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GABELLI EQUITY TRUST INC

Form DEF 14A

April 14, 2003

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of  
1934 (Amendment No. \_\_\_)

Filed by Registrant [X]

Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement

[ ] Confidential, for Use of the Commission Only (as permitted by Rule  
14a-6(e)(2))

[X] Definitive Proxy Statement

[ ] Definitive Additional Materials

[ ] Soliciting Material Pursuant to Sec. 240.14a-12

THE GABELLI EQUITY TRUST INC.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11(set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
- 5) Total fee paid:

[ ] Fee paid previously with preliminary materials.

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:

4) Date Filed:

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THE GABELLI EQUITY TRUST INC.  
One Corporate Center  
Rye, New York 10580-1422  
(914) 921-5070  
-----

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 12, 2003  
-----

To the Shareholders of  
THE GABELLI EQUITY TRUST INC.

Notice is hereby given that the Annual Meeting of Shareholders (the "Meeting") of The Gabelli Equity Trust Inc. (the "Equity Trust") will be held at The Bruce Museum, One Museum Drive, Greenwich, Connecticut 06830, on Monday, May 12, 2003, at 9:00 a.m., for the following purposes:

1. To elect three (3) Directors of the Equity Trust, two to be elected by the holders of the Equity Trust's Common Stock and holders of its 7.25% Series A, 7.20% Series B, and Series C Auction Rate Cumulative Preferred Stock ("Preferred Stock"), voting together as a single class, and one to be elected by the holders of the Equity Trust's Preferred Stock, voting as a separate class (PROPOSAL 1); and
2. To consider and vote upon such other matters, including adjournments, as may properly come before said Meeting or any adjournments thereof.

These items are discussed in greater detail in the attached Proxy Statement.

The close of business on March 10, 2003 has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and any adjournments thereof.

YOUR VOTE IS IMPORTANT REGARDLESS OF THE SIZE OF YOUR HOLDINGS IN THE EQUITY TRUST. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, WE ASK THAT YOU PLEASE COMPLETE AND SIGN THE ENCLOSED PROXY CARD AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE, WHICH NEEDS NO POSTAGE IF MAILED IN THE UNITED STATES. INSTRUCTIONS FOR THE PROPER EXECUTION OF PROXIES ARE SET FORTH ON THE INSIDE COVER.

By Order of the Board of Directors

JAMES E. MCKEE  
SECRETARY

April 11, 2003

INSTRUCTIONS FOR SIGNING PROXY CARDS

The following general rules for signing proxy cards may be of assistance to you and avoid the time and expense to the Equity Trust involved in validating your vote if you fail to sign your proxy card properly.

1. INDIVIDUAL ACCOUNTS: Sign your name exactly as it appears in the registration on the proxy card.

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2. JOINT ACCOUNTS: Either party may sign, but the name of the party signing should conform exactly to the name shown in the registration.
3. ALL OTHER ACCOUNTS: The capacity of the individuals signing the proxy card should be indicated unless it is reflected in the form of registration. For example:

| REGISTRATION<br>-----                                     | VALID SIGNATURE<br>----- |
|---|--------------------------|
| CORPORATE ACCOUNTS  |                          |
| (1) ABC Corp.   | ABC Corp.                |
| (2) ABC Corp.   | John Doe, Treasurer      |
| (3) ABC Corp.<br>c/o John Doe, Treasurer                  | John Doe                 |
| (4) ABC Corp., Profit Sharing Plan                        | John Doe, Trustee        |
| TRUST ACCOUNTS  |                          |
| (1) ABC Trust   | Jane B. Doe, Trustee     |
| (2) Jane B. Doe, Trustee<br>u/t/d 12/28/78                | Jane B. Doe              |
| CUSTODIAN OR ESTATE ACCOUNTS                              |                          |
| (1) John B. Smith, Cust.<br>f/b/o John B. Smith, Jr. UGMA | John B. Smith            |
| (2) John B. Smith, Executor<br>Estate of Jane Smith       | John B. Smith, Executor  |

TELEPHONE/INTERNET VOTING

Various brokerage firms may offer the convenience of providing you voting instructions via telephone or the Internet for shares held through such firms. If available, instructions are included with this Proxy Statement and proxy card.

THE GABELLI EQUITY TRUST INC.  
-----

ANNUAL MEETING OF SHAREHOLDERS

MAY 12, 2003  
-----

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of The Gabelli Equity Trust Inc. (the "Equity Trust") for use at the Annual Meeting of Shareholders of the Equity Trust to be held on Monday, May 12, 2003, at 9:00 a.m., at The Bruce Museum, One Museum Drive, Greenwich, Connecticut 06830, and at any adjournments thereof (the "Meeting"). A Notice of Annual Meeting of Shareholders and proxy card accompany this Proxy Statement, all of which are first being mailed to Shareholders on or about April 11, 2003.

In addition to the solicitation of proxies by mail, officers of the Equity Trust and officers and regular employees of EquiServe Trust Company N.A.

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("EquiServe"), the Equity Trust's transfer agent, and affiliates of EquiServe or other representatives of the Equity Trust also may solicit proxies by telephone, telegraph, Internet or in person. In addition, the Equity Trust has retained Georgeson Shareholder Communications Inc. to assist in the solicitation of proxies for a minimum fee of \$5,000 plus reimbursement of expenses. The costs of proxy solicitation and the expenses incurred in connection with preparing the Proxy Statement and its enclosures will be paid by the Equity Trust. The Equity Trust will also reimburse brokerage firms and others for their expenses in forwarding solicitation materials to the beneficial owners of its shares.

THE EQUITY TRUST'S MOST RECENT ANNUAL REPORT, INCLUDING AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002, IS AVAILABLE UPON REQUEST, WITHOUT CHARGE, BY WRITING THE EQUITY TRUST AT ONE CORPORATE CENTER, RYE, NEW YORK 10580-1422 OR CALLING THE EQUITY TRUST AT 800-422-3554 OR VIA THE INTERNET AT WWW.GABELLI.COM.

If the enclosed proxy is properly executed and returned in time to be voted at the Meeting, the Shares (as defined below) represented thereby will be voted "FOR" the election of the nominees as Directors listed in the accompanying Notice of Annual Meeting of Shareholders, unless instructions to the contrary are marked thereon, and in the discretion of the proxy holders as to the transaction of any other business that may properly come before the Meeting. Any shareholder who has given a proxy has the right to revoke it at any time prior to its exercise either by attending the Meeting and voting his or her shares in person or by submitting a letter of revocation or a later-dated proxy to the Equity Trust at the above address prior to the date of the Meeting.

In the event a quorum is not present at the Meeting, or in the event that a quorum is present at the Meeting but sufficient votes to approve any of the proposed items are not received, the persons named as proxies may propose one or more adjournments of such Meeting to permit further solicitation of proxies. A shareholder vote may be taken on one or more of the proposals in this Proxy Statement prior to such adjournment if sufficient votes have been received for approval and it is otherwise appropriate. Any such adjournment will require the affirmative vote of a majority of those shares present at the Meeting in person or by proxy. If a quorum is present, the persons named as proxies will vote those proxies which they are entitled to vote "FOR" any proposal in favor of such adjournment and will vote those proxies required to be voted "AGAINST" any proposal against any such adjournment.

The close of business on March 10, 2003 has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and all adjournments thereof.

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The Equity Trust has two classes of capital stock: common stock, par value \$0.001 per share ("Common Stock"), and preferred stock consisting of, (i) 7.25% Series A Cumulative Preferred Stock ("Series A Preferred"), (ii) 7.20% Series B Cumulative Preferred Stock ("Series B Preferred") par value \$0.001 per share and, (iii) Series C Auction Rate Cumulative Preferred Stock ("Series C Preferred"), (together "Preferred Stock") (together with the Common Stock, the "Shares"). The holders of the Common Stock and Preferred Stock are each entitled to one vote for each full share and an appropriate fraction of a vote for each fractional share held. On the record date, March 10, 2003, there were 134,059,967 shares of Common Stock, 5,367,900 Shares of Series A Preferred, 6,600,000 shares of Series B Preferred, and 5,200 Shares of Series C Preferred Stock outstanding.

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As of the record date, there were no persons known to the Equity Trust to be beneficial owners of more than 5% of the Equity Trust's outstanding shares of Common Stock or Preferred Stock.

SUMMARY OF VOTING RIGHTS ON PROXY PROPOSALS

| PROPOSAL<br>-----        | COMMON STOCKHOLDERS<br>-----   | PREFERRED STOCKHOLDERS<br>-----   |
|--------------------------|--|---|
| 1. Election of Directors | Common and Preferred Stockholders, voting together as a single class, vote to elect two Directors: Karl Otto Pohl and Anthony R. Pustorino | Common and Preferred Stockholders, voting together as a single class, vote to elect two Directors: Karl Otto Pohl and Anthony R. Pustorino<br><br>Preferred Stockholders, voting as a separate class, vote to elect one Director: James P. Conn |
| 2. Other Business        | Common and Preferred Stockholders, voting together as a single class   |   |

In order that your Shares may be represented at the Meeting, you are requested to vote on the following matters:

PROPOSAL 1: TO ELECT THREE (3) DIRECTORS OF THE EQUITY TRUST

NOMINEES FOR THE BOARD OF DIRECTORS

The 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 will expire. James P. Conn, Karl Otto Pohl, and Anthony R. Pustorino have each been nominated by the Board of Directors for a three-year term to expire at the Equity Trust's 2006 Annual Meeting of Shareholders or until their successors are duly elected and qualified. Each of the Directors of the Equity Trust has served in that capacity since the July 14, 1986 organizational meeting of the Equity Trust with the exception of (i) Mr. Conn, who became a Director of the Equity Trust on May 15, 1989, (ii) Mr. Pohl, who became a Director of the Equity Trust on February 19, 1992, (iii) Mr. Fahrenkopf, Jr., who became a Director of the Equity Trust on May 11, 1998, (iv) Mr. Colavita, who became a Director of the Equity Trust on November 17, 1999, and (v) Mr. Ferrara, who became a Director of the Equity Trust on August 15, 2001. All of the Directors of the Equity Trust are also directors or trustees of other investment companies for which Gabelli Funds, LLC (the "Adviser") or its affiliates serve as adviser. The classes of Directors are indicated below:

NOMINEES TO SERVE UNTIL 2006 ANNUAL MEETING OF SHAREHOLDERS  
-----

James P. Conn  
Karl Otto Pohl  
Anthony R. Pustorino

DIRECTORS SERVING UNTIL 2005 ANNUAL MEETING OF SHAREHOLDERS  
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Anthony J. Colavita  
 Frank J. Fahrenkopf, Jr.  
 Salvatore J. Zizza

DIRECTORS SERVING UNTIL 2004 ANNUAL MEETING OF SHAREHOLDERS  
 -----

Mario J. Gabelli, CFA  
 Dr. Thomas E. Bratter  
 Arthur V. Ferrara

Under the Equity Trust's Articles of Incorporation, Articles Supplementary and the Investment Company Act of 1940, as amended (the "1940 Act"), holders of the Equity Trust's outstanding Preferred Stock, voting as a separate class, are entitled to elect two Directors, and holders of the Equity Trust's outstanding Common Stock and Preferred Stock, voting as a single class, are entitled to elect the remaining Directors, subject to the provisions of the 1940 Act and the Equity Trust's Articles of Incorporation, Articles Supplementary and By-Laws. The holders of the Equity Trust's outstanding Preferred Stock would elect the minimum number of additional Directors that would represent a majority of the Directors in the event that dividends on the Equity Trust's Preferred Stock are in arrears for two full years. No dividend arrearages exist at this time. Anthony J. Colavita and James P. Conn are currently the Directors representing the holders of the Equity Trust's Preferred Stock and are elected solely by the holders of the Equity Trust's Preferred Stock. A quorum of the Preferred Stockholders must be present at the Meeting in order for the proposal to elect Mr. Conn to be considered.

Unless authority is withheld, it is the intention of the persons named in the proxy to vote the proxy "FOR" the election of the nominees named above. Each nominee has indicated that he has consented to serve as a Director if elected at the Meeting. If a designated nominee declines or otherwise becomes unavailable for election, however, the proxy confers discretionary power on the persons named therein to vote in favor of a substitute nominee or nominees.

INFORMATION ABOUT DIRECTORS AND OFFICERS

Set forth in the table below are the existing Directors and Nominees for election to the Board of the Equity Trust, including information relating to their respective positions held with the Equity Trust, a brief statement of their principal occupations during the past five years and other directorships, if any.

| NAME, POSITION(S)<br>ADDRESS(1)<br>AND AGE<br>----- | TERM OF<br>OFFICE AND<br>LENGTH OF<br>TIME<br>SERVED(2)<br>----- | PRINCIPAL OCCUPATION(S)<br>DURING PAST FIVE YEARS<br>----- | OTHER DIRECTORSH<br>HELD BY DIRECT<br>----- |
|---|--|--|---|
|---|--|--|---|

INTERESTED DIRECTORS(3):  
 -----

|  |             |  |   |
|--|-------------|--|---|
| MARIO J. GABELLI<br>Director and<br>Chief Investment Officer | Since 1986* | Chairman of the Board and Chief<br>Executive Officer of Gabelli Asset<br>Management Inc. and Chief | Director of M<br>Holdings, Inc<br>company); Vic |
|--|-------------|--|---|

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Age: 60

Investment Officer of Gabelli Funds, LLC and GAMCO Investors, Inc.; Vice Chairman of Lynch Interactive Corporation (multimedia and services)

of Lynch Corp (diversified)

KARL OTTO POHL  
Director  
Age: 73

Since 1992\*\*\* Member of the Shareholder Committee of Sal Oppenheim Jr. & Cie (private investment bank); Former President of the Deutsche Bundesbank and Chairman of its Central Bank Council (1980-1991)

Director of G Management In management); Incentive Cap Asset Managem Director at Cie, Zurich

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| NAME, POSITION(S)<br>ADDRESS (1)<br>AND AGE<br>----- | TERM OF<br>OFFICE AND<br>LENGTH OF<br>TIME<br>SERVED (2)<br>----- | PRINCIPAL OCCUPATION(S)<br>DURING PAST FIVE YEARS<br>----- | OTHER DIRECTORSH<br>HELD BY DIRECT<br>----- |
|--|---|--|---|
|--|---|--|---|

NON-INTERESTED DIRECTORS:  
-----

THOMAS E. BRATTER  
Director  
Age: 63

Since 1986\* Director, President and Founder, The John Dewey Academy (residential college preparatory therapeutic high school)

--

ANTHONY J. COLAVITA (4)  
Director  
Age: 67

Since 1999\*\* President and Attorney at Law in the law firm of Anthony J. Colavita, P.C.

--

JAMES P. CONN (4)  
Director  
Age: 65

Since 1989\*\*\* Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (1992-1998)

Director of (hotels) and Bank

FRANK J. FAHRENKOPF, JR.  
Director  
Age: 63

Since 1998\*\* President and Chief Executive Officer of the American Gaming Association since June 1995; Partner of Hogan & Hartson (law firm); Chairman of International Trade Practice Group; Co-Chairman of the Commission on Presidential Debates; Former Chairman of the Republican National Committee

--

ARTHUR V. FERRARA  
Director  
Age: 72

Since 2001\* Formerly, Chairman of the Board and Chief Executive Officer of The Guardian Life Insurance Company of America from January 1993 to December 1995; President, Chief Executive Officer and a Director prior thereto

Director of Insurance Co Director of Insurance & Guardian Inv Corporation, within the G

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|   |               |  |                             |
|---|---------------|--|-----------------------------|
| ANTHONY R. PUSTORINO<br>Director<br>Age: 77 | Since 1986*** | Certified Public Accountant;<br>Professor Emeritus, Pace University  | --                          |
| SALVATORE J. ZIZZA<br>Director<br>Age: 57   | Since 1986**  | Chairman, Hallmark Electrical<br>Supplies Corp.; Former Executive<br>Vice President of FMGGroup<br>(a healthcare provider) | Director of<br>Pharmaceutic |

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| NAME, POSITION(S)<br>ADDRESS(1)<br>AND AGE<br>-----             | TERM OF<br>OFFICE AND<br>LENGTH OF<br>TIME<br>SERVED<br>----- | PRINCIPAL OCCUPATION(S)<br>DURING PAST FIVE YEARS<br>-----   |
|---|---|--|
| OFFICERS:<br>-----  |   |  |
| BRUCE N. ALPERT<br>President<br>Age: 51                         | Since 2003  | Executive Vice President and Chief Operating Officer<br>1988 and an officer of all mutual funds advised by G<br>affiliates. Director and President of Gabelli Advise   |
| GUS A. COUTSOROUS<br>Vice President and<br>Treasurer<br>Age: 40 | Since 2003  | Vice President and Chief Financial Officer of Gabelli<br>and an officer of all mutual funds advised by Gabelli<br>affiliates. Chief Financial Officer of Gabelli Advise<br>Prior to 1998, Treasurer of Lazard Funds. |
| CARTER W. AUSTIN<br>Vice President<br>Age: 35                   | Since 2000  | Vice President of the Equity Trust. Vice President o   |
| JAMES E. MCKEE<br>Secretary<br>Age: 39                          | Since 1995  | Vice President, General Counsel and Secretary of Gab<br>since 1999 and GAMCO Investors, Inc. since 1993; Sec<br>advised by Gabelli Advisers, Inc. and Gabelli Funds,   |

BENEFICIAL OWNERSHIP OF SHARES HELD IN THE TRUST AND THE FUND COMPLEX FOR EACH DIRECTOR AND NOMINEE FOR ELECTION AS DIRECTOR

Set forth in the table below is the dollar range of equity securities held in the Equity Trust and the aggregate dollar range of equity securities in the Fund complex beneficially owned by each Director.

| NAME OF DIRECTOR      | DOLLAR RANGE OF EQUITY<br>SECURITIES HELD<br>IN THE TRUST*(1) (2) | AGGREGATE DOLLAR RANGE OF<br>SECURITIES HELD<br>IN FUND COMPLEX*(1) |
|-----------------------|---|---|
| Mario J. Gabelli      | E   | E   |
| Dr. Thomas E. Bratter | E   | E   |



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|                          |   |   |
|--------------------------|---|---|
| Anthony J. Colavita      | C | E |
| James P. Conn            | E | E |
| Frank J. Fahrenkopf, Jr. | A | B |
| Arthur V. Ferrara        | A | E |
| Karl Otto Pohl           | A | A |

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| NAME OF DIRECTOR     | DOLLAR RANGE OF EQUITY<br>SECURITIES HELD<br>IN THE TRUST* (1) (2) | AGGREGATE DOLLAR RANGE OF<br>SECURITIES HELD<br>IN FUND COMPLEX* (1) |
|----------------------|--|--|
| Anthony R. Pustorino | E  | E  |
| Salvatore J. Zizza   | E  | E  |

The Equity Trust pays each Director not affiliated with the Adviser or its affiliates, a fee of \$12,000 per year plus \$1,500 per meeting attended in person and \$500 per telephonic meeting, together with the Directors' actual out-of-pocket expenses relating to their attendance at such meetings. The aggregate remuneration (not including out-of-pocket expenses) paid by the Equity Trust to such Directors during the year ended December 31, 2002 amounted to \$140,000. During the year ended December 31, 2002, the Directors of the Equity Trust met five times, one of which was a special meeting of Directors. Each Director then serving in such capacity attended at least 75% of the meetings of Directors and of any Committee of which he is a member.

The Directors serving on the Equity Trust's Nominating Committee are Messrs. Colavita (Chairman) and Zizza, who are not "interested persons" of the Equity Trust as defined in the 1940 Act. The Nominating Committee is responsible for recommending qualified candidates to the Board in the event that a position is vacated or created. The Nominating Committee would consider recommendations by shareholders if a vacancy were to exist. Such recommendations should be forwarded to the Secretary of the Equity Trust. The Nominating Committee did not meet during the year ended December 31, 2002. The Equity Trust does not have a standing compensation committee.

Messrs. Pustorino (Chairman), Colavita and Zizza, who are not "interested persons" of the Equity Trust as defined in the 1940 Act, serve on the Equity Trust's Audit Committee. In addition, Messrs. Pustorino, Colavita and Zizza are considered independent Directors pursuant to applicable New York Stock Exchange rules. The Audit Committee is generally responsible for reviewing and evaluating issues related to the accounting and financial reporting policies and practices of the Equity Trust, its internal controls, and as appropriate, the internal controls of certain service providers, overseeing the quality and objectivity of the Equity Trust's financial statements and the audit thereof and to act as a liaison between the Board of Directors and the Equity Trust's independent

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accountants. During the year ended December 31, 2002, the Audit Committee met twice.

Based upon the recommendation of the Equity Trust's Audit Committee, the Equity Trust's Board of Directors, including those Directors who are not "interested persons" (as defined in the 1940 Act) of the Equity Trust or its Adviser, have approved the selection of PricewaterhouseCoopers LLP ("PWC"), 1177 Avenue of the Americas, New York, New York 10036, to serve as independent accountants for the Equity Trust's fiscal year ending December 31, 2003. PWC has advised the Trust that it is independent with respect

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to the Trust in accordance with the applicable requirements of the American Institute of Certified Public Accountants and the Securities and Exchange Commission (the "SEC"). A representative of PWC will not be present at the Meeting, but will be available by telephone and will have an opportunity to make a statement if the representative so desires, and will be available to respond to appropriate questions.

### AUDIT COMMITTEE REPORT

The role of the Equity Trust's Audit Committee is to assist the Equity Trust's Board of Directors in its oversight of the Equity Trust's financial reporting process. The Board of Directors of the Equity Trust has adopted a Charter for the Audit Committee. Management, however, is responsible for maintaining appropriate systems for accounting and internal control, and the Equity Trust's independent accountants are responsible for planning and carrying out proper audits and reviews.

In connection with the Equity Trust's audited financial statements for the year ended December 31, 2002, included in the Equity Trust's Annual Report dated December 31, 2002 (the "Annual Report"), the Audit Committee reviewed and discussed at a meeting held on February 13, 2003, the Equity Trust's audited financial statements with management and the Equity Trust's independent accountants, and discussed the audit of such financial statements with the Equity Trust's independent accountants.

The Audit Committee specifically discussed with the independent accountants the quality, and not just the acceptability under generally accepted accounting principles, of the accounting principles applied by the Equity Trust. The Audit Committee also received a formal written statement from the Equity Trust's independent accountants delineating the relationships between the independent accountants and the Equity Trust and its affiliates and discussed matters designed to assist the Audit Committee in determining whether the independence of the accountants might reasonably be viewed as being adversely affected.

Members of the Equity Trust's Audit Committee are not employed by the Equity Trust for accounting, financial management or internal control purposes. Moreover, the Audit Committee relies on and makes no independent verification of the facts presented to it or representations made by management or the Equity Trust's independent accountants. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and/or financial reporting principles and policies, or internal controls and procedures, designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not provide assurance

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that the audit of the Equity Trust's financial statements has been carried out in accordance with generally accepted auditing standards or that the financial statements are presented in accordance with generally accepted accounting principles.

Based on its consideration of the Equity Trust's audited financial statements and the discussions referred to above with management and the Equity Trust's independent accountants, and subject to the limitations on the responsibilities and role of the Audit Committee set forth in the Audit Committee's Charter and those discussed above, the Audit Committee recommended to the Equity Trust's Board of Directors that the Equity Trust's audited financial statements be included in the Equity Trust's Annual Report.

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Set forth in the table below are audit fees and non-audit related fees billed by the Equity Trust's independent accountants to the Equity Trust for the fiscal year ended December 31, 2002.

| AUDIT FEES<br>-----  | FINANCIAL INFORMATION<br>SYSTEMS DESIGN AND<br>IMPLEMENTATION FEES<br>-----  | ALL OTHER FEES<br>-----   |
|--|--|---|
| <p>\$36,000 - For professional services rendered for the audit of the Trust's annual financial statements for the fiscal year ended December 31, 2002.</p> | <p>No fees were billed for professional services rendered to the Trust, the Trust's investment adviser and any entity controlling, controlled by or under common control with the Adviser that provides services to the Trust.</p> | <p>\$87,500 - For tax other attest serv by the principal (other than those the previous colu Trust. There were fees paid by the investment advise entity controllin by or under co with the Adviser services to the T</p> |

The Audit Committee has considered whether the provision of the non-audit services is compatible with maintaining the auditors' independence.

SUBMITTED BY THE AUDIT COMMITTEE OF THE EQUITY TRUST'S BOARD OF DIRECTORS

Anthony R. Pustorino, Chairman  
 Anthony J. Colavita  
 Salvatore J. Zizza

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The following table sets forth certain information regarding the compensation of the Equity Trust's Directors and officers for the fiscal year ended December 31, 2002. Mr. Austin is employed by the Trust and is not employed

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by the Adviser (although he may receive incentive-based variable compensation from affiliates of the Adviser). Officers of the Equity Trust who are employed by the Adviser receive no compensation or expense reimbursement from the Equity Trust.

### COMPENSATION TABLE FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

| NAME OF PERSON AND POSITION<br>-----  | AGGREGATE COMPENSATION<br>FROM THE EQUITY TRUST<br>----- | AGGREGATE COMPENSATION<br>THE EQUITY TRUST AND<br>COMPLEX PAID TO DIRECTORS<br>----- |
|---|--|--|
| MARIO J. GABELLI<br>Chairman of the Board,<br>President and<br>Chief Investment Officer | \$0  | \$0  |
| DR. THOMAS E. BRATTER<br>Director   | \$18,000   | \$31,000   |
| ANTHONY J. COLAVITA<br>Director   | \$22,000   | \$152,286  |
| JAMES P. CONN<br>Director   | \$19,000   | \$53,500   |
| FRANK J. FAHRENKOPF, JR.<br>Director  | \$18,000   | \$31,000   |
| ARTHUR V. FERRARA<br>Director   | \$18,500   | \$30,000   |
| KARL OTTO POHL<br>Director  | \$0  | \$0  |
| ANTHONY R. PUSTORINO<br>Director  | \$23,500   | \$132,286  |
| SALVATORE J. ZIZZA<br>Director  | \$21,000   | \$73,750   |
| CARTER W. AUSTIN<br>Vice President  | \$190,000  | \$190,000  |
| PETER W. LATARTARA<br>Vice President  | \$15,000   | \$160,000  |

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#### REQUIRED VOTE

The election of each of the listed nominees for Director of the Equity Trust requires the affirmative vote of the holders of a plurality of the applicable classes of shares of the Equity Trust represented at the Meeting if a quorum is present (Common and Preferred Stockholders vote together as a single

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class for two Directors, and Preferred Stockholders vote separately for one Director).

THE BOARD OF DIRECTORS, INCLUDING THE "NON-INTERESTED" DIRECTORS, UNANIMOUSLY RECOMMENDS THAT THE COMMON AND PREFERRED SHAREHOLDERS VOTE "FOR" THE ELECTION OF EACH NOMINEE.

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### ADDITIONAL INFORMATION

#### THE INVESTMENT ADVISER AND ADMINISTRATOR

Gabelli Funds, LLC is the Equity Trust's Adviser and Administrator and its business address is One Corporate Center, Rye, New York 10580-1422.

#### COMPLIANCE WITH THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the 1934 Act and Section 30(h) of the 1940 Act, and the rules thereunder, require the Equity Trust's officers and Directors, officers and Directors of the Adviser, affiliated persons of the Adviser, and persons who own more than 10% of a registered class of the Equity Trust's securities, to file reports of ownership and changes in ownership with the SEC and the New York Stock Exchange, Inc. and to furnish the Equity Trust with copies of all Section 16(a) forms they file. Based solely on the Equity Trust's review of the copies of such forms it receives, the Equity Trust believes that during the calendar year ended 2002, such persons complied with all such applicable filing requirements except that a filing on behalf of Mr. Pustorino, whose sale of 1,746 shares of Common Stock in September 2002, was made in April 2003.

#### BROKER NON-VOTES AND ABSTENTIONS

The affirmative vote of a majority of votes cast for each Director by the holders entitled to vote for a particular Director is necessary for the election of a Director. Abstentions or broker non-votes will not be counted as votes cast and will have no effect on the result of the vote. Abstentions or broker non-votes however, will be considered to be present at the Meeting for purposes of determining the existence of a quorum.

Shareholders of the Equity Trust will be informed of the voting results of the Meeting in the Equity Trust's Semi-Annual Report dated June 30, 2003.

#### OTHER MATTERS TO COME BEFORE THE MEETING

The Directors of the Equity Trust do not intend to present any other business at the Meeting, nor are they aware that any shareholder intends to do so. If, however, any other matters, including adjournments, are properly brought before the Meeting, the persons named in the accompanying form of proxy will vote thereon in accordance with their judgment.

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#### SHAREHOLDER PROPOSALS

All proposals by shareholders of the Equity Trust, which are intended to be presented at the Equity Trust's next Annual Meeting of Shareholders to be held in 2004, must be received by the Equity Trust for consideration for

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inclusion in the Equity Trust's proxy statement and proxy relating to that meeting no later than December 12, 2003. There are additional requirements regarding proposals of shareholders, and a shareholder contemplating submission of a proposal is referred to Rule 14a-8 under the 1934 Act.

IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. SHAREHOLDERS WHO DO NOT EXPECT TO ATTEND THE MEETING ARE THEREFORE URGED TO COMPLETE, SIGN, DATE AND RETURN THE PROXY CARD AS SOON AS POSSIBLE IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

13

GBFCM-PS-2003

[GBFCM - THE GABELLI EQUITY TRUST INC.] [FILE NAME: ZGBFM1.ELX] [VERSION - (1)] [03/17/03] [ORIG. 03/17/03]

DETACH HERE

ZGBFM1

THE GABELLI EQUITY TRUST INC.  
C/O EQUISERVE TRUST COMPANY N.A.  
P.O. BOX 8694  
EDISON, NJ 08818-8694

PLEASE MARK  
VOTES AS IN  
THIS EXAMPLE. [X]

- 1. To elect two (2) directors of the equity trust:
  - (01) KARL OTTO POHL
  - (02) ANTHONY R. PUSTORINO

-----  
THE GABELLI EQUITY TRUST INC.  
-----

COMMON SHAREHOLDER

For All  
Nominees\_\_\_\_\_ Withhold\_\_\_\_\_

For all  
Except\_\_\_\_\_

(instruction: to withhold authority to vote for any individual nominee, write that nominee's name in the space provided above.) Mark box at right if an address change or comment has been noted on the reverse side of this card.

Please be sure to sign and date this proxy.\_\_\_\_\_

Signature:\_\_\_\_\_ Date:\_\_\_\_\_ Co-owner:\_\_\_\_\_ Date:\_\_\_\_\_

COMMON THE GABELLI EQUITY TRUST INC. COMMON  
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Mario J. Gabelli, James E. Mckee and Bruce N. Alpert, and each of them, attorneys and proxies of the undersigned, with full

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powers of substitution and revocation, to represent the undersigned and to vote on behalf of the undersigned all shares of The Gabelli Equity Trust Inc. (The "equity trust") which the undersigned is entitled to vote at the annual meeting of shareholders of the equity trust to be held at the Bruce Museum, One Museum drive, Greenwich, Connecticut 06830 on Monday, May 12, 2003 at 9:00 a.M., And at any adjournments thereof. The undersigned hereby acknowledges receipt of the notice of meeting and proxy statement and hereby instructs said attorneys and proxies to vote said shares as indicated herein. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

A majority of the proxies present and acting at the meeting in person or by substitute (or, if only one shall be so present, then that one) shall have and may exercise all of the power and authority of said proxies hereunder. The undersigned hereby revokes any proxy previously given.

This proxy, if properly executed, will be voted in the manner directed by the undersigned shareholder. If no direction is made, this proxy will be voted for the election of the nominees as directors and in the discretion of the proxy holder as to any other matter that may properly come before the meeting. Please refer to the proxy statement for a discussion of proposal no. 1.

-----  
PLEASE VOTE, DATE AND SIGN ON REVERSE SIDE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.  
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Please sign this proxy exactly as your name(s) appear(s) on the books of the equity trust. If joint owners, either may sign. Trustees and other fiduciaries should indicate the capacity in which they sign, and where more than one name appears, a majority must sign. If a corporation, this signature should be that of an authorized officer who should state his or her title.  
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HAS YOUR ADDRESS CHANGED?

DO YOU HAVE ANY COMMENTS?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

THE GABELLI EQUITY TRUST INC.  
C/O EQUISERVE TRUST COMPANY N.A.  
P.O. BOX 8694  
EDISON, NJ 08818-8694

[GBFPF - THE GABELLI EQUITY TRUST (PREFERRED)] [FILE NAME: ZGBFF1.ELX]  
[VERSION - (1)] [03/17/03] [ORIG. 03/17/03]

Detach here if you are returning your proxy card by mail zgbff1

PLEASE MARK  
VOTES AS IN  
THIS EXAMPLE. [X]

1. To elect three (3) directors of the equity trust:  
(01) JAMES P. CONN  
(02) KARL OTTO P/HL  
(03) ANTHONY R. PUSTORINO

FOR ALL  
NOMINEES \_\_\_\_\_ WITHHOLD \_\_\_\_\_

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FOR ALL  
EXCEPT

(INSTRUCTION: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, WRITE THAT NOMINEE'S NAME IN THE SPACE PROVIDED ABOVE.)

-----  
THE GABELLI EQUITY TRUST INC.  
-----

PREFERRED SHAREHOLDER

Mark box at right if an address change or comment has been noted on the reverse side of this card.

Please be sure to sign and date this proxy.

Signature:\_\_\_\_\_ Date:\_\_\_\_\_ Co-owner:\_\_\_\_\_ Date:\_\_\_\_\_

[GBFPF - THE GABELLI EQUITY TRUST (PREFERRED)] [FILE NAME: ZGBFF2.ELX]  
[VERSION - (2)] [04/09/03] [ORIG. 03/17/03]

DETACH HERE

ZGBFF2

PREFERRED THE GABELLI EQUITY TRUST INC. PREFERRED  
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Mario J. Gabelli, James E. Mckee and Bruce N. Alpert, and each of them, attorneys and proxies of the undersigned, with full powers of substitution and revocation, to represent the undersigned and to vote on behalf of the undersigned all shares of The Gabelli Equity Trust Inc. (The "Equity Trust") which the undersigned is entitled to vote at the annual meeting of shareholders of the equity trust to be held at the Bruce Museum, One Museum drive, Greenwich, Connecticut 06830 on Monday, May 12, 2003 at 9:00 a.M., And at any adjournments thereof. The undersigned hereby acknowledges receipt of the notice of meeting and proxy statement and hereby instructs said attorneys and proxies to vote said shares as indicated herein. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

A majority of the proxies present and acting at the meeting in person or by substitute (or, if only one shall be so present, then that one) shall have and may exercise all of the power and authority of said proxies hereunder. The undersigned hereby revokes any proxy previously given.

This proxy, if properly executed, will be voted in the manner directed by the undersigned shareholder. If no direction is made, this proxy will be voted for the election of the nominees as directors and in the discretion of the proxy holder as to any other matter that may properly come before the meeting. Please refer to the proxy statement for a discussion of proposal no. 1.

-----  
PLEASE VOTE, DATE AND SIGN ON REVERSE SIDE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.  
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Please sign this proxy exactly as your name(s) appear(s) on the books of the equity trust. If joint owners, either may sign. Trustees and other fiduciaries should indicate the capacity in which they sign, and where more than one name appears, a majority must sign. If a corporation, this signature should be that



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of an authorized officer who should state his or her title.

Has your address changed?

Do you have any comments?

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\_\_\_\_\_

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\_\_\_\_\_  
\_\_\_\_\_

THE GABELLI EQUITY TRUST INC.  
C/O EQUISERVE TRUST COMPANY, N.A.  
P.O. BOX 8694  
EDISON, NJ 08818-8694

[GBFPP - THE GABELLI EQUITY TRUST INC. (PREFERRED)] [FILE NAME: ZGBPP1.ELX]  
[VERSION - (1)] [03/17/03] [ORIG. 03/17/03]

DETACH HERE IF YOU ARE RETURNING YOUR PROXY CARD BY MAIL ZGBPP1

PLEASE MARK  
VOTES AS IN  
THIS EXAMPLE. [X]

1. TO ELECT THREE (3) DIRECTORS OF THE EQUITY TRUST:  
(01) JAMES P. CONN  
(02) KARL OTTO P/HL  
(03) ANTHONY R. PUSTORINO

FOR ALL  
NOMINEES  
WITHHOLD  
FOR ALL  
EXCEPT

(INSTRUCTION: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, WRITE THAT NOMINEE'S NAME IN THE SPACE PROVIDED ABOVE.)

-----  
THE GABELLI EQUITY TRUST INC.  
-----

SERIES B PREFERRED SHAREHOLDER

Mark box at right if an address change or comment has been noted on the reverse side of this card. \_\_\_\_\_

Please be sure to sign and date this proxy.

Signature:\_\_\_\_\_ Date:\_\_\_\_\_ Co-owner:\_\_\_\_\_ Date:\_\_\_\_\_

[GBFPP - THE GABELLI EQUITY TRUST INC. (PREFERRED)] [FILE NAME: ZGBPP2.ELX]  
[VERSION - (1)] [04/09/03] [ORIG. 03/17/03]

DETACH HERE ZGBPP2

PREFERRED THE GABELLI EQUITY TRUST INC. PREFERRED  
SERIES B THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS SERIES B

The undersigned hereby appoints Mario J. Gabelli, James E. Mckee and Bruce N. Alpert, and each of them, attorneys and proxies of the undersigned, with full powers of substitution and revocation, to represent the undersigned and to vote on behalf of the undersigned all shares of The Gabelli Equity Trust Inc. (The "Equity Trust") which the undersigned is entitled to vote at the annual meeting

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of shareholders of the equity trust to be held at The Bruce Museum, One Museum drive, Greenwich, Connecticut 06830 on Monday, May 12, 2003 at 9:00 A.M., And at any adjournments thereof. The undersigned hereby acknowledges receipt of the notice of meeting and proxy statement and hereby instructs said attorneys and proxies to vote said shares as indicated herein. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

A majority of the proxies present and acting at the meeting in person or by substitute (or, if only one shall be so present, then that one) shall have and may exercise all of the power and authority of said proxies hereunder. The undersigned hereby revokes any proxy previously given.

This proxy, if properly executed, will be voted in the manner directed by the undersigned shareholder. If no direction is made, this proxy will be voted for the election of the nominees as directors and in the discretion of the proxy holder as to any other matter that may properly come before the meeting. Please refer to the proxy statement for a discussion of proposal no. 1.

-----  
PLEASE VOTE, DATE AND SIGN ON REVERSE SIDE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.  
-----

-----  
Please sign this proxy exactly as your name(s) appear(s) on the books of the equity trust. If joint owners, either may sign. Trustees and other fiduciaries should indicate the capacity in which they sign, and where more than one name appears, a majority must sign. If a corporation, this signature should be that of an authorized officer who should state his or her title.  
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Has your address changed?

Do you have any comments?

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