

**THE GABELLI EQUITY TRUST INC.**

One Corporate Center  
Rye, New York 10580-1422  
(914) 921-5070

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
To Be Held on May 18, 2009**

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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 "Fund") will be held at The Cole Auditorium, The Greenwich Library, 101 West Putnam Avenue, Greenwich, Connecticut 06830, on Monday, May 18, 2009, at 9:00 a.m., for the following purposes:

1. To elect two (2) Directors of the Fund, one (1) Director to be elected by the holders of the Fund's Common Stock and holders of its 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 (together, the "Preferred Stock"), voting together as a single class, and one (1) Director to be elected by the holders of the Fund'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 16, 2009 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 FUND. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, WE ASK THAT YOU PLEASE COMPLETE, SIGN, AND DATE 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. SHAREHOLDERS MAY PROVIDE THEIR VOTE BY TELEPHONE OR THE INTERNET BY FOLLOWING THE INSTRUCTIONS ACCOMPANYING THE PROXY CARD OR NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS.**

By Order of the Board of Directors,

AGNES MULLADY  
*Secretary*

April 6, 2009

## 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 Fund 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.
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**

### **Valid Signature**

#### **Corporate Accounts**

- (1) ABC Corp.
- (2) ABC Corp.
- (3) ABC Corp.  
c/o John Doe, Treasurer
- (4) ABC Corp., Profit Sharing Plan

ABC Corp.  
John Doe, Treasurer  
  
John Doe  
John Doe, Trustee

#### **Trust Accounts**

- (1) ABC Trust
- (2) Jane B. Doe, Trustee  
u/t/d 12/28/78

Jane B. Doe, Trustee  
  
Jane B. Doe

#### **Custodian or Estate Accounts**

- (1) John B. Smith, Cust.  
f/b/o John B. Smith, Jr. UGMA
- (2) John B. Smith, Executor  
Estate of Jane Smith

John B. 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, Notice of Internet Availability of Proxy Materials, and proxy card.

**THE GABELLI EQUITY TRUST INC.**

**ANNUAL MEETING OF SHAREHOLDERS**

**May 18, 2009**

**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 "Fund") for use at the Annual Meeting of Shareholders of the Fund to be held on Monday, May 18, 2009, at 9:00 a.m. at The Cole Auditorium, The Greenwich Library, 101 West Putnam Avenue, Greenwich, Connecticut 06830, and at any adjournments thereof (the "Meeting"). A notice of Internet Availability of Proxy Materials was mailed on or about April 6, 2009. The Proxy Statement and a proxy card are available upon request, without charge, by calling 800-579-1639. The Proxy Statement is also available on the Internet at [www.proxyvote.com](http://www.proxyvote.com).

In addition to the solicitation of proxies by mail, officers of the Fund and officers and regular employees of Computershare Trust Company, N.A. ("Computershare"), the Fund's transfer agent, and affiliates of Computershare or other representatives of the Fund may also solicit proxies by telephone, telegraph, Internet, or in person. In addition, the Fund has retained Broadridge to assist in the solicitation of proxies for an estimated fee of \$1,000 plus reimbursement of expenses. The Fund will pay the costs of the proxy solicitation and the expenses incurred in connection with preparing the Proxy Statement and its enclosures. The Fund will also reimburse brokerage firms and others for their expenses in forwarding solicitation materials to the beneficial owners of its shares.

**The Fund's most recent annual report, including audited financial statements for the fiscal year ended December 31, 2008, is available upon request, without charge, by writing to the Secretary of the Fund at One Corporate Center, Rye, New York 10580-1422, by calling the Fund at 800-422-3554, or via the Internet at [www.gabelli.com](http://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 as described in this Proxy Statement, unless instructions to the contrary are marked thereon, and at 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 Fund at the above address prior to the date of the Meeting.

A quorum of shareholders is constituted by the presence in person or by proxy of the holders of a majority of the outstanding shares of the Fund entitled to vote at 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. Absent the establishment of a subsequent record date and the giving of notice to the holders of record thereon, the adjourned Meeting must take place not more than 120 days after the record date. At such adjourned Meeting, any business may be transacted which might have been transacted at the original Meeting. If a quorum is present, a shareholder vote may be taken on one or more of the proposals properly brought before the meeting prior to any adjournment if sufficient votes have been received and it is otherwise appropriate.

The close of business on March 16, 2009 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.

The Fund has two classes of capital stock: common stock, par value \$0.001 per share (the “Common Stock”), and preferred stock consisting of (i) Series C Auction Rate Cumulative Preferred Stock (“Series C Preferred”), (ii) 5.875% Series D Cumulative Preferred Stock (“Series D Preferred”), (iii) Series E Auction Rate Cumulative Preferred Stock (“Series E Preferred”), and (iv) 6.20% Series F Cumulative Preferred Stock (“Series F Preferred”), each having a par value of \$0.001 per share (together, the “Preferred Stock” and 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 held and an appropriate fraction of a vote for each fractional share held. On the record date, there were 175,571,222 shares of Common Stock, 4,680 shares of Series C Preferred, 2,877,679 shares of Series D Preferred, 1,800 shares of Series E Preferred, and 5,883,191 shares of Series F Preferred outstanding.

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

### SUMMARY OF VOTING RIGHTS ON PROXY PROPOSALS

<b><u>Proposal</u></b>	<b><u>Common Stockholders</u></b>	<b><u>Preferred Stockholders</u></b>
1. Election of Directors	Common and Preferred Stockholders, voting together as a single class, vote to elect one Director: Anthony R. Pustorino	Common and Preferred Stockholders, voting together as a single class, vote to elect one Director: Anthony R. Pustorino  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 TWO (2) DIRECTORS OF THE FUND

### **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 and Anthony R. Pustorino have each been nominated by the Board of Directors for a three-year term to expire at the Fund's 2012 Annual Meeting of Shareholders or until their successors are duly elected and qualified. James P. Conn has been nominated by the Board of Directors for election by the holders of the Fund's Preferred Stock for a three-year term to expire at the Fund's 2012 Annual Meeting of Shareholders or until his successor is duly elected and qualified. Each of the Directors of the Fund has served in that capacity since the July 14, 1986 organizational meeting of the Fund with the exception of (i) Mr. Conn, who became a Director of the Fund on May 15, 1989, (ii) Mr. Fahrenkopf, who became a Director of the Fund on May 11, 1998, (iii) Mr. Colavita, who became a Director of the Fund on November 17, 1999, and (iv) Mr. Ferrara, who became a Director of the Fund on August 15, 2001. All of the Directors of the Fund are also directors or trustees of other investment companies for which Gabelli Funds, LLC (the "Adviser") or its affiliates serve as investment adviser. The classes of Directors are indicated below:

### **Nominees to Serve Until 2012 Annual Meeting of Shareholders**

James P. Conn

Anthony R. Pustorino

### **Directors Serving Until 2011 Annual Meeting of Shareholders**

Anthony J. Colavita

Frank J. Fahrenkopf, Jr.

Salvatore J. Zizza

### **Directors Serving Until 2010 Annual Meeting of Shareholders**

Mario J. Gabelli, CFA

Thomas E. Bratter

Arthur V. Ferrara

Under the Fund's Articles of Incorporation, Articles Supplementary, and the Investment Company Act of 1940, as amended (the "1940 Act"), holders of the Fund's outstanding Preferred Stock, voting as a separate class, are entitled to elect two Directors, and holders of the Fund's outstanding Common Stock and Preferred Stock, voting together as a single class, are entitled to elect the remaining Directors, subject to the provisions of the 1940 Act and the Fund's Articles of Incorporation, Articles Supplementary, and By-Laws. The holders of the Fund's outstanding Preferred Stock would be entitled to elect the minimum number of additional Directors that would represent a majority of the Directors in the event that dividends on the Fund's Preferred Stock are in arrears for two full years. No dividend arrearages exist as of the date of this Proxy Statement. Messrs. Colavita and Conn are currently the Directors elected solely by the holders of the Fund's Preferred Stock. A quorum of the Preferred Stockholders must be present in person or by proxy 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, including those Directors who are not considered to be “interested persons,” as defined in the 1940 Act (the “Independent Directors”), for election to the Board of the Fund and officers of the Fund, including information relating to their respective positions held with the Fund, a brief statement of their principal occupations during the past five years and other directorships (excluding other funds managed by the Adviser), if any.

<b>Name, Position(s) Address<sup>1</sup> and Age</b>	<b>Term of Office and Length of Time Served<sup>2</sup></b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Other Directorships Held by Director</b>	<b>Number of Portfolios in Fund Complex Overseen by Director</b>
<b><u>INTERESTED DIRECTOR<sup>3</sup>:</u></b>				
<b>Mario J. Gabelli</b> Director and Chief Investment Officer Age: 66	Since 1986***	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.	Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board of LICT Corp. (multimedia and communication services)	26
<b><u>INDEPENDENT DIRECTORS/NOMINEES<sup>4</sup>:</u></b>				
<b>Thomas E. Bratter</b> Director Age: 69	Since 1986***	Director, President, and Founder of The John Dewey Academy (residential college preparatory therapeutic high school)	—	4
<b>Anthony J. Colavita<sup>5</sup></b> Director Age: 73	Since 1999**	President of the law firm of Anthony J. Colavita, P.C.	—	36
<b>James P. Conn<sup>5</sup></b> Director Age: 70	Since 1989*	Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (1992-1998)	—	18
<b>Frank J. Fahrenkopf, Jr.</b> Director Age: 69	Since 1998**	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)	—	6
<b>Arthur V. Ferrara</b> Director Age: 78	Since 2001***	Former Chairman of the Board and Chief Executive Officer of The Guardian Life Insurance Company of America (1993-1995)	—	8
<b>Anthony R. Pustorino</b> Director Age: 83	Since 1986*	Certified Public Accountant; Professor Emeritus, Pace University	Director of The LGL Group, Inc. (diversified manufacturing)	13
<b>Salvatore J. Zizza</b> Director Age: 63	Since 1986**	Chairman of Zizza & Co., Ltd. (consulting)	Director of Hollis-Eden Pharmaceuticals (biotechnology) and Earl Scheib, Inc. (automotive services)	28

<b>Name, Position(s) Address<sup>1</sup> and Age</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past Five Years</b>
<b>OFFICERS<sup>6</sup>:</b> <b>Bruce N. Alpert</b> President Age: 57	Since 2003	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988; Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex; Chairman of Teton Advisors, Inc. (formerly Gabelli Advisers, Inc.) since 2008 and Director and President from 1998-2008
<b>Carter W. Austin</b> Vice President Age: 42	Since 2000	Vice President of the Fund since 2000; Vice President of other registered investment companies in the Gabelli/GAMCO Funds complex; Vice President of Gabelli Funds, LLC since 1996
<b>Peter D. Goldstein</b> Chief Compliance Officer Age: 55	Since 2004	Director of Regulatory Affairs for GAMCO Investors, Inc. since 2004; Chief Compliance Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex; Vice President of Goldman Sachs Asset Management from 2000-2004
<b>Agnes Mullady</b> Treasurer and Secretary Age: 50	Since 2006	Vice President of Gabelli Funds, LLC since 2007; Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex; Senior Vice President of U.S. Trust Company, N.A. and Treasurer and Chief Financial Officer of Excelsior Funds from 2004-2005; Chief Financial Officer of AMIC Distribution Partners from 2002-2004

<sup>1</sup> Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.

<sup>2</sup> The Fund's Board of Directors is divided into three classes, each class having a term of three years. Each year the term of office of one class expires and the successor or successors elected to such class serve for a three-year term.

<sup>3</sup> "Interested person" of the Fund as defined in the 1940 Act. Mr. Gabelli is considered to be an "interested person" of the Fund because of his affiliation with Gabelli Funds, LLC, which is the Fund's investment adviser, and Gabelli & Company, Inc., which executes portfolio transactions for the Fund, and as a controlling shareholder because of the level of his ownership of common shares of the Fund.

<sup>4</sup> Directors who are not considered to be "interested persons" of the Fund as defined in the 1940 Act are considered to be "Independent" Directors.

<sup>5</sup> As a Director, elected solely by holders of the Fund's Preferred Stock.

<sup>6</sup> 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.

\* Nominee to serve, if elected, until the Fund's 2012 Annual Meeting of Shareholders or until his successor is duly elected and qualified.

\*\* Term continues until the Fund's 2011 Annual Meeting of Shareholders or until his successor is duly elected and qualified.

\*\*\* Term continues until the Fund's 2010 Annual Meeting of Shareholders or until his successor is duly elected and qualified.

**Beneficial Ownership of Shares Held in the Fund 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 in the Fund beneficially owned by each Director and Nominee for election as Director and the aggregate dollar range of equity securities in the Fund complex beneficially owned by each Director and Nominee for election as Director.

<u>Name of Director/Nominee</u>	<u>Dollar Range of Equity Securities Held in the Fund*(1)</u>	<u>Aggregate Dollar Range of Equity Securities Held in Fund Complex*(1)(2)</u>
<b><u>INTERESTED DIRECTOR:</u></b>		
Mario J. Gabelli	E	E
<b><u>INDEPENDENT DIRECTORS/NOMINEES:</u></b>		
Thomas E. Bratter	E	E
Anthony J. Colavita**	C	E
James P. Conn	E	E
Frank J. Fahrenkopf, Jr.	A	B
Arthur V. Ferrara	B	E
Anthony R. Pustorino**	D	E
Salvatore J. Zizza	C	E

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\* Key to Dollar Ranges  
A. None  
B. \$1 – \$10,000  
C. \$10,001 – \$50,000  
D. \$50,001 – \$100,000  
E. Over \$100,000

All shares were valued as of December 31, 2008.

\*\* Messrs. Colavita and Pustorino each beneficially own less than 1% of the common stock of The LGL Group, Inc., having a value of \$2,601 and \$5,858, respectively, as of December 31, 2008. The LGL Group, Inc. may be deemed to be controlled by Mario J. Gabelli and in that event would be deemed to be under common control with the Fund’s Adviser.

(1) This information has been furnished by each Director and Nominee for election as Director as of December 31, 2008. “Beneficial Ownership” is determined in accordance with Section 16a-1(a)(2) of the Securities Exchange Act of 1934, as amended (the “1934 Act”).  
(2) The “Fund Complex” includes all the funds that are considered part of the same fund complex as the Fund because they have common or affiliated investment advisers.

Set forth in the table below is the amount of shares beneficially owned by each Director, Nominee for election as Director, and executive officer of the Fund.

<u>Name of Director/Nominee/Officer</u>	<u>Amount and Nature of Beneficial Ownership (1)</u>	<u>Percent of Shares Outstanding (2)</u>
<b><u>INTERESTED DIRECTOR:</u></b>		
Mario J. Gabelli	1,618,156 <sup>(3)</sup>	*
<b><u>INDEPENDENT DIRECTORS/NOMINEES:</u></b>		
Thomas E. Bratter	37,014	*
Anthony J. Colavita	2,835 <sup>(4)</sup>	*
James P. Conn	55,300	*
Frank J. Fahrenkopf, Jr.	0	*
Arthur V. Ferrara	200	*
Anthony R. Pustorino	13,620 <sup>(5)</sup>	*
Salvatore J. Zizza	10,890	*
<b><u>OFFICERS:</u></b>		
Bruce N. Alpert	793	*
	2,610 Series D Preferred <sup>(6)</sup>	*
	2,800 Series F Preferred <sup>(7)</sup>	*
Agnes Mullady	0	*

- (1) This information has been furnished by each Director, Nominee for election as Director, and executive officer as of December 31, 2008. "Beneficial Ownership" is determined in accordance with Section 16a-1(a)(2) of the 1934 Act. Reflects ownership of common shares unless otherwise noted.
- (2) An asterisk indicates that the ownership amount constitutes less than 1% of the total shares outstanding. The Directors, Nominees for election as Director, and executive officers ownership as a group constitutes less than 1% of the total common shares or preferred shares outstanding.
- (3) Comprised of 947,963 shares owned directly by Mr. Gabelli, 37,358 shares owned by a family partnership for which Mr. Gabelli serves as general partner, and 632,835 shares owned by GAMCO Investors, Inc. or its affiliates. Mr. Gabelli disclaims beneficial ownership of the shares held by the discretionary accounts and by the entities named except to the extent of his interest in such entities.
- (4) Comprised of 2,835 common shares owned by Mr. Colavita's spouse for which he disclaims beneficial ownership.
- (5) Includes 2,632 common shares owned by Mr. Pustorino's spouse for which he disclaims beneficial ownership.
- (6) Comprised of 2,610 preferred shares owned by Mr. Alpert's spouse for which he disclaims beneficial ownership.
- (7) Includes 2,000 preferred shares owned by Mr. Alpert's spouse for which he disclaims beneficial ownership.

The Fund pays each Director who is not affiliated with the Adviser or its affiliates a fee of \$12,000 per year plus \$1,500 per meeting attended in person, \$1,000 per Committee meeting attended in person, and \$500 per telephonic meeting, together with the Director's actual out-of-pocket expenses relating to his attendance at such meetings. In addition, the Lead Director receives an annual fee of \$1,000, 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. A Director may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings on behalf of multiple funds. The aggregate remuneration (not including out-of-pocket expenses) paid by the Fund to such Directors during the fiscal year ended December 31, 2008 amounted to \$144,923. During the fiscal year ended December 31, 2008, the Directors of the Fund met six times, two of which were special meetings 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.

### **Audit Committee Report**

The role of the Fund's Audit Committee (the "Audit Committee") is to assist the Board of Directors in its oversight of (i) the quality and integrity of the Fund's financial statement reporting process and the independent audit and reviews thereof; (ii) the Fund's accounting and financial reporting policies and practices, its internal controls, and, as appropriate, the internal controls of certain of its service providers; (iii) the Fund's compliance with legal and regulatory requirements; and (iv) the independent registered public accounting firm's qualifications, independence, and performance. The Audit Committee also is required to prepare an audit committee report pursuant to the rules of the Securities and Exchange Commission (the "SEC") for inclusion in the Fund's annual proxy statement. The Audit Committee operates pursuant to the Audit Committee Charter (the "Audit Charter") that was most recently reviewed and approved by the Board of Directors on February 26, 2009. The Audit Charter is available on the Fund's website at [www.gabelli.com](http://www.gabelli.com).

Pursuant to the Audit Charter, the Audit Committee is responsible for conferring with the Fund's independent registered public accounting firm, reviewing annual financial statements, approving the selection of the Fund's independent registered public accounting firm, and overseeing the Fund's internal controls. The Audit Charter also contains provisions relating to the pre-approval by the Audit Committee of certain non-audit services to be provided by PricewaterhouseCoopers LLP ("PricewaterhouseCoopers") to the Fund and to the Adviser and certain of its affiliates. The Audit Committee advises the full Board with respect to accounting, auditing, and financial matters affecting the Fund. As set forth in the Audit Charter, management is responsible for maintaining appropriate systems for accounting and internal control, and the Fund's independent registered public accounting firm is responsible for planning and carrying out proper audits and reviews. The independent registered public accounting firm is ultimately accountable to the Board of Directors and to the Audit Committee, as representatives of shareholders. The independent registered public accounting firm for the Fund reports directly to the Audit Committee.

In performing its oversight function, at a meeting held on February 24, 2009, the Audit Committee reviewed and discussed with management of the Fund and PricewaterhouseCoopers the audited financial statements of the Fund as of and for the fiscal year ended December 31, 2008, and discussed the audit of such financial statements with the independent registered public accounting firm.

In addition, the Audit Committee discussed with the independent registered public accounting firm the accounting principles applied by the Fund and such other matters brought to the attention of the Audit Committee by the independent registered public accounting firm as required by Statement of Auditing Standards No. 61, *Communications with Audit Committees*, as currently modified or supplemented. The Audit Committee also received from the independent registered public accounting firm the written disclosures and statements required by the SEC's independence rules, delineating relationships between the independent registered public accounting firm and the Fund, and discussed the impact that any such relationships might have on the objectivity and independence of the independent registered public accounting firm.

As set forth above, and as more fully set forth in the Audit Charter, the Audit Committee has significant duties and powers in its oversight role with respect to the Fund's financial reporting procedures, internal control systems, and the independent audit process.

The members of the Audit Committee are not, and do not represent themselves to be, professionally engaged in the practice of auditing or accounting and are not employed by the Fund 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 Fund's independent registered public accounting firm. 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 that the audit of the Fund's financial statements has been carried out in accordance with the standards of the Public Company Accounting Oversight Board (United States) or that the financial statements are presented in accordance with generally accepted accounting principles (United States).

Based on its consideration of the audited financial statements and the discussions referred to above with management and the Fund's independent registered public accounting firm, and subject to the limitations on the responsibilities and role of the Audit Committee set forth in the Audit Charter and those discussed above, the Audit Committee recommended to the Fund's Board of Directors that the Fund's audited financial statements be included in the Fund's Annual Report for the fiscal year ended December 31, 2008.

**Submitted by the Audit Committee of the Fund's Board of Directors**

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

February 26, 2009

The Audit Committee met three times during the fiscal year ended December 31, 2008, one of which was a special meeting. The Audit Committee is composed of three of the Fund's Independent Directors (as such term is defined by the New York Stock Exchange's listing standards (the "NYSE Listing Standards")), namely Messrs. Colavita, Pustorino, and Zizza. Each member of the Audit Committee has been determined by the Board of Directors to be financially literate.

### **Nominating Committee**

The Board of Directors has a Nominating Committee composed of three Independent Directors (as such term is defined by the NYSE Listing Standards), namely Messrs. Colavita, Ferrara, and Zizza. The Nominating Committee met once during the fiscal year ended December 31, 2008. The Nominating Committee is responsible for identifying and recommending to the Board of Directors individuals believed to be qualified to become Board members in the event that a position is vacated or created. The Nominating Committee will consider Director candidates recommended by shareholders. In considering candidates submitted by shareholders, the Nominating Committee will take into consideration the needs of the Board of Directors, the qualifications of the candidate, and the interests of shareholders. The Nominating Committee may also take into consideration the number of shares held by the recommending shareholder and the length of time that such shares have been held. To recommend a candidate for consideration by the Nominating Committee, a shareholder must submit the recommendation in writing and must include the following information:

- The name of the shareholder and evidence of the shareholder's ownership of shares of the Fund, including the number of shares owned and the length of time of ownership;
- The name of the candidate, the candidate's resume or a listing of his or her qualifications to be a Director of the Fund, and the person's consent to be named as a Director if selected by the Nominating Committee and nominated by the Board of Directors; and
- If requested by the Nominating Committee, a completed and signed directors' questionnaire.

The shareholder recommendation and information described above must be sent to the Fund's Secretary, c/o Gabelli Funds, LLC at One Corporate Center, Rye, NY 10580-1422, and must be received by the Secretary no less than 120 days prior to the anniversary date of the Fund's most recent annual meeting of shareholders or, if the meeting has moved by more than 30 days, a reasonable amount of time before the meeting.

The Nominating Committee believes that the minimum qualifications for serving as a Director of the Fund are that the individual demonstrate, by significant accomplishment in his or her field, an ability to make a meaningful contribution to the Board of Directors' oversight of the business and affairs of the Fund and have an impeccable record and reputation for honest and ethical conduct in both his or her professional and personal activities. In addition, the Nominating Committee examines a candidate's specific experiences and skills, time availability in light of other commitments, potential conflicts of interest, and independence from management and the Fund. The Nominating Committee also seeks to have the Board of Directors represent a diversity of backgrounds and experience.

The Fund's Nominating Committee adopted a charter on May 12, 2004, and amended the charter on November 17, 2004. The charter is available on the Fund's website at [www.gabelli.com](http://www.gabelli.com).

### **Other Board-Related Matters**

The Board of Directors has established the following procedures in order to facilitate communications between the Board and the shareholders of the Fund and other interested parties.

#### Receipt of Communications

Shareholders and other interested parties may contact the Board or any member of the Board by mail or electronically. To communicate with the Board or any member of the Board, correspondence should be addressed to the Board or the Board member(s) with whom you wish to communicate by either name or title. All such correspondence should be sent c/o the Fund at Gabelli Funds, LLC, One Corporate Center, Rye, NY 10580-1422. To communicate with the Board electronically, shareholders may go to the corporate website at [www.gabelli.com](http://www.gabelli.com) under the heading "Contact Us/Contact Us by Email/Board of Directors (Gabelli Closed-End Funds)."

### Forwarding the Communications

All communications received will be opened by the office of the General Counsel of the Adviser for the sole purpose of determining whether the contents represent a message to one or more Directors. The office of the General Counsel will forward promptly to the addressee(s) any contents that relate to the Fund and that are not in the nature of advertising, promotion of a product or service, or patently offensive or otherwise objectionable material. In the case of communications to the Board of Directors or any committee or group of members of the Board, the General Counsel's office will make sufficient copies of the contents to send to each Director who is a member of the group or committee to which the envelope or e-mail is addressed.

The Fund does not expect Directors or Nominees for election as Director to attend the Annual Meeting of Shareholders.

The following table sets forth certain information regarding the compensation of the Fund's Directors and officers for the year ended December 31, 2008. Mr. Austin is employed by the Fund and is not employed by the Adviser (although he may receive incentive-based variable compensation from affiliates of the Adviser). Officers of the Fund who are employed by the Adviser receive no compensation or expense reimbursement from the Fund.

### **COMPENSATION TABLE FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

<u>Name of Person and Position</u>	<u>Aggregate Compensation from the Fund</u>	<u>Aggregate Compensation from the Fund and Fund Complex Paid to Directors*</u>	
<b><u>INTERESTED DIRECTOR:</u></b>			
<b>Mario J. Gabelli</b> Director and Chief Investment Officer	\$0	\$0	(26)
<b><u>INDEPENDENT DIRECTORS/NOMINEES:</u></b>			
<b>Thomas E. Bratter</b> Director	\$18,000	\$41,000	(4)
<b>Anthony J. Colavita</b> Director	\$23,399	\$251,034	(36)
<b>James P. Conn</b> Director	\$18,917	\$122,590	(17)
<b>Frank J. Fahrenkopf, Jr.</b> Director	\$18,250	\$64,500	(5)
<b>Arthur V. Ferrara</b> Director	\$21,500	\$40,923	(8)
<b>Anthony R. Pustorino</b> Director	\$23,446	\$147,700	(14)
<b>Salvatore J. Zizza</b> Director	\$21,411	\$187,326	(27)
<b><u>OFFICER:</u></b>			
<b>Carter W. Austin</b> Vice President	\$93,333		

\* Represents the total compensation paid to such persons during the fiscal year ended December 31, 2008 by investment companies (including the Fund) or portfolios thereof from which such person receives compensation that are considered part of the same fund complex as the Fund because they have common or affiliated investment advisers. The number in parentheses represents the number of such investment companies and portfolios.

## Required Vote

The election of each of the listed Nominees for Director of the Fund requires the affirmative vote of the holders of a plurality of the applicable class or classes of Shares of the Fund represented at the Meeting if a quorum is present.

**THE BOARD OF DIRECTORS, INCLUDING THE INDEPENDENT DIRECTORS, UNANIMOUSLY RECOMMENDS THAT THE COMMON AND PREFERRED SHAREHOLDERS VOTE “FOR” THE ELECTION OF EACH NOMINEE.**

## ADDITIONAL INFORMATION

### Independent Registered Public Accounting Firm

PricewaterhouseCoopers, 300 Madison Avenue, New York, NY 10017, has been selected to serve as the Fund’s independent registered public accounting firm for the fiscal year ending December 31, 2009. PricewaterhouseCoopers acted as the Fund’s independent registered public accounting firm for the fiscal year ended December 31, 2008. The Fund knows of no direct financial or material indirect financial interest of PricewaterhouseCoopers in the Fund. A representative of PricewaterhouseCoopers will not be present at the Meeting, but will be available by telephone and will have an opportunity to make a statement, if asked, and will be available to respond to appropriate questions.

Set forth in the table below are audit fees and non-audit related fees billed to the Fund by PricewaterhouseCoopers for professional services received during and for the fiscal years ended December 31, 2007 and 2008, respectively.

<b>Fiscal Year Ended</b>		<b>Audit-Related</b>		<b>All</b>
<b>December 31</b>	<b>Audit Fees</b>	<b>Fees*</b>	<b>Tax Fees**</b>	<b>Other Fees</b>
2007	\$71,000	\$7,900	\$4,350	—
2008	\$64,250	\$10,580	\$5,000	—

\* “Audit-Related Fees” are those estimated fees billed to the Fund by PricewaterhouseCoopers in connection with the preparation of Preferred Shares Reports to Moody’s Investors Service, Inc. and Standard & Poor’s Rating Services.

\*\* “Tax Fees” are those fees billed by PricewaterhouseCoopers in connection with tax compliance services, including primarily the review of the Fund’s income tax returns.

The Fund’s Audit Charter requires that the Audit Committee pre-approve all audit and non-audit services to be provided by the independent registered public accounting firm to the Fund, and all non-audit services to be provided by the independent registered public accounting firm to the Fund’s Adviser and service providers controlling, controlled by, or under common control with the Fund’s Adviser (“affiliates”) that provide on-going services to the Fund (a “Covered Services Provider”), if the engagement relates directly to the operations and financial reporting of the Fund. The Audit Committee may delegate its responsibility to pre-approve any such audit and permissible non-audit services to the Chairman of the Audit Committee, and the Chairman must report his decision(s) to the Audit Committee, at its next regularly scheduled meeting after the Chairman’s pre-approval of such services. The Audit 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 Audit Committee’s pre-approval responsibilities to other persons (other than the Adviser or the Fund’s officers). Pre-approval by the Audit Committee of any permissible non-audit services is not required so long as: (i) the aggregate amount of all such permissible non-audit services provided to the Fund, the Adviser, and any Covered Services Provider constitutes not more than 5% of the total amount of revenues paid by the Fund to its independent registered public accounting firm during the year in which the permissible non-audit services are provided; (ii) the permissible non-audit services were not recognized by the Fund at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Audit Committee and approved by the Audit Committee or the Chairman prior to the completion of the audit. All of the audit, audit-related, and tax services described above for which PricewaterhouseCoopers billed the Fund fees for the fiscal years ended December 31, 2007 and December 31, 2008 were pre-approved by the Audit Committee.

For the fiscal year ended December 31, 2008, PricewaterhouseCoopers has represented to the Fund that it did not provide any non-audit services (or bill any fees for such services) to the Adviser or any affiliates thereof that provide services to the Fund.

### **The Investment Adviser and Administrator**

Gabelli Funds, LLC is the Fund'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 Fund's executive officers and Directors, executive officers and directors of the Adviser, certain other affiliated persons of the Adviser, and persons who own more than 10% of a registered class of the Fund's securities to file reports of ownership and changes in ownership with the SEC and the New York Stock Exchange and to furnish the Fund with copies of all Section 16(a) forms they file. Based solely on the Fund's review of the copies of such forms it received for the fiscal year ended December 31, 2008, the Fund believes that during that year such persons complied with all such applicable filing requirements.

### **Broker Non-Votes and Abstentions**

For purposes of determining the presence of a quorum for transacting business at the Meeting, abstentions and broker "non-votes" (that is, proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owner or other persons entitled to vote shares on a particular matter with respect to which the brokers or nominees do not have discretionary power) will be treated as shares that are present but that have not been voted. Accordingly, shareholders are urged to forward their voting instructions promptly.

The affirmative vote of a plurality of votes cast for each Nominee by the shareholders entitled to vote for a particular Nominee 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 Fund will be informed of the voting results of the Meeting in the Fund's Semi-Annual Report dated June 30, 2009.

### **OTHER MATTERS TO COME BEFORE THE MEETING**

The Directors of the Fund 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 proxy will vote thereon in accordance with their judgment.

### **SHAREHOLDER PROPOSALS**

All proposals by shareholders of the Fund which are intended to be presented at the Fund's next Annual Meeting of Shareholders to be held in 2010 must be received by the Fund for consideration for inclusion in the Fund's proxy statement and proxy relating to that meeting no later than December 7, 2009. 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 MAY PROVIDE THEIR VOTE BY TELEPHONE OR THE INTERNET BY FOLLOWING THE INSTRUCTIONS ACCOMPANYING THE PROXY CARD OR NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS.**

