

# THE GABELLI EQUITY TRUST INC. PRICES SERIES C AUCTION RATE PREFERRED STOCK

**FOR IMMEDIATE RELEASE**

**Rye, NY  
June 25, 2002  
NYSE - GAB  
CUSIP - 362397101**

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The Gabelli Equity Trust Inc. (NYSE - GAB) is pleased to announce the placement of \$130 million of Series C Auction Rate Cumulative Preferred Stock following the Securities and Exchange Commission declaring the Fund's registration statement for the offering effective. The preferred shares are rated "Aaa" by Moody's Investors Service, Inc. and "AAA" by Standard & Poor's Ratings Services. The preferred shares are perpetual and callable at any time without premium. The proceeds raised will be used for investment purposes.

The initial dividend rate for the preferred shares will be 1.85% for the period ending July 2, 2002. Dividend rates for subsequent periods will be determined by an auction process. The Fund intends to enter into a five-year interest rate swap agreement to provide protection against short-term interest rate increases.

The Board of Directors shares the Investment Adviser's view that the issuance of this perpetual auction rate preferred stock is designed to benefit the common shareholders. The ability to earn in excess of the dividend rate (including the cost of issuance as well as the anticipated cost of a swap) on the preferred shares provides an opportunity to create value for the common shareholders.

It should be noted that the Investment Adviser will not receive a management fee on the incremental assets raised unless the total return of the Fund to common shareholders during the year exceeds the average dividend rate of the preferred stock and all costs of a swap. The Investment Adviser believes this fee understanding is in the best interests of all shareholders.

Salomon Smith Barney, Inc. and Gabelli & Company, Inc. served as underwriters for the offering, which is expected to close on June 27, 2002.

The Gabelli Equity Trust Inc. is a closed-end, non-diversified management investment company with \$1.3 billion in total assets, prior to this offering, whose primary objective is long term growth of capital.