

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-CSR

GABELLI EQUITY TRUST INC  
Form N-CSR  
March 10, 2008

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  
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The Gabelli Equity Trust Inc.  
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(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  
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(Name and address of agent for service)

registrant's telephone number, including area code: 1-800-422-3554  
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Date of fiscal year end: December 31  
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Date of reporting period: December 31, 2007  
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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.

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The Report to Shareholders is attached herewith.

[LOGO]  
THE GABELLI  
EQUITY TRUST INC.

THE GABELLI EQUITY TRUST INC.

Annual Report  
December 31, 2007

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, 2007.

## COMPARATIVE RESULTS

### AVERAGE ANNUAL RETURNS THROUGH DECEMBER 31, 2007 (a)

	Quarter	1 Year	3 Year	5 Year	10 Year	15 Year
GABELLI EQUITY TRUST						
NAV TOTAL RETURN (b) .....	(1.54)%	12.10%	14.86%	20.82%	10.53%	12.30%
INVESTMENT TOTAL RETURN (c) .....	0.63	12.75	13.67	18.52	10.08	12.34
S&P 500 Index .....	(3.33)	5.49	8.61	12.82	5.91	10.49
Dow Jones Industrial Average .....	(3.99)	8.81	9.65	12.25	7.46	12.12
Nasdaq Composite Index .....	(1.82)	9.81	6.83	14.71	5.38	9.53

(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. PERFORMANCE RETURNS FOR PERIODS LESS THAN ONE YEAR ARE NOT ANNUALIZED. 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. INVESTORS SHOULD CAREFULLY CONSIDER THE INVESTMENT OBJECTIVES, RISKS, CHARGES, AND EXPENSES OF THE FUND BEFORE INVESTING. THE DOW JONES INDUSTRIAL AVERAGE IS AN UNMANAGED

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INDEX OF 30 LARGE CAPITALIZATION STOCKS. THE STANDARD & POOR'S ("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 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 DATE FOR WHICH DATA IS AVAILABLE.

Sincerely yours,

/s/ Bruce N. Alpert

Bruce N. Alpert  
President

February 22, 2008

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, 2007:

LONG POSITIONS	
Food and Beverage .....	12.4%
Financial Services .....	8.8%
Energy and Utilities .....	7.4%
Diversified Industrial .....	6.3%
U.S. Government Obligations .....	6.1%
Telecommunications .....	6.0%
Consumer Products .....	5.0%
Cable and Satellite .....	4.7%
Entertainment .....	4.3%
Health Care .....	4.0%
Publishing .....	4.0%
Equipment and Supplies .....	3.5%
Automotive: Parts and Accessories .....	2.2%
Machinery .....	2.1%
Hotels and Gaming .....	2.0%
Broadcasting .....	2.0%
Aviation: Parts and Services .....	1.7%
Aerospace .....	1.6%
Specialty Chemicals .....	1.5%
Consumer Services .....	1.5%
Business Services .....	1.5%
Agriculture .....	1.4%
Communications Equipment .....	1.4%
Retail .....	1.3%

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Metals and Mining .....	1.2%
Wireless Communications .....	1.2%
Electronics .....	1.1%
Environmental Services .....	1.0%
Automotive .....	0.7%
Computer Software and Services .....	0.6%
Real Estate .....	0.5%
Transportation .....	0.4%
Closed-End Funds .....	0.4%
Manufactured Housing and Recreational Vehicles .....	0.1%
Real Estate Investment Trusts .....	0.1%
	-----
	100.0%
	=====

### SHORT POSITIONS

Call Options Written .....	0.0%
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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, 2007. 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, 2007 (UNAUDITED)

	SHARES	OWNERSHIP AT DECEMBER 31, 2007
	-----	-----
NET PURCHASES		
COMMON STOCKS		
Advanced Medical Optics Inc. ....	30,000	130,000
Alibaba.com Ltd. ....	8,000	8,000
American International Group Inc. ....	5,000	55,000
Ashland Inc. ....	1,000	41,000
Bel Fuse Inc., Cl. A ....	12,800	12,800
Bell Aliant Regional Communications Income Fund .....	1,000	1,000
BERU AG .....	1,000	2,000

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Biogen Idec Inc. ....	9,000	35,000
BorgWarner Inc. (a) ....	43,000	86,000
Boston Scientific Corp. ....	10,000	160,000
Campbell Soup Co. ....	8,000	80,000
CBS Corp., Cl. A ....	18,000	433,000
ChoicePoint Inc. ....	10,000	30,000
Cincinnati Bell Inc. ....	50,000	900,000
Citadel Broadcasting Corp. ....	4,000	10,143
Clearwire Corp., Cl. A ....	6,000	14,000
Coca-Cola Hellenic Bottling Co. SA (b) ....	19,000	57,000
Cognos Inc. ....	100,000	100,000
Coldwater Creek Inc. ....	13,000	40,000
Constellation Brands Inc., Cl. A ....	75,600	90,000
Crown Ltd. (c) ....	100,000	100,000
CVS Caremark Corp. ....	45,000	70,000
Dean Foods Co. ....	40,000	40,000
Deere & Co. (a) ....	205,000	425,000
E.I. du Pont de Nemours and Co. ....	5,000	25,000
EchoStar Communications Corp., Cl. A ....	78,700	133,700
Fortress Investment Group LLC, Cl. A ....	7,000	12,000
FPL Group Inc. ....	4,600	24,600
General Motors Corp. ....	50,000	100,000
Greatbatch Inc. ....	5,000	5,000
Grupo Televisa SA, ADR ....	85,000	700,000
Hercules Inc. ....	10,000	175,000
Il Sole 24 Ore ....	1,967,000	1,967,000
Interpublic Group of Companies Inc. ....	40,000	40,000
Japan Tobacco Inc. ....	175	175
Johnson & Johnson ....	20,000	40,000
Johnson Controls Inc. (d) ....	135,000	205,000
Kaman Corp. ....	25,899	25,899
Legg Mason Inc. ....	8,000	50,000
Lighthouse Caledonia ASA (e) ....	8,075	8,075
Macy's Inc. ....	20,000	40,000
MGM Mirage ....	16,000	30,000
Och-Ziff Capital Management Group LLC, Cl. A ....	2,000	2,000
Orascom Telecom Holding SAE ....	15,000	15,000
PACCAR Inc. (f) ....	32,250	96,750
Pernod-Ricard SA ....	13,000	21,100
Reckitt Benckiser Group plc (g) ....	60,000	60,000
Rollins Inc. (f) ....	350,000	1,110,000
Rolls-Royce Group plc, Cl. B (h) ....	48,480,000	48,480,000
Rowan Companies Inc. ....	205,000	205,000
Spectra Energy Corp. ....	5,000	120,000
The Bear Stearns Companies Inc. ....	18,000	18,000
The Blackstone Group LP ....	3,000	5,000
The DIRECTV Group Inc. ....	150,000	300,000
The Great Atlantic & Pacific Tea Co. Inc. ....	85,000	115,000
The Hershey Co. ....	25,000	70,000
Tokyo Broadcasting System Inc. ....	10,000	100,000
		OWNERSHIP AT DECEMBER 31, 2007
	SHARES	
Tyco International Ltd. ....	40,000	200,000
UnitedHealth Group Inc. ....	50,000	90,000
Viacom Inc., Cl. A ....	5,000	370,000
Vivendi ....	50,000	383,900
Walgreen Co. ....	50,000	50,000
Wal-Mart Stores Inc. ....	15,000	15,000

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Zep Inc. (i) .....	100,000	100,000
	PRINCIPAL AMOUNT	
	-----	
CONVERTIBLE CORPORATE BOND		
The Great Atlantic & Pacific Tea Co. Inc., Cv., 5.125%, 06/15/11 .....	\$ 3,000,000	\$ 3,000,000
	SHARES	
	-----	
NET SALES		
COMMON STOCKS		
Acuity Brands Inc. (i) .....	(11,000)	9,000
Alcan Inc. (j) .....	(70,000)	--
Allegheny Energy Inc. ....	(2,000)	68,000
ALLIANZ SE .....	(4,200)	2,800
Alltel Corp. (k) .....	(10,000)	--
America Movil SAB de CV, Cl. L, ADR .....	(2,000)	96,000
Ameriprise Financial Inc. ....	(2,000)	8,000
Ampco-Pittsburgh Corp. ....	(1,000)	163,000
Andrew Corp. (l) .....	(10,000)	--
Asciano Group .....	(70,000)	--
Avis Budget Group Inc. ....	(4,000)	14,000
Aviva plc .....	(15,000)	80,000
BCE Inc. ....	(170,000)	85,000
Berkshire Hathaway Inc., Cl. A .....	(103)	143
Cadbury Schweppes plc, ADR .....	(3,400)	180,000
CheckFree Corp. (m) .....	(1,000)	--
Clorox Co. ....	(2,000)	30,000
Cooper Industries Ltd., Cl. A .....	(2,000)	245,000
Corus Entertainment Inc., Cl. B, New York .....	(666)	12,667
Covidien Ltd. ....	(25,000)	20,000
Curtiss-Wright Corp. ....	(20,000)	350,000
Dade Behring Holdings Inc. (n) .....	(200,000)	--
Dana Corp. ....	(230,000)	--
Dow Jones & Co. Inc. (o) .....	(100,000)	--
Energizer Holdings Inc. ....	(2,000)	112,000
Enodis plc .....	(100,000)	300,000
Fedders Corp. ....	(10,000)	50,000
Flowers Foods Inc. ....	(15,000)	90,000
Flowserve Corp. ....	(2,000)	108,000
Greif Inc., Cl. A .....	(5,000)	210,000
Groupe Danone .....	(12,000)	368,000
H.B. Fuller Co. ....	(5,000)	45,000
Hospira Inc. ....	(12,000)	18,000
Idearc Inc. ....	(5,000)	4,000
Interactive Brokers Group Inc., Cl. A .....	(5,000)	20,000
Kellogg Co. ....	(12,000)	90,000
Kraft Foods Inc., Cl. A .....	(15,000)	200,000
Ladbrokes plc .....	(47,000)	1,247,116
Laidlaw International Inc. (p) .....	(50,000)	--
Landesbank Berlin Holding AG .....	(260,000)	--
Lenox Group Inc. ....	(10,000)	35,000
Liberty Media Corp. - Interactive, Cl. A .....	(55,131)	210,000
Lufkin Industries Inc. ....	(1,000)	102,000
MasterCard Inc., Cl. A .....	(47,500)	62,500

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
 PORTFOLIO CHANGES (CONTINUED)  
 QUARTER ENDED DECEMBER 31, 2007  
 (UNAUDITED)

	SHARES	OWNERSHIP AT DECEMBER 31, 2007
	-----	-----
NET SALES (CONTINUED)		
COMMON STOCKS (CONTINUED)		
McClatchy Co., Cl. A .....	(11,000)	9,000
News Corp., Cl. A .....	(30,000)	1,540,000
Nintendo Co. Ltd. ....	(500)	2,000
Nortel Networks Corp. ....	(15,000)	180,000
Novartis AG, ADR .....	(3,000)	102,000
Nuveen Investments Inc., Cl. A (q) .....	(30,000)	--
Oceaneering International Inc. ....	(1,000)	19,000
Park-Ohio Holdings Corp. ....	(1,000)	100,000
PepsiAmericas Inc. ....	(5,000)	535,000
PepsiCo Inc. ....	(35,000)	315,000
PetroChina Co. Ltd., ADR .....	(700)	1,300
Precision Castparts Corp. ....	(3,500)	96,500
Proliance International Inc. ....	(20,000)	160,000
Publishing and Broadcasting Ltd. (c) .....	(100,000)	--
Rank Group plc .....	(650,000)	500,000
Reckitt Benckiser plc (g) .....	(60,000)	--
Rogers Communications Inc., Cl. B, New York .....	(65,000)	500,690
Sequa Corp., Cl. A (r) .....	(73,000)	--
Sequa Corp., Cl. B (r) .....	(84,600)	--
Seven & I Holdings Co. Ltd. ....	(39,800)	--
Shizuoka Bank Ltd. ....	(80,000)	--
Telecom Italia SpA .....	(20,000)	1,450,000
Telefonica SA, ADR .....	(2,000)	228,000
Telefonos de Mexico SAB de CV, Cl. L, ADR .....	(2,000)	60,000
Telephone & Data Systems Inc., Special .....	(13,000)	355,000
The Fairchild Corp., Cl. A (s) .....	(60,000)	160,000
The Lamson & Sessions Co. (t) .....	(72,000)	--
The Mosaic Co. ....	(9,000)	21,000
The St. Joe Co. ....	(5,000)	145,000
The Walt Disney Co. ....	(10,000)	65,000
Thomas & Betts Corp. ....	(5,000)	235,000
Tribune Co. (u) .....	(19,030)	--
TXU Corp. (v) .....	(245,000)	--
Vodafone Group plc, ADR .....	(20,000)	50,000
Yahoo! Inc. ....	(20,000)	145,000
Young Broadcasting Inc., Cl. A .....	(10,000)	100,000
	PRINCIPAL AMOUNT	
	-----	
CONVERTIBLE CORPORATE BOND		
Kaman Corp., Sub. Deb. Cv., 6.000%, 3/15/12 .....	\$ (605,000)	--
	NUMBER OF CONTRACTS	OWNERSHIP AT DECEMBER 31, 2007

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CALL OPTIONS WRITTEN  
 MasterCard Inc. 01/19/08 210.00 ..... (10) (10)

- 
- (a) 2 for 1 stock split
  - (b) Bonus Issue - 1 Coca-Cola Hellenic Bottling Co. share for every 2 shares held
  - (c) Spin-off - 3.00 AUD plus 1 share of Crown Ltd. for every 1 share of Publishing and Broadcasting Ltd. held
  - (d) 3 for 1 stock split
  - (e) Spin-off - 0.01 share of Lighthouse Caledonia ASA for every 1 share of Marine Harvest
  - (f) 3 for 2 stock split
  - (g) Merger - 1 new share of Reckitt Benckiser Group plc (B24CGK7) for every 1 Reckitt Benckiser plc share held (0727871)
  - (h) Spin-off - 40.4 new Rolls-Royce Group redeemable "B" shares for every 1 Rolls-Royce Group share held
  - (i) Spin-off - 1 Zep Inc. share for every 2 Acuity Brands Inc. held
  - (j) Tender Offer - \$101.00 for every 1 share
  - (k) Cash Merger for \$71.50 for every 1 share
  - (l) Cash Merger - For each share held, holders will receive \$1,350 in cash plus 0.031543 of a share of Commscope Inc.
  - (m) Cash Merger - \$48.00 for every 1 share
  - (n) Tender Offer - \$77.00 for every 1 share
  - (o) Cash Merger - \$60.00 for every 1 share
  - (p) Cash Merger - 35.25 for every 1 share
  - (q) Cash Merger - \$65.00 for every 1 share
  - (r) Cash Merger - \$175.00 for every 1 share
  - (s) Tender Offer - \$2.50 for every 1 share
  - (t) Cash Merger - \$27.00 for every 1 share
  - (u) Cash Merger - \$34.00 for every 1 share
  - (v) Cash Merger - \$69.25 for every 1 share

See accompanying notes to financial statements.



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### THE GABELLI EQUITY TRUST INC. SCHEDULE OF INVESTMENTS DECEMBER 31, 2007

SHARES		COST	MARKET VALUE
-----		-----	-----
	COMMON STOCKS -- 93.6%		
	FOOD AND BEVERAGE -- 12.4%		
85,000	Ajinomoto Co. Inc. ....	\$ 998,444	\$ 967,059
40,000	Anheuser-Busch Companies Inc. ....	1,816,269	2,093,600
36,000	ARIAKE JAPAN Co. Ltd. ....	857,851	646,108
24,000	Brown-Forman Corp., Cl. A .....	1,586,639	1,796,160
110,000	Cadbury Schweppes plc .....	1,136,502	1,359,782
180,000	Cadbury Schweppes plc, ADR .....	7,782,937	8,886,600
80,000	Campbell Soup Co. ....	2,204,647	2,858,400
32,000	Cermaq ASA .....	497,341	444,948
40,000	China Mengniu Dairy Co. Ltd. ...	127,345	146,716
20,000	Coca-Cola Enterprises Inc. ....	376,515	520,600
57,000	Coca-Cola Hellenic Bottling Co. SA .....	492,259	2,466,775
90,000	Constellation Brands Inc., Cl. A+ .....	2,243,421	2,127,600
55,000	Corn Products International Inc. ....	753,028	2,021,250
300,000	Davide Campari-Milano SPA .....	3,133,137	2,872,933
40,000	Dean Foods Co. ....	1,060,052	1,034,400
60,000	Del Monte Foods Co. ....	564,374	567,600
80,000	Diageo plc .....	1,174,064	1,719,882
224,000	Diageo plc, ADR .....	9,660,541	19,225,920
90,000	Flowers Foods Inc. ....	658,030	2,106,900
99,000	Fomento Economico Mexicano SAB de CV, ADR .....	1,356,892	3,778,830
180,000	General Mills Inc. ....	8,693,258	10,260,000
368,000	Groupe Danone .....	18,296,500	33,035,367
1,000,000	Grupo Bimbo SAB de CV, Cl. A .....	2,705,279	5,960,987
100,000	H.J. Heinz Co. ....	3,532,093	4,668,000
20,000	Hain Celestial Group Inc.+ .....	267,663	640,000
10,000	Heineken NV .....	471,537	646,520
200,000	ITO EN Ltd. ....	4,714,194	3,804,324
60,000	ITO EN Ltd., Preference .....	1,329,645	857,718
90,000	Kellogg Co. ....	3,240,772	4,718,700
75,000	Kerry Group plc, Cl. A .....	860,877	2,405,804
200,000	Kraft Foods Inc., Cl. A .....	6,312,501	6,526,000
8,075	Lighthouse Caledonia ASA+ .....	8,498	7,674
12,100	LVMH Moet Hennessy Louis Vuitton SA .....	419,053	1,462,678
950,000	Marine Harvest+ .....	841,255	610,606
10,000	Meiji Seika Kaisha Ltd. ....	50,608	42,519
70,000	Morinaga Milk Industry Co. Ltd. ....	299,202	204,896
5,000	Nestle SA .....	1,622,846	2,296,515
300,000	Nissin Food Products Co. Ltd. ..	10,746,621	9,694,311
535,000	PepsiAmericas Inc. ....	9,948,636	17,826,200
315,000	PepsiCo Inc. ....	15,971,774	23,908,500
21,100	Pernod-Ricard SA .....	4,348,745	4,877,275
68,200	Ralcorp Holdings Inc.+ .....	1,308,415	4,145,878
26,000	Remy Cointreau SA .....	1,673,518	1,853,912
300,000	Sara Lee Corp. ....	4,862,162	4,818,000
100,000	Tesco plc .....	873,880	950,016

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200,000	The Coca-Cola Co. ....	8,929,956	12,274,000
70,000	The Hershey Co. ....	2,941,476	2,758,000
2,000	The J.M. Smucker Co. ....	52,993	102,880
118,820	Tootsie Roll Industries Inc. ...	1,562,913	3,258,045
170,000	Wm. Wrigley Jr. Co. ....	8,244,515	9,953,500
42,500	Wm. Wrigley Jr. Co., Cl. B .....	2,191,580	2,507,500
550,000	YAKULT HONSHA Co. Ltd. ....	15,388,597	12,726,581
		-----	-----
		181,191,850	247,444,969
		-----	-----
	FINANCIAL SERVICES -- 8.8%		
62,000	ABG Sundal Collier ASA .....	161,674	143,871
2,800	Allianz SE .....	552,300	605,670

SHARES		COST	MARKET VALUE
-----		-----	-----
575,000	American Express Co. ....	\$ 27,278,920	\$ 29,911,500
55,000	American International Group Inc. ....	3,594,346	3,206,500
8,000	Ameriprise Financial Inc. ....	232,843	440,880
19,452	Argo Group International Holdings Ltd.+ .....	752,879	819,513
80,000	Aviva plc .....	979,664	1,071,741
158,600	AXA Asia Pacific Holdings Ltd. ....	948,512	1,027,727
90,000	Banco Santander SA, ADR .....	322,130	1,938,600
143	Berkshire Hathaway Inc., Cl. A+ .....	422,488	20,248,800
7,500	Calamos Asset Management Inc., Cl. A .....	135,000	223,350
310,000	Citigroup Inc. ....	15,214,989	9,126,400
155,000	Commerzbank AG, ADR .....	3,145,338	5,967,500
148,000	Deutsche Bank AG .....	12,989,137	19,152,680
12,000	Fortress Investment Group LLC, Cl. A .....	209,000	186,960
20,000	H&R Block Inc. ....	329,930	371,400
20,000	Interactive Brokers Group Inc., Cl. A+ .....	577,120	646,400
180,000	Janus Capital Group Inc. ....	3,245,221	5,913,000
52,000	JPMorgan Chase & Co. ....	1,327,407	2,269,800
50,000	Legg Mason Inc. ....	4,518,064	3,657,500
133,000	Leucadia National Corp. ....	1,662,878	6,264,300
265,000	Marsh & McLennan Companies Inc. ....	8,158,378	7,014,550
65,000	Moody's Corp. ....	3,285,357	2,320,500
2,000	Och-Ziff Capital Management Group LLC, Cl. A+ .....	50,280	52,560
2,500	Prudential Financial Inc. ....	68,750	232,600
25,000	Schroders plc .....	685,677	647,942
55,000	Standard Chartered plc .....	1,194,311	2,018,871
80,000	State Street Corp. ....	4,001,480	6,496,000
20,000	SunTrust Banks Inc. ....	419,333	1,249,800
150,000	T. Rowe Price Group Inc. ....	4,610,820	9,132,000
5,000	The Allstate Corp. ....	209,064	261,150
146,038	The Bank of New York Mellon Corp. ....	5,010,363	7,120,813
18,000	The Bear Stearns Companies Inc. ....	1,733,676	1,588,500
5,000	The Blackstone Group LP .....	111,313	110,650
44,500	The Charles Schwab Corp. ....	650,256	1,136,975

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18,000	The Dun & Bradstreet Corp. ....	395,898	1,595,340
188,000	The Midland Co. ....	1,382,000	12,161,720
135,000	The Phoenix Companies Inc. ....	1,924,073	1,602,450
3,000	The Travelers Companies Inc. ...	113,277	161,400
25,000	UBS AG .....	1,221,606	1,157,090
150,000	UniCredito Italiano SpA .....	1,168,460	1,245,669
100,000	Waddell & Reed Financial Inc., Cl. A .....	2,058,579	3,609,000
50,000	Westpac Banking Corp. ....	831,415	1,225,755
		-----	-----
		117,884,206	175,335,427
		-----	-----
	ENERGY AND UTILITIES -- 7.4%		
5,000	AGL Resources Inc. ....	88,898	188,200
68,000	Allegheny Energy Inc. ....	1,081,525	4,325,480
70,000	Apache Corp. ....	2,728,670	7,527,800
800,000	Aquila Inc.+ .....	3,203,330	2,984,000
90,000	BP plc .....	1,111,926	1,101,799
247,000	BP plc, ADR .....	15,155,797	18,072,990
105,000	CH Energy Group Inc. ....	4,342,243	4,676,700
770,000	China Petroleum & Chemical Corp., Cl. H .....	798,444	1,163,285

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2007

SHARES/ UNITS		COST	MARKET VALUE
-----		-----	-----
	COMMON STOCKS (CONTINUED)		
	ENERGY AND UTILITIES (CONTINUED)		
70,000	CMS Energy Corp. ....	\$ 448,516	\$ 1,216,600
315,000	ConocoPhillips .....	19,291,860	27,814,500
8,000	Constellation Energy Group Inc. ....	449,608	820,240
60,000	DPL Inc. ....	1,411,620	1,779,000
14,000	DTE Energy Co. ....	619,460	615,440
230,000	Duke Energy Corp. ....	4,162,775	4,639,100
270,000	El Paso Corp. ....	3,253,601	4,654,800
280,000	El Paso Electric Co.+ .....	4,523,624	7,159,600
50,000	Energy East Corp. ....	1,065,733	1,360,500
80,000	Exxon Mobil Corp. ....	2,750,108	7,495,200
24,600	FPL Group Inc. ....	927,050	1,667,388
210,000	Halliburton Co. ....	3,809,429	7,961,100
32,000	Imperial Oil Ltd. ....	1,248,749	1,770,951
20,000	Marathon Oil Corp. ....	242,414	1,217,200
10,000	Mirant Corp.+ .....	192,014	389,800
140,000	Mirant Corp., Escrow+ (a) .....	0	0
2,000	Niko Resources Ltd., New York ..	110,842	173,058
1,000	Niko Resources Ltd., Toronto ...	55,421	90,430
10,000	NiSource Inc. ....	215,500	188,900
240,000	Northeast Utilities .....	4,631,542	7,514,400
19,000	Oceaneering International Inc.+ .....	512,207	1,279,650

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1,300	PetroChina Co. Ltd., ADR .....	94,298	228,111
27,000	Petroleo Brasileiro SA, ADR ....	949,398	3,111,480
100,000	Progress Energy Inc., CVO+		
	(a) .....	52,000	33,000
205,000	Rowan Companies Inc. ....	7,715,498	8,089,300
65,000	Saipem SpA .....	1,284,362	2,606,766
5,000	SJW Corp. ....	68,704	173,350
20,000	Southwest Gas Corp. ....	451,132	595,400
120,000	Spectra Energy Corp. ....	3,113,666	3,098,400
60,000	The AES Corp.+ .....	342,618	1,283,400
24,128	Total SA .....	1,468,664	2,004,758
270,000	Westar Energy Inc. ....	4,552,840	7,003,800
		-----	-----
		98,526,086	148,075,876
		-----	-----
	DIVERSIFIED INDUSTRIAL -- 6.3%		
9,000	Acuity Brands Inc. ....	229,522	405,000
163,000	Ampco-Pittsburgh Corp. ....	2,139,891	6,215,190
155,000	Baldor Electric Co. ....	5,270,000	5,217,300
24,000	Bayer AG .....	1,009,688	2,194,131
25,000	Bouygues SA .....	1,244,323	2,083,425
245,000	Cooper Industries Ltd., Cl. A ..	6,743,377	12,955,600
260,000	Crane Co. ....	5,942,015	11,154,000
77,500	CRH plc .....	1,027,655	2,702,421
300,000	Enodis plc .....	1,055,127	955,490
150,000	General Electric Co. ....	5,455,245	5,560,500
210,000	Greif Inc., Cl. A .....	2,495,862	13,727,700
18,000	Greif Inc., Cl. B .....	559,808	1,101,420
450,000	Honeywell International Inc. ...	15,285,048	27,706,500
253,000	ITT Corp. ....	6,660,852	16,708,120
100,000	Park-Ohio Holdings Corp.+ .....	1,062,045	2,510,000
1,000	Pentair Inc. ....	31,908	34,810
2,000	Sulzer AG .....	425,026	2,941,306
30,000	Technip SA .....	2,101,417	2,390,456
75,000	Trinity Industries Inc. ....	945,000	2,082,000
200,000	Tyco International Ltd. ....	9,828,342	7,930,000
		-----	-----
		69,512,151	126,575,369
		-----	-----
	TELECOMMUNICATIONS -- 6.0%		
85,000	BCE Inc. ....	3,175,379	3,377,900
1,000	Bell Aliant Regional Communications Income Fund .....	28,950	29,819
16,000	Bell Aliant Regional Communications Income Fund (a)(b) .....	510,683	470,880
		-----	-----
SHARES		COST	MARKET VALUE
-----		-----	-----
30,000	Brasil Telecom Participacoes SA, ADR .....	\$ 1,743,257	\$ 2,237,400
1,700,000	BT Group plc .....	7,029,679	9,229,933
4,440,836	Cable & Wireless Jamaica Ltd.+ (c) .....	101,639	41,862
900,000	Cincinnati Bell Inc.+ .....	6,181,154	4,275,000
90,000	Citizens Communications Co. ....	1,320,038	1,145,700
110,000	Compania de Telecomunicaciones de Chile SA, ADR .....	1,634,847	820,600
168,000	Deutsche Telekom AG, ADR .....	2,793,519	3,640,560

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5,000	France Telecom SA, ADR .....	146,305	178,150
100,000	Koninklijke KPN NV .....	232,728	1,818,793
15,000	Orascom Telecom Holding SAE .....	1,052,562	1,242,149
540,000	Qwest Communications International Inc.+ .....	1,920,386	3,785,400
550,000	Sprint Nextel Corp. ....	15,436,707	7,221,500
186,554	Tele Norte Leste Participacoes SA, ADR .....	2,477,755	3,596,761
60,000	Tele2 AB, Cl. B .....	1,005,048	1,202,191
48,000	Telecom Argentina SA, ADR+ .....	369,540	1,068,000
1,450,000	Telecom Italia SpA .....	5,931,589	4,504,949
228,000	Telefonica SA, ADR .....	11,421,179	22,250,520
60,000	Telefonos de Mexico SAB de CV, Cl. L, ADR .....	456,800	2,210,400
254,000	Telephone & Data Systems Inc. ..	11,795,137	15,900,400
355,000	Telephone & Data Systems Inc., Special .....	15,604,660	20,448,000
15,000	TELUS Corp. ....	280,203	751,406
180,000	Verizon Communications Inc. ....	6,606,128	7,864,200
5,169	Windstream Corp. ....	19,996	67,300
		-----	-----
		99,275,868	119,379,773
		-----	-----
	CONSUMER PRODUCTS -- 5.0%		
20,000	Altadis SA .....	1,319,142	1,453,573
84,000	Avon Products Inc. ....	2,420,145	3,320,520
42,000	Christian Dior SA .....	3,082,702	5,520,418
15,000	Church & Dwight Co. Inc. ....	99,536	811,050
30,000	Clorox Co. ....	1,664,986	1,955,100
69,000	Compagnie Financiere Richemont SA, Cl. A .....	2,879,288	4,735,503
112,000	Energizer Holdings Inc.+ .....	4,856,276	12,558,560
60,000	Fortune Brands Inc. ....	4,147,453	4,341,600
2,000	Givaudan SA .....	550,742	1,927,306
60,000	Hanesbrands Inc.+ .....	1,376,148	1,630,200
32,000	Harley-Davidson Inc. ....	1,486,605	1,494,720
175	Japan Tobacco Inc. ....	1,011,474	1,046,413
2,000	Jarden Corp.+ .....	65,069	47,220
35,000	Lenox Group Inc.+ .....	276,594	92,400
15,000	Matsushita Electric Industrial Co. Ltd., ADR .....	178,325	306,600
15,000	Mattel Inc. ....	270,000	285,600
21,000	National Presto Industries Inc. ....	711,533	1,105,860
2,000	Nintendo Co. Ltd. ....	620,613	1,197,691
10,000	Oil-Dri Corp. of America .....	171,255	219,400
112,000	Pactiv Corp.+ .....	1,176,060	2,982,560
300,000	Procter & Gamble Co. ....	15,983,165	22,026,000
60,000	Reckitt Benckiser Group plc ....	1,849,650	3,480,372
30,000	Svenska Cellulosa Aktiebolaget, Cl. B .....	423,932	531,470
1,000,000	Swedish Match AB .....	11,131,012	23,904,567
37,500	The Swatch Group AG .....	2,105,126	2,214,260
		-----	-----
		59,856,831	99,188,963
		-----	-----

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2007

SHARES		COST	MARKET VALUE
-----		-----	-----
	COMMON STOCKS (CONTINUED)		
	CABLE AND SATELLITE -- 4.7%		
1,550,000	Cablevision Systems Corp., Cl. A+ .....	\$33,168,055	\$ 37,975,000
65,000	Comcast Corp., Cl. A+ .....	1,351,448	1,186,900
127,500	Comcast Corp., Cl. A, Special+ ...	756,584	2,310,300
133,700	EchoStar Communications Corp., Cl. A+ .....	4,674,679	5,043,164
156,770	Liberty Global Inc., Cl. A+ .....	2,194,421	6,143,816
139,001	Liberty Global Inc., Cl. C+ .....	2,941,276	5,086,047
500,690	Rogers Communications Inc., Cl. B, New York .....	4,303,427	22,656,223
19,310	Rogers Communications Inc., Cl. B, Toronto .....	137,424	880,244
160,000	Shaw Communications Inc., Cl. B, New York .....	329,198	3,788,800
40,000	Shaw Communications Inc., Cl. B, Toronto .....	52,983	958,103
300,000	The DIRECTV Group Inc.+ .....	7,432,828	6,936,000
		-----	-----
		57,342,323	92,964,597
		-----	-----
	ENTERTAINMENT -- 4.3%		
100,000	Aruze Corp. ....	3,267,519	3,795,372
32,000	Canal+ Groupe .....	34,011	385,514
2,002	Chestnut Hill Ventures+ (a) .....	54,500	56,356
269,000	Discovery Holding Co., Cl. A+ ....	4,351,029	6,762,660
3,000	DreamWorks Animation SKG Inc., Cl. A+ .....	68,959	76,620
79,500	EMI Group plc, ADR .....	941,481	802,950
600,603	Gemstar-TV Guide International Inc.+ .....	2,825,471	2,858,870
700,000	Grupo Televisa SA, ADR .....	8,108,414	16,639,000
125	Live Nation Inc.+ .....	1,296	1,815
43,000	Pinnacle Entertainment Inc.+ .....	1,292,282	1,013,080
500,000	Rank Group plc .....	3,522,717	908,213
12,000	Regal Entertainment Group, Cl. A .....	165,788	216,840
75,000	Six Flags Inc.+ .....	360,725	152,250
65,000	The Walt Disney Co. ....	1,213,881	2,098,200
810,000	Time Warner Inc. ....	17,932,501	13,373,100
100,000	Tokyo Broadcasting System Inc. ....	3,186,796	2,148,324
20,200	Triple Crown Media Inc.+ .....	217,899	95,546
370,000	Viacom Inc., Cl. A+ .....	17,788,126	16,272,600
383,900	Vivendi .....	11,406,999	17,613,027
		-----	-----
		76,740,394	85,270,337
		-----	-----
	HEALTH CARE -- 4.0%		
8,000	Abbott Laboratories .....	313,458	449,200
130,000	Advanced Medical Optics Inc.+ ....	4,241,837	3,188,900

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14,046	Allergan Inc. ....	655,380	902,315
7,000	Alpharma Inc., Cl. A+ .....	182,379	141,050
52,000	Amgen Inc.+ .....	3,039,863	2,414,880
19,146	AstraZeneca plc .....	949,527	820,560
35,000	Biogen Idec Inc.+ .....	806,669	1,992,200
160,000	Boston Scientific Corp.+ .....	2,248,654	1,860,800
135,000	Bristol-Myers Squibb Co. ....	3,485,673	3,580,200
12,000	Cochlear Ltd. ....	530,192	789,190
20,000	Covidien Ltd. ....	876,365	885,800
45,036	GlaxoSmithKline plc .....	1,292,245	1,146,609
4,000	GlaxoSmithKline plc, ADR .....	216,096	201,560
5,000	Greatbatch Inc.+ .....	94,920	99,950
30,000	Henry Schein Inc.+ .....	764,324	1,842,000
18,000	Hospira Inc.+ .....	635,417	767,520
40,000	Invitrogen Corp.+ .....	2,065,234	3,736,400
40,000	Johnson & Johnson .....	2,574,978	2,668,000

SHARES		COST	MARKET VALUE
-----		-----	-----
95,000	Merck & Co. Inc. ....	\$ 3,625,481	\$ 5,520,450
2,000	Nobel Biocare Holding AG .....	286,712	535,265
39,000	Novartis AG .....	2,076,654	2,139,204
102,000	Novartis AG, ADR .....	4,514,518	5,539,620
430,000	Pfizer Inc. ....	11,887,587	9,773,900
16,400	Roche Holding AG .....	2,587,332	2,833,405
10,000	Sanofi-Aventis .....	896,390	920,801
100,000	Schering-Plough Corp. ....	1,917,839	2,664,000
80,000	Smith & Nephew plc .....	752,722	923,640
50,000	SSL International plc .....	439,178	532,487
5,250	Straumann Holding AG .....	1,087,318	1,447,964
12,500	Synthes Inc. ....	1,494,687	1,552,356
19,000	Takeda Pharmaceutical Co. Ltd. ...	909,016	1,117,397
90,000	UnitedHealth Group Inc. ....	4,714,036	5,238,000
82,000	William Demant Holding A/S+ .....	3,730,842	7,605,023
100,000	Wyeth .....	4,105,470	4,419,000
3,500	Zimmer Holdings Inc.+ .....	217,154	231,525
		-----	-----
		70,216,147	80,481,171
		-----	-----
	PUBLISHING -- 4.0%		
4,000	Idearc Inc. ....	127,171	70,240
1,967,000	Il Sole 24 Ore+ .....	16,579,082	16,378,006
348,266	Independent News & Media plc .....	663,968	1,206,255
9,000	McClatchy Co., Cl. A .....	139,243	112,680
320,000	Media General Inc., Cl. A .....	19,151,873	6,800,000
122,000	Meredith Corp. ....	5,066,964	6,707,560
1,540,000	News Corp., Cl. A .....	20,271,595	31,554,600
20,000	News Corp., Cl. B .....	186,274	425,000
63,666	PRIMEDIA Inc. ....	1,665,443	541,161
261,319	SCMP Group Ltd. ....	191,790	91,157
66,585	Seat Pagine Gialle SpA .....	177,139	26,333
160,000	The E.W. Scripps Co., Cl. A .....	5,529,357	7,201,600
182,000	The McGraw-Hill Companies Inc. ....	7,122,447	7,973,420
55,000	The New York Times Co., Cl. A .....	2,056,884	964,150
		-----	-----
		78,929,230	80,052,162
		-----	-----
	EQUIPMENT AND SUPPLIES -- 3.5%		
265,000	AMETEK Inc. ....	4,455,847	12,412,600

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4,000	Amphenol Corp., Cl. A .....	14,775	185,480
50,000	Assa Abloy AB, Cl. B .....	948,665	1,003,760
94,000	CIRCOR International Inc. ....	974,241	4,357,840
194,900	Donaldson Co. Inc. ....	2,987,955	9,039,462
50,000	Fedders Corp.+ .....	71,252	100
108,000	Flowserve Corp. ....	2,038,980	10,389,600
23,000	Franklin Electric Co. Inc. ....	250,434	880,210
90,000	Gerber Scientific Inc.+ .....	988,544	972,000
75,000	GrafTech International Ltd.+ ....	785,966	1,331,250
315,000	IDEX Corp. ....	7,537,793	11,380,950
40,000	Ingersoll-Rand Co. Ltd., Cl. A ...	855,378	1,858,800
102,000	Lufkin Industries Inc. ....	990,973	5,843,580
11,000	Mueller Industries Inc. ....	485,034	318,890
2,000	Sealed Air Corp. ....	17,404	46,280
70,000	Tenaris SA, ADR .....	3,280,656	3,131,100
4,000	The Manitowoc Co. Inc. ....	25,450	195,320
100,000	The Weir Group plc .....	420,789	1,611,394
190,000	Watts Water Technologies Inc., Cl. A .....	2,957,983	5,662,000
		-----	-----
		30,088,119	70,620,616
		-----	-----
	AUTOMOTIVE: PARTS AND ACCESSORIES -- 2.2%		
2,000	BERU AG .....	210,290	219,600
86,000	BorgWarner Inc. ....	1,126,424	4,163,260
182,000	CLARCOR Inc. ....	1,488,463	6,910,540
82,500	Earl Scheib Inc.+ .....	644,854	288,750

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2007

SHARES		COST	MARKET VALUE
-----		-----	-----
	COMMON STOCKS (CONTINUED)		
	AUTOMOTIVE: PARTS AND ACCESSORIES (CONTINUED)		
340,000	Genuine Parts Co. ....	\$12,607,736	\$ 15,742,000
205,000	Johnson Controls Inc. ....	4,204,912	7,388,200
130,000	Midas Inc.+ .....	1,805,604	1,905,800
317,500	Modine Manufacturing Co. ....	8,027,340	5,241,925
160,000	Proliance International Inc.+ ....	1,186,898	288,000
175,000	Standard Motor Products Inc. ....	1,873,526	1,428,000
35,000	Superior Industries International Inc. ....	822,800	635,950
		-----	-----
		33,998,847	44,212,025
		-----	-----
	MACHINERY -- 2.1%		
20,000	Caterpillar Inc. ....	136,559	1,451,200
425,000	Deere & Co. ....	12,378,317	39,576,000
8,000	SMC Corp. ....	1,033,311	953,856
		-----	-----
		13,548,187	41,981,056
		-----	-----
	HOTELS AND GAMING -- 2.0%		



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1,200	Accor SA .....	103,072	95,969
100,000	Crown Ltd.+ .....	1,315,021	1,180,975
190,000	Gaylord Entertainment Co.+ .....	5,061,983	7,689,300
70,000	Harrah's Entertainment Inc. ....	5,476,681	6,212,500
20,000	Home Inns & Hotels Management Inc., ADR+ .....	583,434	712,800
46,160	InterContinental Hotels Group plc .....	1,184,541	812,275
1,247,116	Ladbrokes plc .....	13,435,929	8,024,727
6,000	Las Vegas Sands Corp.+ .....	221,279	618,300
3,761,000	Mandarin Oriental International Ltd. ....	7,080,930	8,875,960
30,000	MGM Mirage+ .....	2,101,995	2,520,600
16,000	Orient-Express Hotels Ltd., Cl. A .....	715,224	920,320
34,000	Starwood Hotels & Resorts Worldwide Inc. ....	520,597	1,497,020
		-----	-----
		37,800,686	39,160,746
		-----	-----
	BROADCASTING -- 2.0%		
95,000	British Sky Broadcasting Group plc .....	1,094,350	1,170,575
433,000	CBS Corp., Cl. A .....	13,810,173	11,582,750
10,143	Citadel Broadcasting Corp. ....	25,305	20,895
300,000	Clear Channel Communications Inc. ....	10,866,062	10,356,000
2,000	Cogeco Inc. ....	39,014	80,045
12,667	Corus Entertainment Inc., Cl. B, New York .....	46,981	621,823
3,333	Corus Entertainment Inc., Cl. B, Toronto .....	12,406	163,180
120,000	Gray Television Inc. ....	1,060,168	962,400
27,000	Gray Television Inc., Cl. A .....	317,211	229,500
77,000	Liberty Media Corp. - Capital, Cl. A+ .....	6,188,638	8,969,730
85,000	Lin TV Corp., Cl. A+ .....	1,185,597	1,034,450
120,000	Mediaset SpA .....	1,288,354	1,211,457
29,000	Modern Times Group MTG AB, Cl. B .....	1,754,858	2,041,558
100,000	Television Broadcasts Ltd. ....	396,239	600,841
100,000	Young Broadcasting Inc., Cl. A+ .....	758,541	105,000
		-----	-----
		38,843,897	39,150,204
		-----	-----
	AVIATION: PARTS AND SERVICES -- 1.7%		
350,000	Curtiss-Wright Corp. ....	4,965,900	17,570,000
200,000	GenCorp Inc.+ .....	2,572,011	2,332,000
			MARKET
SHARES		COST	VALUE
-----		-----	-----
96,500	Precision Castparts Corp. ....	\$ 4,962,391	\$ 13,384,550
160,000	The Fairchild Corp., Cl. A+ .....	543,870	416,000
		-----	-----
		13,044,172	33,702,550
		-----	-----
	SPECIALTY CHEMICALS -- 1.5%		
41,000	Ashland Inc. ....	2,587,129	1,944,630
5,400	Ciba Specialty Chemicals AG, ADR .....	4,285	123,930

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25,000	E.I. du Pont de Nemours and Co. ....	1,023,604	1,102,250
350,000	Ferro Corp. ....	7,353,490	7,255,500
4,000	FMC Corp. ....	136,430	218,200
45,000	H.B. Fuller Co. ....	620,163	1,010,250
175,000	Hercules Inc. ....	2,087,983	3,386,250
70,000	International Flavors & Fragrances Inc. ....	3,296,486	3,369,100
230,000	Omnova Solutions Inc.+ ....	1,861,571	1,014,300
275,000	Sensient Technologies Corp. ....	5,034,936	7,777,000
15,000	Syngenta AG, ADR ....	189,981	759,900
165,000	Tokai Carbon Co. Ltd. ....	677,815	1,484,358
4,032	Tronox Inc., Cl. B ....	44,467	34,877
100,000	Zep Inc.+ ....	1,293,508	1,387,000
		26,211,848	30,867,545
	CONSUMER SERVICES -- 1.5%		
200,000	IAC/InterActiveCorp+ ....	5,436,750	5,384,000
210,000	Liberty Media Corp. - Interactive, Cl. A+ ....	4,593,199	4,006,800
1,110,000	Rollins Inc. ....	11,375,362	21,312,000
		21,405,311	30,702,800
	AEROSPACE -- 1.5%		
105,000	Boeing Co. ....	6,475,976	9,183,300
25,899	Kaman Corp. ....	586,549	953,342
10,000	Lockheed Martin Corp. ....	585,900	1,052,600
80,000	Northrop Grumman Corp. ....	4,444,416	6,291,200
1,200,000	Rolls-Royce Group plc+ ....	9,166,092	13,042,437
48,480,000	Rolls-Royce Group plc, Cl. B ....	99,080	106,155
		21,358,013	30,629,034
	BUSINESS SERVICES -- 1.5%		
7,050	ACCO Brands Corp.+ ....	126,069	113,082
14,000	Avis Budget Group Inc.+ ....	265,087	182,000
30,500	Canon Inc. ....	1,330,244	1,419,684
30,000	ChoicePoint Inc.+ ....	1,172,411	1,092,600
101,300	Clear Channel Outdoor Holdings Inc., Cl. A+ ....	2,060,686	2,801,958
186,554	Contax Participacoes SA, ADR ....	76,632	242,520
200,000	G4S plc ....	0	974,401
40,000	Interpublic Group of Companies Inc.+ ....	398,247	324,400
57,000	Jardine Matheson Holdings Ltd. ....	1,401,441	1,578,900
94,000	Landauer Inc. ....	2,511,653	4,873,900
62,500	MasterCard Inc., Cl. A ....	2,521,875	13,450,000
72,500	Nashua Corp.+ ....	656,628	842,450
25,000	Secom Co. Ltd. ....	1,095,891	1,367,319
		13,616,864	29,263,214
	AGRICULTURE -- 1.4%		
490,000	Archer-Daniels-Midland Co. ....	10,962,208	22,750,700
30,000	Monsanto Co. ....	1,342,682	3,350,700
21,000	The Mosaic Co.+ ....	365,902	1,981,140
		12,670,792	28,082,540

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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, 2007

SHARES		COST	MARKET VALUE
-----		-----	-----
	COMMON STOCKS (CONTINUED)		
	COMMUNICATIONS EQUIPMENT -- 1.4%		
1	CommScope Inc.+ .....	\$ 21	\$ 21
480,000	Corning Inc. ....	4,124,295	11,515,200
90,000	Motorola Inc. ....	1,024,871	1,443,600
180,000	Nortel Networks Corp.+ .....	4,620,539	2,716,200
235,000	Thomas & Betts Corp.+ .....	7,911,594	11,524,400
		-----	-----
		17,681,320	27,199,421
		-----	-----
	METALS AND MINING -- 1.2%		
22,000	Alcoa Inc. ....	811,737	804,100
30,030	Anglo American plc .....	1,187,718	1,841,157
89,148	Barrick Gold Corp. ....	2,610,253	3,748,673
280,000	Consolidated Minerals Ltd. (c)..	498,024	1,229,267
52,500	Harmony Gold Mining Co. Ltd.+ .....	256,625	541,258
35,000	Harmony Gold Mining Co. Ltd., ADR+ .....	460,008	360,850
75,000	Ivanhoe Mines Ltd.+ .....	560,208	804,750
52,000	New Hope Corp. Ltd. ....	70,252	105,015
155,000	Newmont Mining Corp. ....	4,747,145	7,568,650
23,000	Rio Tinto plc .....	1,324,709	2,434,330
69,666	Xstrata plc .....	1,525,449	4,923,048
		-----	-----
		14,052,128	24,361,098
		-----	-----
	WIRELESS COMMUNICATIONS -- 1.2%		
96,000	America Movil SAB de CV, Cl. L, ADR .....	1,344,667	5,893,440
65,000	China Mobile Ltd. ....	796,681	1,149,550
14,000	Clearwire Corp., Cl. A+ .....	250,896	191,940
2,000	NTT DoCoMo Inc. ....	4,368,481	3,329,902
3,340	Tele Norte Celular Participacoes SA, ADR+ .....	51,601	48,430
8,350	Telemig Celular Participacoes SA, ADR .....	241,320	468,853
32,165	Tim Participacoes SA, ADR .....	390,212	1,124,167
100,000	United States Cellular Corp.+ ..	4,333,517	8,410,000
270	Vivo Participacoes SA+ .....	941	2,055
174,122	Vivo Participacoes SA, ADR .....	2,370,462	952,447
5,845	Vivo Participacoes SA, Preference .....	89,788	30,900
50,000	Vodafone Group plc, ADR .....	1,359,194	1,866,000
		-----	-----
		15,597,760	23,467,684
		-----	-----

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ELECTRONICS -- 1.1%		
5,000	Advanced Micro Devices Inc.+ ...	52,100 37,500
12,800	Bel Fuse Inc., Cl. A .....	432,124 441,472
13,000	Fanuc Ltd. ....	1,320,883 1,266,079
5,000	Hitachi Ltd., ADR .....	347,376 365,700
180,000	Intel Corp. ....	3,637,892 4,798,800
4,920	Keyence Corp. ....	941,170 1,214,200
80,000	LSI Corp.+ .....	474,386 424,800
20,000	Molex Inc., Cl. A .....	519,697 525,400
7,500	NEC Corp., ADR .....	43,625 33,750
38,000	Royal Philips Electronics NV ...	52,354 1,624,500
265,000	Texas Instruments Inc. ....	6,407,535 8,851,000
62,000	Tyco Electronics Ltd. ....	2,392,821 2,302,060
		16,621,963 21,885,261
RETAIL -- 1.1%		
100,000	AutoNation Inc.+ .....	1,156,202 1,566,000
4,000	AutoZone Inc.+ .....	351,780 479,640
40,000	Coldwater Creek Inc.+ .....	157,162 267,600
40,000	Costco Wholesale Corp. ....	1,868,913 2,790,400
70,000	CVS Caremark Corp. ....	2,688,863 2,782,500
10,108	Denny's Corp.+ .....	14,358 37,905
		17,762,031 21,150,147
		17,762,031 21,150,147
SHARES	COST	MARKET VALUE
21,500	Hennes & Mauritz AB, Cl. B .....	\$ 919,237 \$ 1,308,988
40,000	Macy's Inc. ....	1,158,410 1,034,800
27,000	Next plc .....	730,115 872,840
50,000	Sally Beauty Holdings Inc.+ ....	416,928 452,500
20,000	SUPERVALU Inc. ....	595,000 750,400
115,000	The Great Atlantic & Pacific Tea Co. Inc.+ .....	3,570,394 3,602,950
15,000	Wal-Mart Stores Inc. ....	672,473 712,950
50,000	Walgreen Co. ....	1,956,458 1,904,000
10,000	Whole Foods Market Inc. ....	447,694 408,000
73,000	Woolworths Ltd. ....	1,058,044 2,178,674
		17,762,031 21,150,147
ENVIRONMENTAL SERVICES -- 1.0%		
97,500	Republic Services Inc. ....	875,761 3,056,625
500,000	Waste Management Inc. ....	12,972,509 16,335,000
		13,848,270 19,391,625
AUTOMOTIVE -- 0.7%		
100,000	General Motors Corp. ....	3,447,486 2,489,000
125,000	Navistar International Corp.+ ..	3,272,936 6,775,000
96,750	PACCAR Inc. ....	431,444 5,270,940
		7,151,866 14,534,940
COMPUTER SOFTWARE AND SERVICES -- 0.6%		
8,000	Alibaba.com Ltd.+ .....	13,935 28,368
10,000	Check Point Software Technologies Ltd.+ .....	169,874 219,600
100,000	Cognos Inc.+ .....	5,722,580 5,757,000
24,100	Square Enix Co. Ltd. ....	648,849 737,788
25,256	Telecom Italia Media SpA+ .....	26,868 8,770
145,000	Yahoo! Inc.+ .....	4,494,108 3,372,700

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2,000	Yahoo! Japan Corp. ....	754,815	895,135
		-----	-----
		11,831,029	11,019,361
		-----	-----
	REAL ESTATE -- 0.5%		
70,000	Cheung Kong (Holdings) Ltd. ....	815,521	1,294,534
55,500	Griffin Land & Nurseries Inc....	529,368	2,025,750
140,000	Guangzhou R&F Properties Co. Ltd., Cl. H .....	646,007	499,141
145,000	The St. Joe Co. ....	8,275,384	5,148,950
		-----	-----
		10,266,280	8,968,375
		-----	-----
	TRANSPORTATION -- 0.4%		
100,000	AMR Corp.+ .....	1,924,248	1,403,000
165,000	GATX Corp. ....	4,548,661	6,052,200
15,000	Grupo TMM SA, Cl. A, ADR+ .....	80,459	33,750
70,000	Toll Holdings Ltd. ....	747,841	703,755
		-----	-----
		7,301,209	8,192,705
		-----	-----
	CLOSED-END FUNDS -- 0.4%		
31,500	Royce Value Trust Inc. ....	388,297	585,270
104,000	The Central Europe and Russia Fund Inc. ....	2,391,965	6,034,080
70,000	The New Germany Fund Inc. ....	754,518	1,223,600
		-----	-----
		3,534,780	7,842,950
		-----	-----
	MANUFACTURED HOUSING AND RECREATIONAL VEHICLES -- 0.1%		
70,000	Champion Enterprises Inc.+ .....	659,503	659,400
50,000	Fleetwood Enterprises Inc.+ ....	535,046	299,000
31,000	Huttig Building Products Inc.+ .....	78,168	108,190
7,000	Martin Marietta Materials Inc. ....	144,225	928,200
10,000	Nobility Homes Inc. ....	195,123	182,500
20,000	Skyline Corp. ....	794,437	587,000
		-----	-----
		2,406,502	2,764,290
		-----	-----

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2007

SHARES		COST	MARKET VALUE
-----		-----	-----
	COMMON STOCKS (CONTINUED)		
	REAL ESTATE INVESTMENT TRUSTS -- 0.1%		
2,000	Camden Property Trust .....	\$ 37,490	\$ 96,300
2,187	Prosperity REIT .....	616	432
24,984	Rayonier Inc. ....	798,811	1,180,244
		-----	-----

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		836,917	1,276,976
		-----	-----
	TOTAL COMMON		
	STOCKS .....	1,310,953,871	1,865,195,807
		-----	-----
	CONVERTIBLE PREFERRED STOCKS -- 0.1%		
	AEROSPACE -- 0.1%		
13,500	Northrop Grumman Corp.,		
	7.000% Cv. Pfd., Ser. B ...	1,573,020	1,966,275
		-----	-----
	TELECOMMUNICATIONS -- 0.0%		
25,000	Cincinnati Bell Inc.,		
	6.750% Cv. Pfd., Ser. B ...	787,113	1,042,500
		-----	-----
	TOTAL CONVERTIBLE		
	PREFERRED STOCKS .....	2,360,133	3,008,775
		-----	-----
	PRINCIPAL		
	AMOUNT		
		-----	-----
	CONVERTIBLE CORPORATE BONDS -- 0.2%		
	RETAIL -- 0.2%		
\$ 3,000,000	The Great Atlantic &		
	Pacific Tea Co. Inc., Cv.,		
	5.125%, 06/15/11 .....	3,000,000	3,210,000
		-----	-----
	AUTOMOTIVE: PARTS AND ACCESSORIES -- 0.0%		
1,000,000	Standard Motor Products Inc.,		
	Sub. Deb. Cv.,		
	6.750%, 07/15/09 .....	979,877	957,500
		-----	-----
	CONSUMER PRODUCTS -- 0.0%		
1,000,000	Pillowtex Corp., Sub. Deb. Cv.,		
	9.000%, 12/15/17 (a) .....	0	0
		-----	-----
	TOTAL CONVERTIBLE		
	CORPORATE BONDS .....	3,979,877	4,167,500
		-----	-----
	SHARES		
		-----	-----
	WARRANTS -- 0.0%		
	ENERGY AND UTILITIES -- 0.0%		
12,183	Mirant Corp., Ser. A,		
	expire 01/03/11+ .....	36,353	224,411
		-----	-----
	PRINCIPAL		
	AMOUNT		
		-----	-----
	U.S. GOVERNMENT OBLIGATIONS -- 6.1%		
\$121,660,000	U.S. Treasury Bills,		
	2.487% to 3.186%+,		
	01/10/08 to 06/05/08 (d) ..	120,667,780	120,636,963
		-----	-----
	TOTAL INVESTMENTS -- 100.0% .....	\$1,437,998,014	1,993,233,456
		=====	=====
			MARKET
			VALUE
	CALL OPTIONS WRITTEN		
	(Premiums received \$11,985) .....	\$	(12,000)

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FUTURES CONTRACTS	
(Unrealized appreciation) .....	1,088,286
OTHER ASSETS AND LIABILITIES (NET) .....	(4,186,279)
PREFERRED STOCK	
(8,956,900 preferred shares outstanding) .....	(403,742,500)
NET ASSETS -- COMMON STOCK	
(172,104,290 common shares outstanding) .....	\$1,586,380,963
NET ASSET VALUE PER COMMON SHARE	
(\$1,586,380,963 / 172,104,290 shares outstanding) .....	\$ 9.22

NUMBER OF CONTRACTS		EXPIRATION DATE/ EXERCISE PRICE	MARKET VALUE
10	CALL OPTIONS WRITTEN -- 0.0% MasterCard Inc., Cl.A .....	Jan. 08/210	\$ 12,000
			=====
		EXPIRATION DATE	UNREALIZED APPRECIATION
163	FUTURES CONTRACTS -- SHORT POSITION S & P 500 Index Futures ....	03/19/2008	\$ 1,088,286
			=====

- (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 securities and other factors on a regular basis. At December 31, 2007, the market value of fair valued securities amounted to \$560,236 or 0.03% of total investments.
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2007, the market value of Rule 144A securities amounted to \$470,880 or 0.02% of total investments.
- (c) At December 31, 2007, the Fund held investments in restricted securities amounting to \$1,271,129 or 0.06% of total investments, which were valued under methods approved by the Board of Directors as follows:

ACQUISITION SHARES	ISSUER	ACQUISITION DATE	ACQUISITION COST	12/31/2007 CARRYING VALUE PER UNIT
4,440,836	Cable & Wireless Jamaica Ltd. ..	03/29/01	\$101,639	\$0.0094
280,000	Consolidated Minerals Ltd. ....	01/31/07	498,024	4.3902

- (d) At December 31, 2007, \$8,000,000 of the principal amount was pledged as collateral for option written and futures contracts.

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+ Non-income producing security.

++ Represents annualized yield at date of purchase.

ADR American Depository Receipt

CVO Contingent Value Obligation

	% OF MARKET VALUE	MARKET VALUE
	-----	-----
GEOGRAPHIC DIVERSIFICATION		
LONG POSITIONS		
North America .....	74.9%	\$ 1,491,906,096
Europe .....	17.8	355,666,212
Latin America .....	3.4	67,887,612
Japan .....	2.6	51,623,515
Asia/Pacific .....	1.2	24,005,764
South Africa .....	0.1	2,144,257
	-----	-----
	100.0%	\$ 1,993,233,456
	=====	=====
SHORT POSITIONS		
North America .....	(0.0)%	\$ (12,000)

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.

STATEMENT OF ASSETS AND LIABILITIES  
DECEMBER 31, 2007

ASSETS:

Investments, at value (cost \$1,437,998,014) .....	\$ 1,993,
Foreign currency, at value (cost \$3,861,542) .....	3,
Deposit at broker .....	
Receivable for investments sold .....	1,
Dividends and interest receivable .....	2,
Variation margin .....	
Deferred offering expense .....	
Unrealized appreciation on swap contracts .....	
Prepaid expense .....	
TOTAL ASSETS .....	2,001,

LIABILITIES:

Call options written (premium received \$11,985) .....	
Payable to custodian .....	1,
Payable for investments purchased .....	3,
Distributions payable .....	
Payable for investment advisory fees .....	5,
Payable for payroll expenses .....	
Payable for accounting fees .....	
Other accrued expenses .....	



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TOTAL LIABILITIES .....	11,
-----	
PREFERRED STOCK:	
Series C Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 5,200 shares authorized with 5,200 shares issued and outstanding) .....	130,
Series D Cumulative Preferred Stock (5.875%, \$25 liquidation value, \$0.001 par value, 3,000,000 shares authorized with 2,949,700 shares issued and outstanding) .....	73,
Series E Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 2,000 shares authorized with 2,000 shares issued and outstanding) .....	50,
Series F Cumulative Preferred Stock (6.200%, \$25 liquidation value, \$0.001 par value, 6,000,000 shares authorized with 6,000,000 shares issued and outstanding) .....	150,
-----	
TOTAL PREFERRED STOCK .....	403,
-----	
NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS .....	\$ 1,586,
=====	
NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS CONSIST OF:	
Paid-in capital, at \$0.001 par value .....	\$ 1,037,
Accumulated distributions in excess of net investment income .....	(
Accumulated distributions in excess of net realized gain on investments, futures contracts, swap contracts, and foreign currency transactions .....	(6,
Net unrealized appreciation on investments .....	555,
Net unrealized appreciation on swap contracts .....	
Net unrealized depreciation on written options .....	
Net unrealized appreciation on futures .....	1,
Net unrealized appreciation on foreign currency translations .....	
-----	
NET ASSETS .....	\$ 1,586,
=====	
NET ASSET VALUE PER COMMON SHARE	
(\$1,586,380,963 / 172,104,290 shares outstanding; 246,000,000 shares authorized) .....	\$
=====	

STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2007

INVESTMENT INCOME:	
Dividends (net of foreign taxes of \$858,042) .....	\$ 36,
Interest .....	6,
-----	
TOTAL INVESTMENT INCOME .....	42,
-----	
EXPENSES:	
Investment advisory fees .....	20,
Shareholder communications expenses .....	
Healthcare & Wellness(Rx) Trust spin-off expenses .....	
Auction agent fees .....	
Custodian fees .....	
Payroll expenses .....	
Shareholder services fees .....	
Directors' fees .....	
Legal and audit fees .....	
Accounting fees .....	
Interest expense .....	
Miscellaneous expenses .....	
-----	
TOTAL EXPENSES .....	23,

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Advisory Fee Reduction .....	
Less: Custodian fee credits .....	
NET EXPENSES .....	23,
NET INVESTMENT INCOME .....	19,
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, WRITTEN OPTIONS, SWAP CONTRACTS, FUTURES CONTRACTS, AND FOREIGN CURRENCY:	
Net realized gain on investments .....	109,
Capital gain distributions from investment company .....	
Net realized gain on swap contracts .....	
Net realized gain on futures contracts .....	7,
Net realized loss on foreign currency transactions .....	
Net realized gain on investments, swap contracts, futures contracts, and foreign currency transactions .....	118,
Net change in unrealized appreciation/depreciation:	
on investments .....	74,
on written options .....	(
on swap contracts .....	1,
on futures contracts .....	
on foreign currency translations .....	
Net change in unrealized appreciation/depreciation on investments, written options, swap contracts, futures contracts, and foreign currency translations..	75,
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, WRITTEN OPTIONS, SWAP CONTRACTS, FUTURES CONTRACTS, AND FOREIGN CURRENCY .....	193,
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS .....	212,
Total Distributions to Preferred Stock Shareholders .....	(23,
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS .....	\$ 188,

See accompanying notes to financial statements.

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

	YEAR DECEMBER
OPERATIONS:	
Net investment income .....	\$ 19,
Net realized gain on investments, securities sold short, swap contracts, futures contracts, and foreign currency transactions .....	118,
Net change in unrealized appreciation/depreciation on investments, securities sold short, swap contracts, futures contracts, and foreign currency	

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translations .....	75,
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS .....	212,
DISTRIBUTIONS TO PREFERRED SHAREHOLDERS:	
Net investment income .....	(3,
Net realized short-term gains on investments, written options, swap contracts, futures contracts, and foreign currency transactions .....	(1,
Net realized long-term gains on investments, written options, swap contracts, futures contracts, and foreign currency transactions .....	(18,
TOTAL DISTRIBUTIONS TO PREFERRED SHAREHOLDERS .....	(23,
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS .....	188,
DISTRIBUTIONS TO COMMON SHAREHOLDERS:	
Net investment income .....	(20,
Net realized short-term gains on investments, written options, swap contracts, futures contracts, and foreign currency transactions .....	(8,
Net realized long-term gains on investments, written options, swap contracts, futures contracts, and foreign currency transactions .....	(88,
Return of capital .....	(103,
TOTAL DISTRIBUTIONS TO COMMON SHAREHOLDERS .....	(220,
FUND SHARE TRANSACTIONS:	
Net increase in net assets from common shares issued upon reinvestment of distributions .....	31,
Offering costs for preferred shares charged to paid-in capital .....	
Offering costs for issuance of rights charged to paid-in capital .....	
NET INCREASE IN NET ASSETS FROM FUND SHARE TRANSACTIONS .....	31,
NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS .....	(
NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS:	
Beginning of period .....	1,586,
End of period (including undistributed net investment income of \$0 and \$693,273, respectively) .....	\$ 1,586,

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.  
NOTES TO FINANCIAL STATEMENTS

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.

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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 to the valuation and changes in valuation of similar securities, including a comparison of foreign securities to 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.

In September 2006, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards ("SFAS") 157, Fair Value Measurements, which clarifies the definition of fair value and requires companies to expand their disclosure about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. Adoption of SFAS 157 requires the use of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 is effective for financial statements issued for fiscal years beginning after

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November 15, 2007, and interim periods within those fiscal years. At this time, management is in the process of reviewing the requirements of SFAS 157 against its current valuation policies to determine future applicability.

**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. The Fund will always receive and maintain securities as collateral whose market value, including accrued interest, will be 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, 2007, there were no open repurchase agreements.

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

**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 fiscal year ended December 31, 2007, 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 realize a gain, to the extent of the premium, if the price of the financial instrument increases between those dates. If a call option is exercised, the premium is added to the proceeds from the sale of underlying security in determining whether there has been a realized gain or loss. If a 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 expiration date, but only to the extent of the premium paid.

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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 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.

**SWAP AGREEMENTS.** The Fund may enter into equity swap 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 transactions. Swap agreements 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 an equity 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 accordance with the Articles Supplementary even if the counterparty defaulted.

At December 31, 2007, there were no open interest rate swap agreements.

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

The Fund has entered into an equity swap agreement with Bear, Stearns International Limited. Details of the swap at December 31, 2007 are as follows:

NOTIONAL AMOUNT	EQUITY SECURITY RECEIVED	INTEREST RATE/ EQUITY SECURITY PAID	TERMINAT DATE
-----	-----	-----	-----
\$2,161,916 (200,000 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/

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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 an equity swap or an interest rate 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. If this occurs, it could have a negative impact on the Fund's ability to make dividend payments.

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

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.

**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 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. Open futures contracts at December 31, 2007 are reflected within the Schedule of Investments.

**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

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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, 2007, 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

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

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 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



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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 shown as "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 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, swap investments and non-deductible spin off expenses. These reclassifications have no impact on the NAV of the Fund. For the fiscal year ended December 31, 2007, reclassifications were made to decrease accumulated distributions in excess of net investment income by \$3,141,029 and increase accumulated distributions in excess of net realized gain on investments, options, futures contracts, swap contracts, and foreign currency transactions by \$2,441,029, 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 & Wellness(Rx) 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 & Wellness(Rx) Trust for every twenty shares of the Fund's common stock.

Distributions to shareholders of the Fund's 7.20% Series B Cumulative Preferred Stock, 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.

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December 31, 2007 and December 31, 2006 for the Fund was as follows:

	YEAR ENDED DECEMBER 31, 2007		D
	COMMON	PREFERRED	
DISTRIBUTIONS PAID FROM:			
Ordinary income			
(inclusive of short-term capital gains) .....	\$ 27,039,757	\$ 5,395,128	\$ 36,9
Net long-term capital gains .....	90,066,646	17,970,617	109,8
Return of capital .....	103,665,340	--	
Total distributions paid .....	\$ 220,771,743	\$ 23,365,745	\$ 146,7

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, 2007, the difference between book basis and tax basis unrealized appreciation was primarily due to deferral of losses from wash sales for tax purposes, basis adjustments in real estate investment trusts, mark-to-market adjustments on passive foreign investment companies, and basis adjustments in partnerships.

As of December 31, 2007, the components of accumulated earnings (losses) on a tax basis were as follows:

Net unrealized appreciation on investments .....	\$ 549,772,485
Net unrealized appreciation on foreign currency translations, futures, and swap contracts .....	1,180,383
Other temporary differences* .....	(1,668,191)
Total .....	\$ 549,284,677

\* Other temporary differences are primarily due to mark-to-market adjustments on capital gains (losses).

The following summarizes the tax cost of investments, swap contracts, and the related unrealized appreciation (depreciation) at December 31, 2007:

	COST/ PREMIUMS	GROSS UNREALIZED APPRECIATION	GROSS UNREALIZED DEPRECIATION	NET U APP (DEPR
Investments .....	\$ 1,443,460,961	\$ 647,052,677	\$ (97,280,182)	\$ 54
Written options .....	11,985	--	(15)	
Swap contracts .....	--	7,165	--	
Futures contracts .....	--	1,088,286	--	

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\$ 1,443,472,946	\$ 648,148,128	\$ (97,280,197)	\$ 55
=====	=====	=====	=====

FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109" (the "Interpretation") established a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether the Fund is taxable in a particular jurisdiction) and required certain expanded tax disclosures. The Fund has adopted the Interpretation for all open tax years and it had no impact on the amounts reported in the financial statements.

3. AGREEMENTS AND TRANSACTIONS WITH AFFILIATES. The Fund has entered into 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 fiscal year.

The Fund's total return on the NAV of the common shares is monitored on a 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 fiscal year ended December 31, 2007, the Fund's total return on the NAV of the common shares exceeded the stated dividend rate or the corresponding swap rate of 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. Thus, management fees were accrued on these assets. The Fund's total return on the net asset value of the common shares did not exceed the stated dividend rate of corresponding swap rate of 7.20% Series B Cumulative Preferred Stock. Thus, management fees with respect to the liquidation of the preferred stock assets were reduced by \$23,733.

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

During the fiscal ended December 31, 2007, the Fund paid brokerage commissions on security trades of \$387,398 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 fiscal year ended December 31, 2007, 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 fiscal year ended December 31, 2007, the Fund paid

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\$263,973, 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, and the Nominating Committee Chairman receives an annual fee of \$2,000. 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 fiscal year ended December 31, 2007, other than short-term securities, aggregated \$517,316,467 and \$327,979,044, respectively.

Written options activity for the Fund for the fiscal year ended December 31, 2007 was as follows:

	NUMBER OF CONTRACTS	PREMIUMS
	-----	-----
Written options outstanding at December 31, 2006 ....	--	--
Options written .....	10	\$ 11,985
	-----	-----
Written options outstanding at December 31, 2007 ....	10	\$ 11,985
	=====	=====

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 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 fiscal years ended December 31, 2007 and December 31, 2006, the Fund did not repurchase any shares of its common stock in the open market.

Transactions in common shares were as follows:

	YEAR ENDED DECEMBER 31, 2007		YEAR ENDED DECEMBER 31,	
	SHARES	AMOUNT	SHARES	AMOUNT
	-----	-----	-----	-----
Shares issued upon reinvestment of distributions ...	3,348,018	\$ 31,379,440	2,677,002	\$23,000,000
	-----	-----	-----	-----
Net increase .....	3,348,018	\$ 31,379,440	2,677,002	\$23,000,000
	=====	=====	=====	=====

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

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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 which will give the Fund the ability to offer additional fixed rate preferred shares.

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

On June 20, 2001, the Fund received net proceeds of \$159,329,175 (after underwriting discounts of \$5,197,500 and offering expenses of \$473,325) from the public offering of 6,600,000 shares of 7.20% Series B Cumulative Preferred Stock. The Series B Preferred Shares were callable at any time at the liquidation value plus accrued dividends following the expiration of the five year call protection on June 20, 2006. On June 26, 2006, the Fund, as authorized by the Board, redeemed 25% (1,650,000 shares) of its outstanding 7.20% Stock B Cumulative Preferred Stock at the redemption price of \$25.00 per share (the liquidation value). On January 8, 2007, the Fund, as authorized by the Board, redeemed the balance (4,950,000 shares) of its outstanding 7.20% Series B Cumulative Preferred Stock at the redemption price of \$25.00 per share, plus accumulated and unpaid dividends through the redemption date of \$0.06 per share.

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. 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. If the number of Series C Auction Rate Cumulative Preferred Stock subject to bid orders by potential holders is less than the number of Series C Auction Rate Cumulative Preferred Stock subject to sell orders, then the auction is considered to be a failed auction, and the dividend rate will be the maximum rate. In that event, holders that have submitted sell orders may not be able to sell any or all of the Series C Auction Rate Cumulative Preferred 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 Auction Rate Cumulative Preferred Stock ranged from 4.80% to 6.30% for the year ended December 31, 2007. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Series C Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Fund, at its option, may redeem the Series C Auction Rate Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the fiscal year ended December 31, 2007, the Fund did not redeem any shares of Series C Auction Rate Cumulative Preferred Stock. At December 31, 2007, 5,200 shares of Series C Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 6.00% and accrued dividends amounted to \$130,000.

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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. Commencing October 7, 2008 and thereafter, the Fund, at its option, may redeem the 5.875% Series D Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the fiscal year ended December 31, 2007, the Fund did not repurchase any shares of 5.875% Series D Cumulative Preferred Stock. At December 31, 2007, 2,949,700 shares of 5.875% Series D Cumulative Preferred Stock were outstanding and accrued dividends amounted to \$72,206.

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. 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. If the number of Series E Auction Rate Cumulative Preferred Stock subject to bid orders by potential holders is less than the number of Series E Auction Rate Cumulative Preferred Stock subject to sell orders, then the auction is considered to be a failed auction, and the dividend rate will be the maximum rate. In that event, holders that have submitted sell orders may not be able to sell any or all of the Series E Auction Rate Cumulative Preferred 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 Auction Rate Cumulative Preferred Stock ranged from 4.50% to 6.15% for the year ended December 31, 2007. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Series E Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Fund, at its option, may redeem the Series E Auction Rate Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the fiscal year ended December 31, 2007, the Fund did not redeem any shares of Series E Auction Rate Cumulative Preferred Stock. At December 31, 2007, 2,000 shares of Series E Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 5.91% and accrued dividends amounted to \$32,833.

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. Commencing November 10, 2011 and thereafter, the Fund, at its option, may redeem the 6.20% Series F Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the fiscal year ended December 31, 2007, the Fund did not repurchase any shares of 6.20% Series F Cumulative Preferred Stock. At December 31, 2007, 6,000,000 shares of 6.20% Series F Cumulative Preferred Stock were outstanding and accrued dividends amounted to \$155,000.

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

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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. The Adviser and/or affiliates received subpoenas from the Attorney General of the State of New York and the SEC requesting information on mutual fund share trading practices involving certain funds managed by the Adviser. GAMCO Investors, Inc. ("GAMCO"), the Adviser's parent company, responded to these requests for documents and testimony. In June 2006, GAMCO began discussions with the SEC regarding a possible resolution of their inquiry. In February 2007, the Adviser made an offer of settlement to the staff of the SEC for communication to the Commission for its consideration to resolve this matter. This offer of settlement is subject to agreement regarding the specific language of the SEC's administrative order and other settlement documents. On a separate matter, in September 2005, the Adviser was informed by the staff of the SEC that the staff may recommend to the Commission that an administrative remedy and a monetary penalty be sought from the Adviser in connection with the actions of two of nine closed-end funds managed by the Adviser relating to Section 19(a) and Rule 19a-1 of the 1940 Act. These provisions require registered investment companies to provide written statements to shareholders when a dividend is made from a source other than net investment income. While the two closed-end funds sent annual statements and provided other materials containing this information, the funds did not send written statements to shareholders with each distribution in 2002 and 2003. The Adviser believes that all of the funds are now in compliance. The Adviser believes that these matters would have no effect on the Fund or any material adverse effect on the Adviser or its ability to manage the Fund. The staff's notice to the Adviser did not relate to the Fund.

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### THE GABELLI EQUITY TRUST INC. FINANCIAL HIGHLIGHTS

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

	YEAR	
	2007	2006
<b>OPERATING PERFORMANCE:</b>		
Net asset value, beginning of period .....	\$ 9.40	\$ 8.10
Net investment income .....	0.14	0.18
Net realized and unrealized gain on investments .....	1.12	2.18
Total from investment operations .....	1.26	2.36

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DISTRIBUTIONS TO PREFERRED SHAREHOLDERS: (a)		
Net investment income .....	(0.02)	(0.03)
Net realized gain on investments .....	(0.12)	(0.12)
Total distributions to preferred shareholders .....	(0.14)	(0.15)
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS .....	1.14	2.21
DISTRIBUTIONS TO COMMON SHAREHOLDERS:		
Net investment income .....	(0.12)	(0.16)
Net realized gain on investments .....	(0.57)	(0.72)
Return of capital .....	(0.61)	--
Total distributions to common shareholders .....	(1.30)	(0.88)
FUND SHARE TRANSACTIONS:		
Increase (decrease) in net asset value from common stock share transactions .....	--	--
Decrease in net asset value from shares issued in rights offering ....	--	--
Increase in net asset value from repurchase of preferred shares .....	--	--
Offering costs for preferred shares charged to paid-in capital .....	--	(0.03)
Offering costs for issuance of rights charged to paid-in capital .....	--	(0.00) (e)
Total fund share transactions .....	--	(0.03)
NET ASSET VALUE ATTRIBUTABLE TO COMMON SHAREHOLDERS, END OF PERIOD ...	\$ 9.22	\$ 9.40
Net Asset Value Total Return + .....	12.14%	28.17%
Market Value, End of Period .....	\$ 9.28	\$ 9.41
Total Investment Return ++ .....	12.75%	29.42%

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		
	2007	2006	2005
RATIOS AND SUPPLEMENTAL DATA:			
Net assets including liquidation value of preferred shares, end of period (in 000's) .....	\$ 1,990,123	\$ 2,114,399	\$ 1,714,399
Net assets attributable to common shares, end of period (in 000's) .....	\$ 1,586,381	\$ 1,586,906	\$ 1,314,399
Ratio of net investment income to average net assets			



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attributable to common shares before preferred distributions .....		1.16%		2.12%
Ratio of operating expenses to average net assets attributable to common shares net of fee reduction (b) .....		1.46%		1.43%
Ratio of operating expenses to average net assets including liquidation value of preferred shares net of fee reduction (b) .....		1.17%		1.11%
Portfolio turnover rate .....		17.2%		29.5%
PREFERRED STOCK:				
7.20% SERIES B CUMULATIVE PREFERRED STOCK				
Liquidation value, end of period (in 000's) .....	--	\$	123,750	\$ 1
Total shares outstanding (in 000's) .....	--		4,950	
Liquidation preference per share .....	--	\$	25.00	\$
Average market value (c) .....	--	\$	25.27	\$
Asset coverage per share .....	--	\$	100.21	\$
AUCTION RATE SERIES C CUMULATIVE PREFERRED STOCK				
Liquidation value, end of period (in 000's) .....	\$	130,000	\$	130,000
Total shares outstanding (in 000's) .....		5		5
Liquidation preference per share .....	\$	25,000	\$	25,000
Average market value (c) .....	\$	25,000	\$	25,000
Asset coverage per share .....	\$	123,230	\$	100,211
5.875% SERIES D CUMULATIVE PREFERRED STOCK				
Liquidation value, end of period (in 000's) .....	\$	73,743	\$	73,743
Total shares outstanding (in 000's) .....		2,950		2,950
Liquidation preference per share .....	\$	25.00	\$	25.00
Average market value (c) .....	\$	23.86	\$	23.98
Asset coverage per share .....	\$	123.23	\$	100.21
AUCTION RATE SERIES E CUMULATIVE PREFERRED STOCK				
Liquidation value, end of period (in 000's) .....	\$	50,000	\$	50,000
Total shares outstanding (in 000's) .....		2		2
Liquidation preference per share .....	\$	25,000	\$	25,000
Average market value (c) .....	\$	25,000	\$	25,000
Asset coverage per share .....	\$	123,230	\$	100,211
6.20% SERIES F CUMULATIVE PREFERRED STOCK				
Liquidation value, end of period (in 000's) .....	\$	150,000	\$	150,000
Total shares outstanding (in 000's) .....		6,000		6,000
Liquidation preference per share .....	\$	25.00	\$	25.00
Average market value (c) .....	\$	24.69	\$	25.12
Asset coverage per share .....	\$	123.23	\$	100.21
ASSET COVERAGE (d) .....		493%		401%

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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 shareholder.

++ 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 shareholder.

(a) Calculated based upon average common shares outstanding on the record dates throughout the periods.

(b) The ratios do not include a reduction of expenses for custodian fee credits on cash balances maintained with the custodian. For the fiscal years ended December 31, 2007, 2006, 2005, 2004, and 2003, the effect of the custodian fee credits was minimal.

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- (c) Based on weekly prices.
- (d) Asset coverage is calculated by combining all series of preferred stock.
- (e) Amount represents less than \$0.005 per share.

See accompanying notes to financial statements.

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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, 2007, 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, 2007 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
February 29, 2008

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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.

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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
<b>INTERESTED DIRECTORS (3) :</b>			
MARIO J. GABELLI Director and Chief Investment Officer Age: 65	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.
<b>INDEPENDENT DIRECTORS (6) :</b>			
THOMAS E. BRATTER Director Age: 68	Since 1986**	4	Director, President, and Founder of The John Dewey Academy (residential college preparatory therapeutic high school)
ANTHONY J. COLAVITA(4) Director Age: 72	Since 1999***	35	Partner in the law firm of Anthony J. Colavita, P.C.
JAMES P. CONN(4) Director Age: 69	Since 1989*	16	Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (insurance holding company) (1992-1998)
FRANK J. FAHRENKOPF JR. Director Age: 68	Since 1998***	5	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: 77	Since 2001**	7	Former Chairman of the Board and Chief Executive Officer of The Guardian Life Insurance Company of America (1993-1995)
ANTHONY R. PUSTORINO Director Age: 82	Since 1986*	14	Certified Public Accountant; Professor Emeritus, Pace University
SALVATORE J. ZIZZA Director Age: 62	Since 1986***	26	Chairman of Zizza & Co., Ltd. (consulting)

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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 OCCUPATION(S) DURING PAST FIVE YEARS
-----		
OFFICERS:		
BRUCE N. ALPERT President Age: 56	Since 2003	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988 and an officer of most of the registered investment companies in the Gabelli/GAMCO Funds complex. Director of Gabelli Advisers, Inc. since 1998
CARTER W. AUSTIN Vice President Age: 41	Since 2000	Vice President of the Fund since 2000, Vice President of Dividend & Income Trust since 2003, and The Gabelli Natural Resources & Income Trust since 2005, The Gabelli Fund since 2006, and The Gabelli Healthcare & Wellness Fund since 2007; Vice President of Gabelli Funds, LLC since 2007
LOAN P. NGUYEN Vice President and Ombudsman Age: 25	Since 2006	Vice President of The Gabelli Global Multimedia Trust since 2006, Assistant Vice President of GAMCO Investors, Inc. since 2006, Portfolio Administrator for Gabelli Funds, LLC since 2006, and Boston College prior to 2004
JAMES E. MCKEE Secretary Age: 44	Since 1995	Vice President, General Counsel, and Secretary of GAMCO Asset Management Inc. since 1999 and GAMCO Asset Management Inc. since 1999 of all of the registered investment companies in the Gabelli/GAMCO Funds complex
AGNES MULLADY Treasurer Age: 49	Since 2006	Vice President of Gabelli Funds, LLC since 2007; Vice President of registered investment companies in the Gabelli/GAMCO Funds complex since 2006; Senior Vice President of U.S. Trust Company, N.A. since 2004; Chief Financial Officer of Excelsior Funds from 2003 through 2004; Chief Financial Officer of AMIC Distribution Partners through 2004; Contoller of Reserve Management Company Partners, Inc. and Treasurer of Reserve Funds from 2004 through 2006
PETER D. GOLDSTEIN Chief Compliance Officer Age: 54	Since 2004	Director of Regulatory Affairs at GAMCO Investors, Inc. since 2004; Chief Compliance Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex; Vice President of GAMCO Asset Management from 2000 through 2004

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- (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

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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 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 2008 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 13, 2007, 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, 2007

#### CASH DIVIDENDS AND DISTRIBUTIONS

	PAYABLE DATE	RECORD DATE	TOTAL AMOUNT PAID PER SHARE (a)	ORDINARY INVESTMENT INCOME (a)	LONG-TERM CAPITAL GAINS (a)	RETU CAPIT
	-----	-----	-----	-----	-----	-----
COMMON SHARES						
	03/26/07	03/16/07	\$ 0.20000	\$ 0.02681	\$ 0.07968	\$ 0.
	06/28/07	06/15/07	0.20000	0.02339	0.07984	0.
	06/28/07	06/21/07	0.42000	0.04911	0.16767	0.
	09/24/07	09/14/07	0.20000	0.02339	0.07984	0.
	12/17/07	12/12/07	0.30000	0.03508	0.11976	0.
			-----	-----	-----	-----

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			\$ 1.32000	\$ 0.15778	\$ 0.52679	\$ 0.
7.20% PREFERRED SHARES	01/08/07	--	\$ 0.06000	\$ 0.01370	\$ 0.4630	
			-----	-----	-----	
			\$ 0.06000	\$ 0.01370	\$ 0.4630	
5.875% PREFERRED SHARES	03/26/07	03/19/07	\$ 0.36719	\$ 0.08615	\$ 0.28104	
	06/26/07	06/19/07	0.36719	0.08318	0.28400	
	09/26/07	09/19/07	0.36719	0.08318	0.28400	
	12/26/07	12/18/07	0.36719	0.08318	0.28400	
			-----	-----	-----	
			\$ 1.46875	\$ 0.33570	\$ 1.13305	
6.20% PREFERRED SHARES	03/26/07	03/19/07	\$ 0.38750	\$ 0.09090	\$ 0.29660	
	06/26/07	06/19/07	0.38750	0.08780	0.29970	
	09/26/07	09/19/07	0.38750	0.08780	0.29970	
	12/26/07	12/18/07	0.38750	0.08780	0.29970	
			-----	-----	-----	
			\$ 1.55000	\$ 0.35430	\$ 1.19570	

SERIES C AND E AUCTION RATE PREFERRED SHARES

Auction Rate Preferred Shares pay dividends weekly based on a rate set at auction, usually held every seven days. The percentage of 2007 distributions derived from long-term capital gains for the Series C and Series E Auction Rate Preferred Shares was 77.14%.

A Form 1099-DIV has been mailed to all shareholders of record which sets forth specific amounts to be included in the 2007 tax returns. Ordinary income distributions include net investment income and realized net short-term capital gains. Ordinary income is reported in box 1a of Form 1099-DIV. Capital gain distributions are reported in box 2a of Form 1099-DIV. The long-term gain distributions for the fiscal year ended December 31, 2007 were \$108,037,263, or the maximum allowable.

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

In 2007, the Fund paid to common, 7.20% Series B, 5.875% Series D, and 6.20% Series F preferred shareholders ordinary income totaling \$0.15778, \$0.01370, \$0.33570, and \$0.35430 per share, respectively. The Fund paid weekly distributions to Series C and Series E preferred shareholders at varying rates throughout the year, including an ordinary income dividend totaling \$309.8118 and \$302.5962 per share, respectively, in 2007. For the fiscal year ended December 31, 2007, 75.79% 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 2007 derived from U.S. Government Securities was 0.12%. 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 2007. The percentage of net assets of U.S. Government Securities held as of December 31, 2007 was 6.06%.

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HISTORICAL DISTRIBUTION SUMMARY

	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						
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	--	--	--
7.20% PREFERRED STOCK						
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% PREFERRED STOCK						
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	--	--	--
6.20% PREFERRED STOCK						
2007 .....	\$ 0.23330	\$ 0.12100	\$ 1.19570	--	--	--
2006 .....	0.03527	0.01480	0.15229	--	--	--
AUCTION RATE PREFERRED C STOCK						
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 PREFERRED E STOCK						
2007 .....	\$ 199.17211	\$ 103.42412	\$1,021.33377	--	--	--
2006 .....	218.22316	89.03616	916.41068	--	--	--
2005 .....	82.44330	6.69050	751.43620	--	--	--
2004 .....	9.30280	24.05620	352.41090	--	--	--

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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 & Wellness(Rx) 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.

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### THE GABELLI EQUITY TRUST INC. AND YOUR PERSONAL PRIVACY

#### WHO ARE WE?

The Gabelli Equity Trust Inc. (the "Fund") is a closed-end management investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC, which is affiliated with GAMCO Investors, Inc. GAMCO Investors, Inc. is a publicly held company that has subsidiaries that provide investment advisory or brokerage services for a variety of clients.

WHAT KIND OF NON-PUBLIC INFORMATION DO WE COLLECT ABOUT YOU IF YOU BECOME A



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### SHAREHOLDER?

When you purchase shares of the Fund on the New York Stock Exchange, you have the option of registering directly with our transfer agent in order, for example, to participate in our dividend reinvestment plan.

- o INFORMATION YOU GIVE US ON YOUR APPLICATION FORM. This could include your name, address, telephone number, social security number, bank account number, and other information.
- o INFORMATION ABOUT YOUR TRANSACTIONS WITH US. This would include information about the shares that you buy or sell; it may also include information about whether you sell or exercise rights that we have issued from time to time. If we hire someone else to provide services--like a transfer agent--we will also have information about the transactions that you conduct through them.

### WHAT INFORMATION DO WE DISCLOSE AND TO WHOM DO WE DISCLOSE IT?

We do not disclose any non-public personal information about our customers or former customers to anyone other than our affiliates, our service providers who need to know such information, and as otherwise permitted by law. If you want to find out what the law permits, you can read the privacy rules adopted by the Securities and Exchange Commission. They are in volume 17 of the Code of Federal Regulations, Part 248. The Commission often posts information about its regulations on its website, WWW.SEC.GOV.

### WHAT DO WE DO TO PROTECT YOUR PERSONAL INFORMATION?

We restrict access to non-public personal information about you to the people who need to know that information in order to provide services to you or the Fund and to ensure that we are complying with the laws governing the securities business. We maintain physical, electronic, and procedural safeguards to keep your personal information confidential.

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### AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLAN

#### 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 "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

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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

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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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The Annual Meeting of The Gabelli Equity Trust's shareholders will be held on Monday, May 19, 2008 at the Greenwich Library in Greenwich, Connecticut.  
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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,  
ANTHONY J. COLAVITA, P.C.

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

Frank J. Fahrenkopf, Jr.

### OFFICERS

Bruce N. Alpert  
PRESIDENT

Carter W. Austin  
VICE PRESIDENT

Peter D. Goldstein  
CHIEF COMPLIANCE OFFICER

James E. McKee  
SECRETARY

Agnes Mullady  
TREASURER

LoAn P. Nguyen  
VICE PRESIDENT & OMBUDSMAN

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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.

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

CUSTODIAN  
Mellon Trust of New England, N.A.

COUNSEL  
Willkie Farr & Gallagher LLP

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

STOCK EXCHANGE LISTING

	5.
	Common Pref
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NYSE-Symbol:	GAB GAB
Shares Outstanding:	172,104,290 2,94

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).

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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)  
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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 Cumulative Preferred Stock in the open market when the shares are trading at a discount to liquidation value.  
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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 Q4/2007

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### 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.

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 \$53,500 for 2006 and \$71,000 for 2007.

#### 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 \$20,600 for 2006 and \$7,900 for 2007. 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

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compliance, tax advice, and tax planning are \$3,100 for 2006 and \$4,350 for 2007. 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 2006 and \$0 for 2007.

(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 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) Not applicable

(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

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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 2006 and \$0 for 2007.

- (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. SCHEDULE OF INVESTMENTS.

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.

### 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

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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 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.

### 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



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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

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

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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.

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.

- 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

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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).

### 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.

##### 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

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### SELECTION OF AUDITORS

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.

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.

### CONFIDENTIAL BALLOT

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

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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.

### 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.

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

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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.

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 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.

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### 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.

### 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.

### 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.

### 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.

#### 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:	23	\$13.9B	6
	Other Pooled Investment	12	\$269.6M	11

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Vehicles:				
-----				
	Other Accounts:	1991	\$10.6B	6
-----				
2. Caesar M.P. Bryan	Registered Investment Companies:	4	\$1.2B	0
-----				
	Other Pooled Investment Vehicles:	2	\$6.3M	2
-----				
	Other Accounts:	5	\$57.0M	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 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

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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. 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

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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, respectively, of shares of the Trust as of December 31, 2007.

(B) Not applicable.

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

REGISTRANT PURCHASES OF EQUITY SECURITIES

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 07/01/07 through 07/31/07	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	Com Pre Pre
Month #2 08/01/07 through 08/31/07	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	Com Pre Pre
Month #3 09/01/07 through 09/30/07	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	Com Pre Pre
Month #4 10/01/07 through 10/31/07	Common - N/A Preferred Series D - N/A	Common - N/A Preferred Series D - N/A	Common - N/A Preferred Series D - N/A	Com Pre

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	Preferred Series F - N/A	Preferred Series F - N/A	Preferred Series F - N/A	Pre
Month #5 11/01/07 through 11/30/07	Common - N/A	Common - N/A	Common - N/A	Com
	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A	Pre
	Preferred Series F - N/A	Preferred Series F - N/A	Preferred Series F - N/A	Pre
Month #6 12/01/07 through 12/31/07	Common - N/A	Common - N/A	Common - N/A	Com
	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A	Pre
	Preferred Series F - N/A	Preferred Series F - N/A	Preferred Series F - N/A	Pre
Total	Common - N/A	Common - N/A	Common - N/A	N/A
	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A	
	Preferred Series F - N/A	Preferred Series F - N/A	Preferred Series F - N/A	

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

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"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)).

(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 03/07/08

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 03/07/08

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

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Agnes Mullady,  
Principal Financial Officer and Treasurer

Date 03/07/08

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