. As a

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"registered" shareholder you automatically become a participant in the Fund's Automatic Dividend Reinvestment Plan (the "Plan"). The Plan authorizes the Fund to credit shares of common stock to participants upon an income dividend or a capital gains distribution regardless of whether the shares are trading at a discount or a premium to net asset value. All distributions to shareholders whose shares are registered in their own names will be automatically reinvested pursuant to the Plan in additional shares of the Fund. Plan participants may send their stock certificates to Computershare Trust Company, N.A. ("Computershare") to be held in their dividend reinvestment account. Registered shareholders wishing to receive their distribution in cash must submit this request in writing to:

The Gabelli Equity Trust Inc.  
c/o Computershare  
P.O. Box 43010  
Providence, RI 02940-3010

Shareholders requesting this cash election must include the shareholder's name and address as they appear on the share certificate. Shareholders with additional questions regarding the Plan or requesting a copy of the terms of the Plan, may contact Computershare at (800) 336-6983.

If your shares are held in the name of a broker, bank, or nominee, you should contact such institution. If such institution is not participating in the Plan, your account will be credited with a cash dividend. In order to participate in the Plan through such institution, it may be necessary for you to have your shares taken out of "street name" and reregistered in your own name. Once registered in your own name your dividends will be automatically reinvested. Certain brokers participate in the Plan. Shareholders holding shares in "street name" at participating institutions will have dividends automatically reinvested. Shareholders wishing a cash dividend at such institution must contact their broker to make this change.

The number of shares of common stock distributed to participants in the Plan in lieu of cash dividends is determined in the following manner. Under the Plan, whenever the market price of the Fund's common stock is equal to or exceeds net asset value at the time shares are valued for purposes of determining the number of shares equivalent to the cash dividends or capital gains distribution, participants are issued shares of common stock valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then current market price of the Fund's common stock. The valuation date is the dividend or distribution payment date or, if that date is not a New York Stock Exchange ("NYSE") trading day, the next trading day. If the net asset value of the common stock at the time of valuation exceeds the market price of the common stock, participants will receive shares from the Fund valued at market price. If the Fund should declare a dividend or capital gains distribution payable only in cash, Computershare will buy common stock in the open market, or on the NYSE or elsewhere, for the participants' accounts, except that Computershare will endeavor to terminate purchases in the open market and cause the Fund to issue shares at net asset value if, following the commencement of such purchases, the market value of the common stock exceeds the then current net asset value.

The automatic reinvestment of dividends and capital gains distributions will not relieve participants of any income tax which may be payable on such distributions. A participant in the Plan will be treated for federal income tax purposes as having received, on a dividend payment date, a dividend or distribution in an amount equal to the cash the participant could have received instead of shares.

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### VOLUNTARY CASH PURCHASE PLAN

The Voluntary Cash Purchase Plan is yet another vehicle for our shareholders to increase their investment in the Fund. In order to participate in the Voluntary Cash Purchase Plan, shareholders must have their shares registered in their own name.

Participants in the Voluntary Cash Purchase Plan have the option of making additional cash payments to Computershare for investments in the Fund's shares at the then current market price. Shareholders may send an amount from \$250 to \$10,000. Computershare will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. Computershare will charge each shareholder who participates \$0.75, plus a pro rata share of the brokerage commissions. Brokerage charges for such purchases are expected to be less than the usual brokerage charge for such transactions. It is suggested that any voluntary cash payments be sent to Computershare, P.O. Box 43010, Providence, RI 02940-3010 such that Computershare receives such payments approximately 10 days before the 1st and 15th of the month. Funds not received at least five days before the investment date shall be held for investment until the next purchase date. A payment may be withdrawn without charge if notice is received by Computershare at least 48 hours before such payment is to be invested.

SHAREHOLDERS WISHING TO LIQUIDATE SHARES HELD AT COMPUTERSHARE must do so in writing or by telephone. Please submit your request to the above mentioned address or telephone number. Include in your request your name, address, and account number. The cost to liquidate shares is \$2.50 per transaction as well as the brokerage commission incurred. Brokerage charges are expected to be less than the usual brokerage charge for such transactions.

For more information regarding the Dividend Reinvestment Plan and Voluntary Cash Purchase Plan, brochures are available by calling (914) 921-5070 or by writing directly to the Fund.

The Fund reserves the right to amend or terminate the Plan as applied to any voluntary cash payments made and any dividend or distribution paid subsequent to written notice of the change sent to the members of the Plan at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by Computershare on at least 90 days written notice to participants in the Plan.

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DIRECTORS AND OFFICERS  
THE GABELLI EQUITY TRUST INC.  
ONE CORPORATE CENTER, RYE, NY 10580-1422

#### DIRECTORS

Mario J. Gabelli, CFA  
CHAIRMAN & CHIEF EXECUTIVE OFFICER,  
GAMCO INVESTORS, INC.

Dr. Thomas E. Bratter  
PRESIDENT & FOUNDER, JOHN DEWEY ACADEMY

Anthony J. Colavita  
ATTORNEY-AT-LAW,

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ANTHONY J. COLAVITA, P.C.

James P. Conn  
FORMER MANAGING DIRECTOR & CHIEF INVESTMENT OFFICER,  
FINANCIAL SECURITY ASSURANCE HOLDINGS LTD.

Frank J. Fahrenkopf, Jr.  
PRESIDENT & CHIEF EXECUTIVE OFFICER,  
AMERICAN GAMING ASSOCIATION

Arthur V. Ferrara  
FORMER CHAIRMAN & CHIEF EXECUTIVE OFFICER,  
GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

Anthony R. Pustorino  
CERTIFIED PUBLIC ACCOUNTANT,  
PROFESSOR EMERITUS, PACE UNIVERSITY

Salvatore J. Zizza  
CHAIRMAN, ZIZZA & CO., LTD.

### OFFICERS

Bruce N. Alpert  
PRESIDENT

Carter W. Austin  
VICE PRESIDENT

Peter D. Goldstein  
CHIEF COMPLIANCE OFFICER

Agnes Mullady  
TREASURER AND SECRETARY

Marc C. Rinaldi  
VICE PRESIDENT & OMBUDSMAN

INVESTMENT ADVISER  
Gabelli Funds, LLC  
One Corporate Center  
Rye, New York 10580-1422

CUSTODIAN  
The Bank of New York Mellon

COUNSEL  
Willkie Farr & Gallagher LLP

TRANSFER AGENT AND REGISTRAR  
Computershare Trust Company, N.A.

### STOCK EXCHANGE LISTING

	Common -----	5.875% Preferred -----	6.20% Preferred -----
NYSE-Symbol:	GAB	GAB PrD	GAB PrF
Shares Outstanding:	174,919,152	2,901,269	5,920,266

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The Net Asset Value per share appears in the Publicly Traded Funds column, under the heading "General Equity Funds," in Monday's The Wall Street Journal. It is also listed in Barron's Mutual Funds/Closed End Funds section under the heading "General Equity Funds."

The Net Asset Value per share may be obtained each day by calling (914) 921-5070 or visiting [www.gabelli.com](http://www.gabelli.com).

For general information about the Gabelli Funds, call 800-GABELLI (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds' Internet homepage at: [WWW.GABELLI.COM](http://WWW.GABELLI.COM), or e-mail us at: [closedend@gabelli.com](mailto:closedend@gabelli.com)

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may, from time to time, purchase shares of its common stock in the open market when the Fund's shares are trading at a discount of 10% or more from the net asset value of the shares. The Fund may also, from time to time, purchase shares of its preferred stock in the open market when the preferred shares are trading at a discount to the liquidation value.

THE GABELLI EQUITY TRUST INC.  
ONE CORPORATE CENTER, RYE, NY 10580-1422

PHONE: 800-GABELLI (800-422-3554)  
FAX: 914-921-5118 INTERNET: [WWW.GABELLI.COM](http://WWW.GABELLI.COM)  
E-MAIL: [CLOSEDEND@GABELLI.COM](mailto:CLOSEDEND@GABELLI.COM)

GAB Q4/2008

### ITEM 2. CODE OF ETHICS.

- (a) The registrant, as of the end of the period covered by this report, has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.
- (c) There have been no amendments, during the period covered by this report, to a provision of the code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, and that relates to any element of the code of ethics description.
- (d) The registrant has not granted any waivers, including an implicit waiver, from a provision of the code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, that relates to one or more of the items set forth in paragraph (b) of this item's instructions.

### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

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As of the end of the period covered by the report, the registrant's Board of Directors has determined that Anthony R. Pustorino is qualified to serve as an audit committee financial expert serving on its audit committee and that he is "independent," as defined by Item 3 of Form N-CSR.

### ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

#### AUDIT FEES

- (a) The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years are \$71,000 for 2007 and \$64,250 for 2008.

#### AUDIT-RELATED FEES

- (b) The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item are \$7,900 for 2007 and \$10,580 for 2008. Audit-related fees represent services provided in the preparation of Preferred Shares Reports.

#### TAX FEES

- (c) The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning are \$4,350 for 2007 and \$5,000 for 2008. Tax fees represent tax compliance services provided in connection with the review of the Registrant's tax returns.

#### ALL OTHER FEES

- (d) The aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item are \$0 for 2007 and \$0 for 2008.
- (e) (1) Disclose the audit committee's pre-approval policies and procedures described in paragraph (c) (7) of Rule 2-01 of Regulation S-X.

Pre-Approval Policies and Procedures. The Audit Committee ("Committee") of the registrant is responsible for pre-approving (i) all audit and permissible non-audit services to be provided by the independent registered public accounting firm to the registrant and (ii) all permissible non-audit services to be provided by the independent registered public accounting firm to the Adviser, Gabelli Funds, LLC, and any affiliate of Gabelli Funds, LLC ("Gabelli") that provides services to the registrant (a "Covered Services Provider") if the independent registered public accounting firm's engagement related directly to the operations and financial reporting of the registrant. The Committee may delegate its responsibility to pre-approve any such audit and permissible non-audit services to the Chairperson of the Committee, and the Chairperson must report to the Committee, at its next regularly scheduled meeting after the Chairperson's pre-approval of such services, his or her decision(s). The Committee may also establish detailed pre-approval policies and procedures for



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pre-approval of such services in accordance with applicable laws, including the delegation of some or all of the Committee's pre-approval responsibilities to the other persons (other than Gabelli or the registrant's officers). Pre-approval by the Committee of any permissible non-audit services is not required so long as: (i) the permissible non-audit services were not recognized by the registrant at the time of the engagement to be non-audit services; and (ii) such services are promptly brought to the attention of the Committee and approved by the Committee or Chairperson prior to the completion of the audit.

(e) (2) The percentage of services described in each of paragraphs (b) through (d) of this Item that were approved by the audit committee pursuant to paragraph (c) (7) (i) (C) of Rule 2-01 of Regulation S-X are as follows:

(b) 100%

(c) 100%

(d) N/A

(f) The percentage of hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees was zero percent (0%).

(g) The aggregate non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for each of the last two fiscal years of the registrant was \$0 for 2007 and \$0 for 2008.

(h) The registrant's audit committee of the board of directors has considered whether the provision of non-audit services that were rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c) (7) (ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant has a separately designated audit committee consisting of the following members: Anthony J. Colavita, Anthony R Pustorino and Salvatore J. Zizza.

### ITEM 6. INVESTMENTS.

(a) Schedule of Investments in securities of unaffiliated issuers as of the close of the reporting period is included as part of the report to shareholders filed under Item 1 of this form.

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(b) Not applicable.

### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The Proxy Voting Policies are attached herewith.

#### THE VOTING OF PROXIES ON BEHALF OF CLIENTS

Rules 204(4)-2 and 204-2 under the Investment Advisers Act of 1940 and Rule 30b1-4 under the Investment Company Act of 1940 require investment advisers to adopt written policies and procedures governing the voting of proxies on behalf of their clients.

These procedures will be used by GAMCO Asset Management Inc., Gabelli Funds, LLC, Gabelli Securities, Inc., and Teton Advisors, Inc. (collectively, the "Advisers") to determine how to vote proxies relating to portfolio securities held by their clients, including the procedures that the Advisers use when a vote presents a conflict between the interests of the shareholders of an investment company managed by one of the Advisers, on the one hand, and those of the Advisers; the principal underwriter; or any affiliated person of the investment company, the Advisers, or the principal underwriter. These procedures will not apply where the Advisers do not have voting discretion or where the Advisers have agreed to with a client to vote the client's proxies in accordance with specific guidelines or procedures supplied by the client (to the extent permitted by ERISA).

#### I. PROXY VOTING COMMITTEE

The Proxy Voting Committee was originally formed in April 1989 for the purpose of formulating guidelines and reviewing proxy statements within the parameters set by the substantive proxy voting guidelines originally published in 1988 and updated periodically, a copy of which are appended as Exhibit A. The Committee will include representatives of Research, Administration, Legal, and the Advisers. Additional or replacement members of the Committee will be nominated by the Chairman and voted upon by the entire Committee.

Meetings are held as needed basis to form views on the manner in which the Advisers should vote proxies on behalf of their clients.

In general, the Director of Proxy Voting Services, using the Proxy Guidelines, recommendations of Institutional Shareholder Corporate Governance Service ("ISS"), other third-party services and the analysts of Gabelli & Company, Inc., will determine how to vote on each issue. For non-controversial matters, the Director of Proxy Voting Services may vote the proxy if the vote is (1) consistent with the recommendations of the issuer's Board of Directors and not contrary to the Proxy Guidelines; (2) consistent with the recommendations of the issuer's Board of Directors and is a non-controversial issue not covered by the Proxy Guidelines; or (3) the vote is contrary to the recommendations of the Board of Directors but is consistent with the Proxy Guidelines. In those instances, the Director of Proxy Voting Services or the Chairman of the Committee may sign and date the proxy statement indicating how each issue will be voted.

All matters identified by the Chairman of the Committee, the Director of Proxy Voting Services or the Legal Department as controversial, taking into account the recommendations of ISS or other third party services and the analysts of Gabelli & Company, Inc., will be presented to the Proxy Voting

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Committee. If the Chairman of the Committee, the Director of Proxy Voting Services or the Legal Department has identified the matter as one that (1) is controversial; (2) would benefit from deliberation by the Proxy Voting Committee; or (3) may give rise to a conflict of interest between the Advisers and their clients, the Chairman of the Committee will initially determine what vote to recommend that the Advisers should cast and the matter will go before the Committee.

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### A. CONFLICTS OF INTEREST.

The Advisers have implemented these proxy voting procedures in order to prevent conflicts of interest from influencing their proxy voting decisions. By following the Proxy Guidelines, as well as the recommendations of ISS, other third-party services and the analysts of Gabelli & Company, the Advisers are able to avoid, wherever possible, the influence of potential conflicts of interest. Nevertheless, circumstances may arise in which one or more of the Advisers are faced with a conflict of interest or the appearance of a conflict of interest in connection with its vote. In general, a conflict of interest may arise when an Adviser knowingly does business with an issuer, and may appear to have a material conflict between its own interests and the interests of the shareholders of an investment company managed by one of the Advisers regarding how the proxy is to be voted. A conflict also may exist when an Adviser has actual knowledge of a material business arrangement between an issuer and an affiliate of the Adviser.

In practical terms, a conflict of interest may arise, for example, when a proxy is voted for a company that is a client of one of the Advisers, such as GAMCO Asset Management Inc. A conflict also may arise when a client of one of the Advisers has made a shareholder proposal in a proxy to be voted upon by one or more of the Advisers. The Director of Proxy Voting Services, together with the Legal Department, will scrutinize all proxies for these or other situations that may give rise to a conflict of interest with respect to the voting of proxies.

### B. OPERATION OF PROXY VOTING COMMITTEE

For matters submitted to the Committee, each member of the Committee will receive, prior to the meeting, a copy of the proxy statement, any relevant third party research, a summary of any views provided by the Chief Investment Officer and any recommendations by Gabelli & Company, Inc. analysts. The Chief Investment Officer or the Gabelli & Company, Inc. analysts may be invited to present their viewpoints. If the Director of Proxy Voting Services or the Legal Department believe that the matter before the committee is one with respect to which a conflict of interest may exist between the Advisers and their clients, counsel will provide an opinion to the Committee concerning the conflict. If the matter is one in which the interests of the clients of one or more of Advisers may diverge, counsel will so advise and the Committee may make different recommendations as to different clients. For any matters where the recommendation may trigger appraisal rights, counsel will provide an opinion concerning the likely risks and merits of such an appraisal action.

Each matter submitted to the Committee will be determined by the vote of a majority of the members present at the meeting. Should the vote concerning one or more recommendations be tied in a vote of the Committee, the Chairman of the Committee will cast the deciding vote. The Committee will notify the proxy department of its decisions and the proxies will be voted accordingly.

Although the Proxy Guidelines express the normal preferences for the voting of any shares not covered by a contrary investment guideline provided by the client, the Committee is not bound by the preferences set forth in the Proxy Guidelines and will review each matter on its own merits. Written minutes of all Proxy Voting Committee meetings will be maintained. The Advisers subscribe to ISS, which supplies current information on companies, matters being voted on, regulations, trends in proxy voting and information on corporate governance issues.

If the vote cast either by the analyst or as a result of the deliberations of the Proxy Voting Committee runs contrary to the recommendation of the Board of Directors of the issuer, the matter will be referred to legal counsel to determine whether an amendment to the most recently filed Schedule 13D is appropriate.

II. SOCIAL ISSUES AND OTHER CLIENT GUIDELINES

If a client has provided special instructions relating to the voting of proxies, they should be noted in the client's account file and forwarded to the proxy department. This is the responsibility of the investment professional or sales assistant for the client. In accordance with Department of Labor guidelines, the Advisers' policy is to vote on behalf of ERISA accounts in the best interest of the plan participants with regard to social issues that carry an economic impact. Where an account is not governed by ERISA, the Advisers will vote shares held on behalf of the client in a manner consistent with any individual investment/voting guidelines provided by the client. Otherwise the Advisers will abstain with respect to those shares.

III. CLIENT RETENTION OF VOTING RIGHTS

If a client chooses to retain the right to vote proxies or if there is any change in voting authority, the following should be notified by the investment professional or sales assistant for the client.

- Operations
- Legal Department
- Proxy Department
- Investment professional assigned to the account

In the event that the Board of Directors (or a Committee thereof) of one or more of the investment companies managed by one of the Advisers has retained direct voting control over any security, the Proxy Voting Department will provide each Board Member (or Committee member) with a copy of the proxy statement together with any other relevant information including recommendations of ISS or other third-party services.

IV. VOTING RECORDS

The Proxy Voting Department will retain a record of matters voted upon

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by the Advisers for their clients. The Advisers will supply information on how an account voted its proxies upon request.

A letter is sent to the custodians for all clients for which the Advisers have voting responsibility instructing them to forward all proxy materials to:

[Adviser name]  
Attn: Proxy Voting Department  
One Corporate Center  
Rye, New York 10580-1433

The sales assistant sends the letters to the custodians along with the trading/DTC instructions. Proxy voting records will be retained in compliance with Rule 204-2 under the Investment Advisers Act.

### V. VOTING PROCEDURES

1. Custodian banks, outside brokerage firms and clearing firms are responsible for forwarding proxies directly to the Advisers.

Proxies are received in one of two forms:

- o Shareholder Vote Authorization Forms ("VAFs") - Issued by Broadridge Financial Solutions, Inc. ("Broadridge") VAFs must be voted through the issuing institution causing a time lag. Broadridge is an outside service contracted by the various institutions to issue proxy materials.
  - o Proxy cards which may be voted directly.
2. Upon receipt of the proxy, the number of shares each form represents is logged into the proxy system according to security.
3. In the case of a discrepancy such as an incorrect number of shares, an improperly signed or dated card, wrong class of security, etc., the issuing custodian is notified by phone. A corrected proxy is requested. Any arrangements are made to insure that a proper proxy is received in time to be voted (overnight delivery, fax, etc.). When securities are out on loan on record date, the custodian is requested to supply written verification.

4

4. Upon receipt of instructions from the proxy committee (see Administrative), the votes are cast and recorded for each account on an individual basis.

Records have been maintained on the Proxy Edge system. The system is backed up regularly.

Proxy Edge records include:

Security Name and Cusip Number  
Date and Type of Meeting (Annual, Special, Contest)  
Client Name  
Adviser or Fund Account Number  
Directors' Recommendation  
How GAMCO voted for the client on each issue

5. VAFs are kept alphabetically by security. Records for the current proxy season are located in the Proxy Voting Department office. In preparation for the upcoming season, files are transferred to an offsite storage facility during January/February.

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6. Shareholder Vote Authorization Forms issued by Broadridge are always sent directly to a specific individual at Broadridge.
7. If a proxy card or VAF is received too late to be voted in the conventional matter, every attempt is made to vote on one of the following manners:
- o VAFs can be faxed to Broadridge up until the time of the meeting. This is followed up by mailing the original form.
  - o When a solicitor has been retained, the solicitor is called. At the solicitor's direction, the proxy is faxed.
8. In the case of a proxy contest, records are maintained for each opposing entity.
9. Voting in Person
- a) At times it may be necessary to vote the shares in person. In this case, a "legal proxy" is obtained in the following manner:
- o Banks and brokerage firms using the services at Broadridge:

The back of the VAF is stamped indicating that we wish to vote in person. The forms are then sent overnight to Broadridge. Broadridge issues individual legal proxies and sends them back via overnight (or the Adviser can pay messenger charges). A lead-time of at least two weeks prior to the meeting is needed to do this. Alternatively, the procedures detailed below for banks not using Broadridge may be implemented.

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- o Banks and brokerage firms issuing proxies directly:

The bank is called and/or faxed and a legal proxy is requested.

All legal proxies should appoint:

"REPRESENTATIVE OF [ADVISER NAME] WITH FULL POWER OF SUBSTITUTION."

- b) The legal proxies are given to the person attending the meeting along with the following supplemental material:
- o A limited Power of Attorney appointing the attendee an Adviser representative.
  - o A list of all shares being voted by custodian only. Client names and account numbers are not included. This list must be presented, along with the proxies, to the Inspectors of Elections and/or tabulator at least one-half hour prior to the scheduled start of the meeting. The tabulator must "qualify" the votes (i.e. determine if the vote have previously been cast, if the votes have been rescinded, etc. vote have previously been cast, etc.).
  - o A sample ERISA and Individual contract.
  - o A sample of the annual authorization to vote proxies form.
  - o A copy of our most recent Schedule 13D filing (if applicable).

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APPENDIX A  
PROXY GUIDELINES

PROXY VOTING GUIDELINES

GENERAL POLICY STATEMENT

It is the policy of GAMCO INVESTORS, INC. to vote in the best economic interests of our clients. As we state in our Magna Carta of Shareholders Rights, established in May 1988, we are neither FOR nor AGAINST management. We are for shareholders.

At our first proxy committee meeting in 1989, it was decided that each proxy statement should be evaluated on its own merits within the framework first established by our Magna Carta of Shareholders Rights. The attached guidelines serve to enhance that broad framework.

We do not consider any issue routine. We take into consideration all of our research on the company, its directors, and their short and long-term goals for the company. In cases where issues that we generally do not approve of are combined with other issues, the negative aspects of the issues will be factored into the evaluation of the overall proposals but will not necessitate a vote in opposition to the overall proposals.

7

BOARD OF DIRECTORS

The advisers do not consider the election of the Board of Directors a routine issue. Each slate of directors is evaluated on a case-by-case basis.

Factors taken into consideration include:

- o Historical responsiveness to shareholders  
This may include such areas as:
  - Paying greenmail
  - Failure to adopt shareholder resolutions receiving a majority of shareholder votes
- o Qualifications
- o Nominating committee in place
- o Number of outside directors on the board
- o Attendance at meetings
- o Overall performance

SELECTION OF AUDITORS

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In general, we support the Board of Directors' recommendation for auditors.

### BLANK CHECK PREFERRED STOCK

We oppose the issuance of blank check preferred stock.

Blank check preferred stock allows the company to issue stock and establish dividends, voting rights, etc. without further shareholder approval.

### CLASSIFIED BOARD

A classified board is one where the directors are divided into classes with overlapping terms. A different class is elected at each annual meeting.

While a classified board promotes continuity of directors facilitating long range planning, we feel directors should be accountable to shareholders on an annual basis. We will look at this proposal on a case-by-case basis taking into consideration the board's historical responsiveness to the rights of shareholders.

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Where a classified board is in place we will generally not support attempts to change to an annually elected board.

When an annually elected board is in place, we generally will not support attempts to classify the board.

### INCREASE AUTHORIZED COMMON STOCK

The request to increase the amount of outstanding shares is considered on a case-by-case basis.

Factors taken into consideration include:

- o Future use of additional shares
  - Stock split
  - Stock option or other executive compensation plan
  - Finance growth of company/strengthen balance sheet
  - Aid in restructuring
  - Improve credit rating
  - Implement a poison pill or other takeover defense
- o Amount of stock currently authorized but not yet issued or reserved for stock option plans
- o Amount of additional stock to be authorized and its dilutive effect

We will support this proposal if a detailed and verifiable plan for the use of the additional shares is contained in the proxy statement.



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### CONFIDENTIAL BALLOT

We support the idea that a shareholder's identity and vote should be treated with confidentiality.

However, we look at this issue on a case-by-case basis.

In order to promote confidentiality in the voting process, we endorse the use of independent Inspectors of Election.

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### CUMULATIVE VOTING

In general, we support cumulative voting.

Cumulative voting is a process by which a shareholder may multiply the number of directors being elected by the number of shares held on record date and cast the total number for one candidate or allocate the voting among two or more candidates.

Where cumulative voting is in place, we will vote against any proposal to rescind this shareholder right.

Cumulative voting may result in a minority block of stock gaining representation on the board. When a proposal is made to institute cumulative voting, the proposal will be reviewed on a case-by-case basis. While we feel that each board member should represent all shareholders, cumulative voting provides minority shareholders an opportunity to have their views represented.

### DIRECTOR LIABILITY AND INDEMNIFICATION

We support efforts to attract the best possible directors by limiting the liability and increasing the indemnification of directors, except in the case of insider dealing.

### EQUAL ACCESS TO THE PROXY

The SEC's rules provide for shareholder resolutions. However, the resolutions are limited in scope and there is a 500 word limit on proponents' written arguments. Management has no such limitations. While we support equal access to the proxy, we would look at such variables as length of time required to respond, percentage of ownership, etc.

### FAIR PRICE PROVISIONS

Charter provisions requiring a bidder to pay all shareholders a fair price are intended to prevent two-tier tender offers that may be abusive. Typically, these provisions do not apply to board-approved transactions.

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We support fair price provisions because we feel all shareholders should be entitled to receive the same benefits.

Reviewed on a case-by-case basis.

### GOLDEN PARACHUTES

Golden parachutes are severance payments to top executives who are terminated or demoted after a takeover.

We support any proposal that would assure management of its own welfare so that they may continue to make decisions in the best interest of the company and shareholders even if the decision results in them losing their job. We do not, however, support excessive golden parachutes. Therefore, each proposal will be decided on a case-by-case basis.

NOTE: CONGRESS HAS IMPOSED A TAX ON ANY PARACHUTE THAT IS MORE THAN THREE TIMES THE EXECUTIVE'S AVERAGE ANNUAL COMPENSATION.

### ANTI-GREENMAIL PROPOSALS

We do not support greenmail. An offer extended to one shareholder should be extended to all shareholders equally across the board.

### LIMIT SHAREHOLDERS' RIGHTS TO CALL SPECIAL MEETINGS

We support the right of shareholders to call a special meeting.

### CONSIDERATION OF NONFINANCIAL EFFECTS OF A MERGER

This proposal releases the directors from only looking at the financial effects of a merger and allows them the opportunity to consider the merger's effects on employees, the community, and consumers.

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As a fiduciary, we are obligated to vote in the best economic interests of our clients. In general, this proposal does not allow us to do that. Therefore, we generally cannot support this proposal.

Reviewed on a case-by-case basis.

### MERGERS, BUYOUTS, SPIN-OFFS, RESTRUCTURINGS

Each of the above is considered on a case-by-case basis. According to the

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Department of Labor, we are not required to vote for a proposal simply because the offering price is at a premium to the current market price. We may take into consideration the long term interests of the shareholders.

### MILITARY ISSUES

Shareholder proposals regarding military production must be evaluated on a purely economic set of criteria for our ERISA clients. As such, decisions will be made on a case-by-case basis.

In voting on this proposal for our non-ERISA clients, we will vote according to the client's direction when applicable. Where no direction has been given, we will vote in the best economic interests of our clients. It is not our duty to impose our social judgment on others.

### NORTHERN IRELAND

Shareholder proposals requesting the signing of the MacBride principles for the purpose of countering the discrimination of Catholics in hiring practices must be evaluated on a purely economic set of criteria for our ERISA clients. As such, decisions will be made on a case-by-case basis.

In voting on this proposal for our non-ERISA clients, we will vote according to client direction when applicable. Where no direction has been given, we will vote in the best economic interests of our clients. It is not our duty to impose our social judgment on others.

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### OPT OUT OF STATE ANTI-TAKEOVER LAW

This shareholder proposal requests that a company opt out of the coverage of the state's takeover statutes. Example: Delaware law requires that a buyer must acquire at least 85% of the company's stock before the buyer can exercise control unless the board approves.

We consider this on a case-by-case basis. Our decision will be based on the following:

- o State of Incorporation
- o Management history of responsiveness to shareholders
- o Other mitigating factors

### POISON PILL

In general, we do not endorse poison pills.

In certain cases where management has a history of being responsive to the needs of shareholders and the stock is very liquid, we will reconsider this position.

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### REINCORPORATION

Generally, we support reincorporation for well-defined business reasons. We oppose reincorporation if proposed solely for the purpose of reincorporating in a state with more stringent anti-takeover statutes that may negatively impact the value of the stock.

### STOCK OPTION PLANS

Stock option plans are an excellent way to attract, hold and motivate directors and employees. However, each stock option plan must be evaluated on its own merits, taking into consideration the following:

- o Dilution of voting power or earnings per share by more than 10%
- o Kind of stock to be awarded, to whom, when and how much
- o Method of payment
- o Amount of stock already authorized but not yet issued under existing stock option plans

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### SUPERMAJORITY VOTE REQUIREMENTS

Supermajority vote requirements in a company's charter or bylaws require a level of voting approval in excess of a simple majority of the outstanding shares. In general, we oppose supermajority-voting requirements. Supermajority requirements often exceed the average level of shareholder participation. We support proposals' approvals by a simple majority of the shares voting.

### LIMIT SHAREHOLDERS RIGHT TO ACT BY WRITTEN CONSENT

Written consent allows shareholders to initiate and carry on a shareholder action without having to wait until the next annual meeting or to call a special meeting. It permits action to be taken by the written consent of the same percentage of the shares that would be required to effect proposed action at a shareholder meeting.

Reviewed on a case-by-case basis.

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### ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

#### PORTFOLIO MANAGER

Mr. Mario J. Gabelli, CFA, is primarily responsible for the day-to-day management of The Gabelli Equity Trust Inc., (the Trust). Mr. Gabelli has served as Chairman, Chief Executive Officer, and Chief Investment Officer -Value Portfolios of GAMCO Investors, Inc. and its affiliates since their organization.

Additionally, Mr. Caesar M. P. Bryan manages a portion of the Trust's assets. Mr. Bryan is a Senior Vice President and Portfolio Manager with GAMCO Asset Management Inc. (a wholly owned subsidiary of GAMCO Investors, Inc.) since 1994.

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### MANAGEMENT OF OTHER ACCOUNTS

The table below shows the number of other accounts managed by the Portfolio Managers and the total assets in each of the following categories: registered investment companies, other paid investment vehicles and other accounts. For each category, the table also shows the number of accounts and the total assets in the accounts with respect to which the advisory fee is based on account performance.

Name of Portfolio Manager	Type of Accounts	Total No. of Accounts Managed	Total Assets	No. of Accounts where Advisory Fee is Based on Performance
1. Mario J. Gabelli	Registered Investment Companies:	24	9.4B	6
	Other Pooled Investment Vehicles:	22	355.1M	19
	Other Accounts:	2,049	8.1B	6
2. Caesar M.P. Bryan	Registered Investment Companies:	4	728.7M	0
	Other Pooled Investment Vehicles:	2	6.0M	2
	Other Accounts:	5	33.5M	0

### POTENTIAL CONFLICTS OF INTEREST

As reflected above, the Portfolio Managers manage accounts in addition to the Trust. Actual or apparent conflicts of interest may arise when a Portfolio Manager also has day-to-day management responsibilities with respect to one or more other accounts. These potential conflicts include:

**ALLOCATION OF LIMITED TIME AND ATTENTION.** As indicated above, the Portfolio Managers manage multiple accounts. As a result, they will not be able to devote all of their time to management of the Trust. The Portfolio Manager, therefore, may not be able to formulate as complete a strategy or identify equally attractive investment opportunities for each of those accounts as might be the case if he were to devote all of his attention to the management of only the

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Trust.

ALLOCATION OF LIMITED INVESTMENT OPPORTUNITIES. As indicated above, the Portfolio Managers manage managed accounts with investment strategies and/or policies that are similar to the Trust. In these cases, if he identifies an investment opportunity that may be suitable for multiple accounts, a Fund may not be able to take full advantage of that opportunity because the opportunity may be allocated among all or many of these accounts or other accounts managed primarily by other Portfolio Managers of the Adviser, and their affiliates. In addition, in the event the Portfolio Manager determines to purchase a security for more than one account in an aggregate amount that may influence the market price of the security, accounts that purchased or sold the security first may receive a more favorable price than accounts that made subsequent transactions.

SELECTION OF BROKER/DEALERS. Because of Mr. Gabelli's position with the Distributor and his indirect majority ownership interest in the Distributor, he may have an incentive to use the Distributor to execute portfolio transactions for a Fund.

PURSUIT OF DIFFERING STRATEGIES. At times, the Portfolio Manager may determine that an investment opportunity may be appropriate for only some of the accounts for which he exercises investment responsibility, or may decide that certain of the funds or accounts should take differing positions with respect to a particular security. In these cases, he may execute differing or opposite transactions for one or more accounts which may affect the market price of the security or the execution of the transaction, or both, to the detriment of one or more other accounts.

VARIATION IN COMPENSATION. A conflict of interest may arise where the financial or other benefits available to the Portfolio Managers differ among the accounts that they manage. If the structure of the Adviser's management fee or the Portfolio Manager's compensation differs among accounts (such as where certain accounts pay higher management fees or performance-based management fees), the Portfolio Manager may be motivated to favor certain accounts over others. The Portfolio Manager also may be motivated to favor accounts in which he has an investment interest, or in which the Adviser, or their affiliates have investment interests. Similarly, the desire to maintain assets under management or to enhance a Portfolio Manager's performance record or to derive other rewards, financial or otherwise, could influence the Portfolio Manager in affording preferential treatment to those accounts that could most significantly benefit the Portfolio Manager. For example, as reflected above, if the Portfolio Manager manages accounts which have performance fee arrangements, certain portions of his compensation will depend on the achievement of performance milestones on those accounts. The Portfolio Manager could be incented to afford preferential treatment to those accounts and thereby be subject to a potential conflict of interest.

The Adviser, and the Funds have adopted compliance policies and procedures that are designed to address the various conflicts of interest that may arise for the Adviser and their staff members. However, there is no guarantee that such policies and procedures will be able to detect and prevent every situation in which an actual or potential conflict may arise.

### COMPENSATION STRUCTURE FOR MARIO J. GABELLI

Mr. Gabelli receives incentive-based variable compensation based on a percentage of net revenues received by the Adviser for managing the Trust. Net revenues are determined by deducting from gross investment management fees the firm's expenses (other than Mr. Gabelli's compensation) allocable to this Trust. Five closed-end registered investment companies (including this Trust) managed by Mr.

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Gabelli have arrangements whereby the Adviser will only receive its investment advisory fee attributable to the liquidation value of outstanding preferred stock (and Mr. Gabelli would only receive his percentage of such advisory fee) if certain performance levels are met. Additionally, he receives similar incentive based variable compensation for managing other accounts within the firm and its affiliates. This method of compensation is based on the premise that superior long-term performance in managing a portfolio should be rewarded with higher compensation as a result of growth of assets through appreciation and net investment activity. The level of compensation is not determined with specific reference to the performance of any account against any specific benchmark. One of the other registered investment companies managed by Mr. Gabelli has a performance (fulcrum) fee arrangement for which his compensation is adjusted up or down based on the performance of the investment company relative to an index. Mr. Gabelli manages other accounts with performance fees. Compensation for managing these accounts has two components. One component is based on a percentage of net revenues to the investment adviser for managing the account. The second component is based on absolute performance of the account, with respect to which a percentage of such performance fee is paid to Mr. Gabelli. As an executive officer of the Adviser's parent company, GBL, Mr. Gabelli also receives ten percent of the net operating profits of the parent company. He receives no base salary, no annual bonus, and no stock options.

### COMPENSATION STRUCTURE FOR CAESAR M. P. BRYAN

The compensation of Mr. Bryan for the Trust is structured to enable the Adviser to attract and retain highly qualified professionals in a competitive environment. The Portfolio Manager receives a compensation package that includes a minimum draw or base salary, equity-based incentive compensation via awards of stock options, and incentive based variable compensation based on a percentage of net revenue received by the Adviser for managing the Trust to the extent that the amount exceeds a minimum level of compensation. Net revenues are determined by deducting from gross investment management fees certain of the firm's expenses (other than the Portfolio Managers' compensation) allocable to the Trust (the incentive-based variable compensation for managing other accounts is also based on a percentage of net revenues to the investment adviser for managing the account). This method of compensation is based on the premise that superior long-term performance in managing a portfolio should be rewarded with higher compensation as a result of growth of assets through appreciation and net investment activity. The level of equity-based incentive and incentive-based variable compensation is based on an evaluation by the Adviser's parent, GBL, of quantitative and qualitative performance evaluation criteria. This evaluation takes into account, in a broad sense, the performance of the accounts managed by the Portfolio Manager, but the level of compensation is not determined with specific reference to the performance of any account against any specific benchmark. Generally, greater consideration is given to the performance of larger accounts and to longer term performance over smaller accounts and short-term performance.

### OWNERSHIP OF SHARES IN THE FUND

Mario Gabelli and Caesar M. P. Bryan owned over \$1,000,000 and \$0 - \$10,000, respectively, of shares of the Trust as of December 31, 2008.

(B) Not applicable.

### ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

#### REGISTRANT PURCHASES OF EQUITY SECURITIES

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PERIOD	(A) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED	(B) AVERAGE PRICE PAID PER SHARE (OR UNIT)	(C) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS
Month #1 07/01/08 through 07/31/08	Common - N/A  Preferred Series D - N/A  Preferred Series F - N/A	Common - N/A  Preferred Series D - N/A  Preferred Series F - N/A	Common - N/A  Preferred Series D - N/A  Preferred Series F - N/A
Month #2 08/01/08 through 08/31/08	Common - N/A  Preferred Series D - N/A  Preferred Series F - N/A	Common - N/A  Preferred Series D - N/A  Preferred Series F - N/A	Common - N/A  Preferred Series D - N/A  Preferred Series F - N/A
Month #3 09/01/08 through 09/30/08	Common - N/A  Preferred Series D - 600  Preferred Series F - 500	Common - N/A  Preferred Series D - \$21.0850  Preferred Series F - \$21.2020	Common - N/A  Preferred Series D - 600  Preferred Series F - 500
Month #4 10/01/08 through 10/31/08	Common - N/A  Preferred Series D - 16,659  Preferred Series F - 45,674	Common - N/A  Preferred Series D - \$20.2215  Preferred Series F - \$20.6743	Common - N/A  Preferred Series D - 16,659  Preferred Series F - 46,674
Month #5 11/01/08 through 11/30/08	Common - N/A  Preferred Series D - 6,278  Preferred Series F - 10,028	Common - N/A  Preferred Series D - \$20.7925  Preferred Series F - \$20.6655	Common - N/A  Preferred Series D - 6,278  Preferred Series F - 10,028
Month #6 12/01/08 through 12/31/08	Common - N/A  Preferred Series D - 24,894  Preferred Series F - 23,532	Common - N/A  Preferred Series D - \$20.2688  Preferred Series F - \$21.3009	Common - N/A  Preferred Series D - 24,894  Preferred Series F - 23,532
Total	Common - N/A	Common - N/A	Common - N/A



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Preferred Series D - 48,431	Preferred Series D - \$20.1885	Preferred Series D - 48,431
Preferred Series F - 79,734	Preferred Series F - \$20.7271	Preferred Series F - 79,734

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Footnote columns (c) and (d) of the table, by disclosing the following information in the aggregate for all plans or programs publicly announced:

- a. The date each plan or program was announced - The notice of the potential repurchase of common and preferred shares occurs quarterly in the Fund's quarterly report in accordance with Section 23(c) of the Investment Company Act of 1940, as amended.
- b. The dollar amount (or share or unit amount) approved - Any or all common shares outstanding may be repurchased when the Fund's common shares are trading at a discount of 10% or more from the net asset value of the shares.

Any or all preferred shares outstanding may be repurchased when the Fund's preferred shares are trading at a discount to the liquidation value of \$25.00.

- c. The expiration date (if any) of each plan or program - The Fund's repurchase plans are ongoing.
- d. Each plan or program that has expired during the period covered by the table - The Fund's repurchase plans are ongoing.
- e. Each plan or program the registrant has determined to terminate prior to expiration, or under which the registrant does not intend to make further purchases. - The Fund's repurchase plans are ongoing.

### ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which the shareholders may recommend nominees to the registrant's Board of Directors, where those changes were implemented after the registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (17 CFR 229.407) (as required by Item 22(b)(15) of Schedule 14A (17 CFR 240.14a-101)), or this Item.

### ITEM 11. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).

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- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

- (a) (1) Code of ethics, or any amendment thereto, that is the subject of disclosure required by Item 2 is attached hereto.
- (a) (2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.
- (a) (3) Not applicable.
- (b) Certifications pursuant to Rule 30a-2(b) under the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(registrant) The Gabelli Equity Trust Inc.

-----  
By (Signature and Title)\* /s/ Bruce N. Alpert

-----  
Bruce N. Alpert, Principal Executive Officer

Date 3/9/09  
-----

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)\* /s/ Bruce N. Alpert

-----  
Bruce N. Alpert, Principal Executive Officer

Date 3/9/09  
-----

By (Signature and Title)\* /s/ Agnes Mullady  
-----

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Agnes Mullady,  
Principal Financial Officer and Treasurer

Date 3/9/09

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\* Print the name and title of each signing officer under his or her signature.