

The Gabelli Equity Trust Inc.

Annual Report
December 31, 2009



Mario J. Gabelli, CFA

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 ("SEC") 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.

Enclosed are the audited financial statements including the investment portfolio as of December 31, 2009.

Investment Performance

For the year ended December 31 2009, The Gabelli Equity Trust's (the "Fund") net asset value ("NAV") total return was 45.1% and the total return for the Fund's publicly traded shares was 61.6%, compared with gains of 26.5% and 22.7% for the S&P 500 Index and the Dow Jones Industrial Average, respectively. On December 31, 2009, the Fund's NAV per share was \$5.03, while the price of the publicly traded shares closed at \$5.04 on the New York Stock Exchange ("NYSE").

Sincerely yours,

Bruce N. Alpert
President

February 19, 2010

Comparative Results

Average Annual Returns through December 31, 2009 (a) (Unaudited)

	Quarter	1 Year	3 Year	5 Year	10 Year	15 Year	20 Year	Since Inception (08/21/86)
Gabelli Equity Trust								
NAV Total Return (b)	7.51%	45.06%	(6.04)%	2.32%	3.47%	8.56%	8.25%	9.91%
Investment Total Return (c)	4.06	61.56	(6.25)	1.42	3.22	8.21	7.78	9.51
S&P 500 Index	6.04	26.47	(5.62)	0.42	(0.95)	8.04	8.20	9.06(d)
Dow Jones Industrial Average	8.09	22.74	(3.10)	1.97	1.33	9.28	9.53	10.43(d)
Nasdaq Composite Index	6.91	43.89	(2.06)	0.85	(5.67)	7.64	8.37	7.94

(a) **Returns represent past performance and do not guarantee future results.** Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing.** The Dow Jones Industrial Average is an unmanaged index of 30 large capitalization stocks. The S&P 500 and the Nasdaq Composite Indices are unmanaged indicators of stock market performance. Dividends are considered reinvested except for the Nasdaq Composite Index. You cannot invest directly in an index.

(b) Total returns and average annual returns reflect changes in the 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 NYSE, reinvestment of distributions, and adjustments for rights offerings, spin-offs, and taxes paid on undistributed long-term capital gains. Since inception return is based on an initial offering price of \$10.00.

(d) From August 31, 1986, the date closest to the Fund's inception for which data is available.

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, 2009:

Food and Beverage	11.7%	Specialty Chemicals	1.7%
Financial Services	8.8%	Communications Equipment	1.5%
Cable and Satellite	8.4%	Hotels and Gaming	1.5%
Energy and Utilities	7.7%	Electronics	1.3%
Diversified Industrial	6.7%	Wireless Communications	1.3%
Telecommunications	5.9%	Metals and Mining	1.2%
Equipment and Supplies	5.3%	Agriculture	1.1%
Entertainment	4.8%	Environmental Services	0.7%
Consumer Products	4.1%	Automotive	0.7%
Health Care	3.5%	Broadcasting	0.7%
Automotive: Parts and Accessories	3.2%	Computer Software and Services	0.6%
Publishing	2.9%	Transportation	0.5%
Business Services	2.4%	U.S. Government Obligations	0.5%
Retail	2.4%	Real Estate	0.5%
Machinery	2.1%	Closed-End Funds	0.4%
Aviation: Parts and Services	2.0%	Manufactured Housing and Recreational Vehicles	0.1%
Consumer Services	2.0%	Real Estate Investment Trusts	0.1%
Aerospace	1.7%		<u>100.0%</u>

The Fund files a complete schedule of portfolio holdings with 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, 2009. 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 twelve 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.

THE GABELLI EQUITY TRUST INC.
PORTFOLIO CHANGES
Quarter Ended December 31, 2009
(Unaudited)

	<u>Ownership at</u> <u>December 31,</u> <u>2009</u>		<u>Ownership at</u> <u>December 31,</u> <u>2009</u>	
	<u>Shares</u>		<u>Shares</u>	
NET PURCHASES				
Common Stocks				
AMR Corp.	100,000	200,000	BP plc, ADR	(12,000) 235,000
AOL Inc. (a)	50,001	50,001	BPW Acquisition Corp.	(30,000) 280,000
Ascent Media Corp., Cl. A	1,150	18,000	Brasil Telecom Participacoes SA, ADR (b) ..	(30,000) —
BBA Aviation plc	27,000	630,000	BT Group plc	(100,000) 1,600,000
Becton, Dickinson and Co.	1,000	3,000	Cablevision Systems Corp., Cl. A	(25,000) 1,450,000
Boston Scientific Corp.	60,000	180,000	CBS Corp., Cl. A, Voting	(20,400) 360,000
Brasil Telecom SA, ADR (b)	45,480	45,480	Cenveo Inc.	(55) —
Brasil Telecom SA, Cl. C, ADR (b)	25,801	25,801	Champion Enterprises Inc.	(150,000) —
Cephalon Inc.	3,000	5,000	Citadel Broadcasting Corp.	(10,343) —
CVS Caremark Corp.	40,000	115,000	Citigroup Inc.	(10,000) 240,000
Dana Holding Corp.	15,000	215,000	CMS Energy Corp.	(5,000) 60,000
DIRECTV, Cl. A (c)(d)	760,000	760,000	Commerzbank AG, ADR	(1,400) 138,600
Eastman Kodak Co.	60,000	200,000	ConocoPhillips	(14,000) 300,000
EchoStar Corp., Cl. A	4,000	30,740	Contax Participacoes SA, ADR	(6,554) 180,000
Ferro Corp.	50,000	550,000	Cooper Industries plc	(15,000) 210,000
H&R Block Inc.	2,000	22,000	Corning Inc.	(10,000) 470,000
HSN Inc.	2,000	29,000	Danone	(24,370) 225,000
Interactive Brokers Group Inc., Cl. A	5,000	30,000	Deutsche Bank AG	(2,000) 144,000
ITO EN Ltd.	10,000	150,000	Deutsche Telekom AG, ADR	(10,000) 160,000
Jardine Strategic Holdings Ltd.	5,000	5,000	Diageo plc, ADR	(1,000) 203,000
Kinnevik Investment AB, Cl. A	30,000	30,000	Discovery Communications Inc., Cl. A	(2,500) 132,000
Ladbrokes plc	450,029	1,550,087	Discovery Communications Inc., Cl. C	(2,500) 132,000
Legg Mason Inc.	10,000	230,000	DISH Network Corp., Cl. A	(20,000) 100,000
Liberty Media Corp. – Starz, Cl. A (d)	39,500	39,500	Donaldson Co. Inc.	(1,000) 192,000
Macy's Inc.	160,000	400,000	DTE Energy Co.	(2,000) 10,000
Merck & Co. Inc. (e)	55,000	110,000	Duke Energy Corp.	(20,000) 180,000
Modine Manufacturing Co.	10,000	340,000	Federal National Mortgage Association	(50,000) —
Rolls-Royce Group plc, Cl. C (f)	72,000,000	72,000,000	Flowserve Corp.	(12,000) 134,000
Skyline Corp.	3,000	33,000	Fomento Economico Mexicano SAB de CV, ADR	(4,000) 93,000
SSL International plc	50,000	100,000	Frontier Communications Corp.	(45,000) —
Superior Industries International Inc.	5,000	42,000	GenCorp Inc.	(10,000) 290,000
			General Electric Co.	(20,000) 200,000
			Genuine Parts Co.	(5,000) 275,000
Rights			Gerber Scientific Inc.	(5,000) 90,000
Clearwire Corp., expire 06/21/10 (g)	14,000	14,000	Gray Television Inc.	(7,000) 35,000
			Gray Television Inc., Cl. A	(4,000) 16,000
			Great Plains Energy Inc.	(13,000) 55,000
			Greif Inc., Cl. A	(2,000) 188,000
Convertible Corporate Bonds			Grupo Bimbo SAB de CV, Cl. A	(45,000) 730,000
Griffon Corp., Sub. Deb. Cv., 4.000%, 01/15/17	\$2,000,000	\$2,000,000	GVT (Holding) SA	(20,000) —
			H.J. Heinz Co.	(5,000) 95,000
			Harley-Davidson Inc.	(2,000) 30,000
U.S. Government Obligations			Honeywell International Inc.	(20,000) 420,000
U.S. Treasury Note 4.125%, 08/15/10	370,000	370,000	Hospira Inc.	(2,000) 16,000
			Huttig Building Products Inc.	(20,000) —
			IDEX Corp.	(11,000) 307,000
			Il Sole 24 Ore	(60,000) 1,630,587
			Interval Leisure Group Inc.	(5,000) 40,000
NET SALES			ITO EN Ltd., Preference	(15,000) 45,000
Common Stocks			Johnson & Johnson	(5,000) 55,000
America Movil SAB de CV, Cl. L, ADR	(1,000)	94,000	Johnson Controls Inc.	(2,000) 198,000
American Express Co.	(4,000)	536,000	Kellogg Co.	(2,000) 14,000
American International Group Inc.	(1,000)	4,000	Kerry Group plc, Cl. A	(2,000) 66,000
Ameriprise Financial Inc.	(1,000)	5,000	Leucadia National Corp.	(2,000) 130,000
AMETEK Inc.	(4,000)	248,000	Liberty Media Corp. – Entertainment, Cl. A (d)	(430,000) —
Amgen Inc.	(2,000)	38,000	Liberty Media Corp. – Interactive, Cl. A	(10,000) 200,000
Ampco-Pittsburgh Corp.	(2,000)	158,000	LIN TV Corp., Cl. A	(5,000) 45,000
Archer-Daniels-Midland Co.	(5,000)	290,000	Live Nation Inc.	(125) —
Artio Global Investors Inc.	(5,000)	95,000	Lockheed Martin Corp.	(2,000) 6,000
Baldor Electric Co.	(2,000)	158,000		
Banco Santander SA, ADR	(2,000)	88,000		
BERU AG (h)	(2,000)	—		

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
PORTFOLIO CHANGES (Continued)
Quarter Ended December 31, 2009
(Unaudited)

	<u>Shares</u>	<u>Ownership at December 31, 2009</u>		<u>Shares</u>	<u>Ownership at December 31, 2009</u>
NET SALES (Continued)					
Common Stocks (Continued)					
LSI Corp.	(5,000)	75,000	The Hershey Co.	(2,000)	68,000
Marsh & McLennan Companies Inc.	(28,000)	232,000	The McGraw-Hill Companies Inc.	(12,000)	170,000
Media General Inc., Cl. A	(18,000)	200,000	The Procter & Gamble Co.	(5,000)	—
Meredith Corp.	(2,000)	120,000	The Travelers Companies Inc.	(3,000)	—
MGM Mirage	(30,000)	110,000	Time Warner Cable Inc.	(3,000)	80,000
Moody's Corp.	(5,000)	40,000	Tokyo Broadcasting System Holdings Inc. ...	(4,000)	110,000
National Presto Industries Inc.	(500)	13,500	Tyco International Ltd.	(15,000)	190,000
NEC Corp., ADR	(7,500)	—	UnitedHealth Group Inc.	(10,000)	100,000
News Corp., Cl. A	(20,000)	1,380,000	Universal Entertainment Corp. (i)	(12,700)	125,000
Nortel Networks Corp.	(100)	—	Viacom Inc., Cl. A	(10,000)	300,000
Northeast Utilities	(10,000)	190,000	Vodafone Group plc, ADR	(9,000)	36,000
Northrop Grumman Corp.	(15,000)	50,000	Waddell & Reed Financial Inc., Cl. A	(10,000)	90,000
Omnova Solutions Inc.	(5,000)	280,000	Walgreen Co.	(10,000)	90,000
Orient-Express Hotels Ltd., Cl. A	(2,000)	42,000	Waste Management Inc.	(10,000)	190,000
Park-Ohio Holdings Corp.	(2,000)	98,000	Westar Energy Inc.	(5,000)	265,000
PepsiAmericas Inc.	(18,000)	522,000	William Demant Holding A/S	(1,000)	65,000
PepsiCo Inc.	(38,000)	100,000	Yahoo! Inc.	(5,000)	180,000
Pernod-Ricard SA	(587)	50,000	YAKULT HONSHA Co. Ltd.	(20,000)	380,000
Prudential Financial Inc.	(2,500)	—	Convertible Preferred Stocks		
Qwest Communications International Inc. ...	(40,000)	320,000	Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B	(2,000)	23,000
Remy Cointreau SA	(1,000)	36,000	<hr/>		
Rollins Inc.	(9,600)	1,035,000	(a) Spin-off – 1 share of AOL Inc. for every 11 shares of Time Warner Inc.		
Rovi Corp.	(39,000)	21,000	(b) Merger – 1.506028 shares of Brasil Telecom SA, ADR and 0.860033 shares of Brasil Telecom SA, Cl. C, ADR for every 1 share of Brasil Telecom Participacoes SA, ADR held.		
Rowan Companies Inc.	(7,000)	193,000	(c) Name change and reclassification of Common Shares to Class A Shares.		
Schering-Plough Corp. (e)	(100,000)	—	(d) Exchange – 1.00017 shares of DIRECTV, Cl. A and 0.1 shares of Liberty Media Corp. – Starz, Cl. A for every 1 share of Liberty Media Corp. – Entertainment, Cl. A held.		
Scripps Networks Interactive Inc., Cl. A	(5,000)	120,000	(e) Merger – 0.5767 shares of Merck & Co. Inc. for every 1 share of Schering-Plough Corp. held.		
State Street Corp.	(3,000)	120,000	(f) Stock dividend – 60 shares Rolls-Royce Group plc, Cl. C for every 1 share of Rolls-Royce Group plc held.		
SUPERVALU Inc.	(10,000)	40,000	(g) Rights issuance – 1 share of Rights for every 1 share of Common Stock held.		
Telecom Argentina SA, ADR	(10,000)	38,000	(h) Cash Merger – \$73.39 for every 1 share held.		
Telecom Italia SpA	(100,000)	900,000	(i) Name change from Aruze Corp.		
Telefonica SA, ADR	(2,000)	203,000			
Telefonos de Mexico SAB de CV, Cl. L, ADR	(3,000)	52,000			
Tenaris SA, ADR	(5,000)	70,000			
The DIRECTV Group Inc. (c)	(410,000)	—			
The E.W. Scripps Co., Cl. A	(20,333)	30,000			
The Fairchild Corp., Cl. A	(120,000)	—			
The Great Atlantic & Pacific Tea Co. Inc. ...	(15,000)	210,000			

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS
December 31, 2009

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	
COMMON STOCKS — 99.0%			95,000	Artio Global Investors Inc.† .. \$	2,469,126 \$	2,421,550
Food and Beverage — 11.7%			88,000	Banco Santander SA, ADR ..	315,014	1,446,720
32,000	Brown-Forman Corp., Cl. A .. \$	1,556,972 \$	134	Berkshire Hathaway Inc.,		
6,250	Brown-Forman Corp., Cl. B ..	410,925		Cl. A† ..	393,177	13,292,800
120,000	Cadbury plc, ADR ..	5,698,877	10,000	Calamos Asset		
70,000	Campbell Soup Co.	1,928,257		Management Inc., Cl. A ..	155,620	115,300
50,000	China Mengniu		240,000	Citigroup Inc.	1,553,373	794,400
	Dairy Co. Ltd.† ..	138,064	138,600	Commerzbank AG, ADR† ..	2,617,678	1,171,170
15,000	Coca-Cola Enterprises Inc. ..	275,289	144,000	Deutsche Bank AG ..	11,584,816	10,211,040
100,000	Constellation Brands Inc.,		20,000	Fortress Investment Group		
	Cl. A† ..	1,264,244		LLC, Cl. A† ..	176,151	89,000
45,000	Corn Products		22,000	H&R Block Inc.	369,710	497,640
	International Inc.	633,413	30,000	Interactive Brokers Group Inc.,		
225,000	Danone ..	10,770,736		Cl. A† ..	774,323	531,600
300,000	Davide Campari - Milano		210,000	Janus Capital Group Inc.	3,589,340	2,824,500
	SpA ..	3,120,039	70,088	JPMorgan Chase & Co.	2,006,316	2,920,567
190,000	Dean Foods Co.† ..	4,074,416	30,000	Kinnevik Investment AB,		
60,000	Del Monte Foods Co.	564,374		Cl. A ..	450,841	503,169
203,000	Diageo plc, ADR ..	8,469,887	230,000	Legg Mason Inc.	7,092,802	6,936,800
120,000	Dr. Pepper Snapple		130,000	Leucadia National Corp.† ..	1,631,259	3,092,700
	Group Inc.	2,970,121	5,000	Loews Corp.	183,078	181,750
70,000	Flowers Foods Inc.	519,947	232,000	Marsh & McLennan		
93,000	Fomento Economico			Companies Inc.	7,140,927	5,122,560
	Mexicano SAB de CV,		40,000	Moody's Corp.	2,191,519	1,072,000
	ADR ..	1,250,365	22,000	Och-Ziff Capital Management		
25,000	General Mills Inc.	1,213,148		Group LLC, Cl. A ..	214,559	302,280
730,000	Grupo Bimbo SAB de CV,		120,000	State Street Corp.	4,047,374	5,224,800
	Cl. A ..	2,114,009	20,000	SunTrust Banks Inc.	419,333	405,800
95,000	H.J. Heinz Co.	3,350,647	150,000	T. Rowe Price Group Inc.	4,610,820	7,987,500
36,000	Heineken NV ..	1,682,918	5,000	The Allstate Corp.	209,064	150,200
150,000	ITO EN Ltd.	3,464,995	160,038	The Bank of New York		
45,000	ITO EN Ltd., Preference	997,629		Mellon Corp.	5,421,388	4,476,263
14,000	Kellogg Co.	502,615	10,000	The Blackstone Group LP ..	156,323	131,200
66,000	Kerry Group plc, Cl. A ..	758,380	43,000	The Charles Schwab Corp. ..	628,337	809,260
100,000	Kraft Foods Inc., Cl. A ..	3,162,392	15,000	The Dun & Bradstreet Corp.	353,346	1,265,550
11,500	LVMH Moet Hennessy Louis		115,000	The Phoenix		
	Vuitton SA ..	397,547		Companies Inc.† ..	1,529,476	319,700
1,000	MEIJI Holdings Co. Ltd.† ..	50,608	90,000	Waddell & Reed Financial Inc.,		
70,000	Morinaga Milk Industry			Cl. A ..	1,928,405	2,748,600
	Co. Ltd.	299,202	299,910	Wells Fargo & Co.	8,981,504	8,094,571
25,000	Nestlé SA ..	513,610			99,705,518	107,740,561
522,000	PepsiAmericas Inc.	9,871,908		Cable and Satellite — 8.4%		
100,000	PepsiCo Inc.	4,827,359	1,450,000	Cablevision Systems Corp.,		
50,000	Pernod-Ricard SA ..	4,405,689		Cl. A ..	30,537,605	37,439,000
64,000	Ralcorp Holdings Inc.† ..	1,243,785	110,000	Comcast Corp., Cl. A,		
36,000	Remy Cointreau SA ..	2,078,396		Special ..	658,947	1,761,100
450,000	Sara Lee Corp.	6,467,781	760,000	DIRECTV, Cl. A† ..	16,515,939	25,346,005
75,000	The Coca-Cola Co.	3,336,187	100,000	DISH Network Corp., Cl. A	2,548,495	2,077,000
20,000	The Hain Celestial		30,740	EchoStar Corp., Cl. A† ..	923,528	619,104
	Group Inc.† ..	267,663	176,770	Liberty Global Inc., Cl. A† ..	2,780,875	3,873,031
68,000	The Hershey Co.	2,827,376	139,001	Liberty Global Inc., Cl. C† ..	2,941,276	3,037,172
2,000	The J.M. Smucker Co.	52,993	495,690	Rogers Communications Inc.,		
125,660	Tootsie Roll Industries Inc. ..	1,558,589		Cl. B, New York ..	4,053,956	15,366,390
140,000	Tyson Foods Inc., Cl. A ..	1,805,240	19,310	Rogers Communications Inc.,		
380,000	YAKULT HONSHA Co. Ltd.	10,693,823		Cl. B, Toronto ..	137,424	603,570
		111,590,415		Scripps Networks Interactive		
		142,669,405	120,000	Inc., Cl. A ..	3,863,791	4,980,000
			160,000	Shaw Communications Inc.,		
536,000	American Express Co.	25,334,763		Cl. B, New York ..	329,198	3,291,200
4,000	American International		40,000	Shaw Communications Inc.,		
	Group Inc.† ..	277,350		Cl. B, Toronto ..	52,983	828,800
5,000	Ameriprise Financial Inc.	145,527	80,000	Time Warner Cable Inc.	4,909,256	3,311,200
19,452	Argo Group International				70,253,273	102,533,572
	Holdings Ltd.† ..	752,879				
		566,831				

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (Continued)
December 31, 2009

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Shares/ Units</u>	<u>Cost</u>	<u>Market Value</u>
COMMON STOCKS (Continued)			Telecommunications — 5.8%		
Energy and Utilities — 7.7%			65,000	BCE Inc. \$	1,607,839 \$
3,500	AGL Resources Inc. \$	63,091 \$	15,000	Bell Aliant Regional	
68,000	Allegheny Energy Inc.	1,081,525		Communications Income	
70,000	Apache Corp.	2,728,670		Fund (a)(b)	481,466
235,000	BP plc, ADR	14,669,077	45,480	Brasil Telecom SA, ADR† . .	1,438,987
61,000	CH Energy Group Inc.	2,515,309	25,801	Brasil Telecom SA, Cl. C,	
60,000	CMS Energy Corp.	384,628		ADR†	415,396
300,000	ConocoPhillips	18,345,525	1,600,000	BT Group plc	6,616,168
70,000	Constellation Energy		7,040,836	Cable & Wireless	
	Group Inc.	2,067,062		Jamaica Ltd.† (c)	128,658
2,800	Diamond Offshore		835,000	Cincinnati Bell Inc.†	5,491,857
	Drilling Inc.	313,674	160,000	Deutsche Telekom AG, ADR	2,638,176
60,000	DPL Inc.	1,411,620	5,000	Fastweb†	123,323
10,000	DTE Energy Co.	444,137	5,000	France Telecom SA, ADR . .	146,305
180,000	Duke Energy Corp.	3,258,828	30,000	Hellenic Telecommunications	
300,000	El Paso Corp.	3,636,326		Organization SA	660,359
265,000	El Paso Electric Co.†	4,404,805	8,500	Hellenic Telecommunications	
75,000	Exxon Mobil Corp.	2,571,862		Organization SA, ADR . . .	90,649
23,000	FPL Group Inc.	897,653	95,000	Koninklijke KPN NV	221,092
55,000	Great Plains Energy Inc.	1,377,222	320,000	Qwest Communications	
220,000	Halliburton Co.	4,034,029		International Inc.	1,283,656
20,000	Marathon Oil Corp.	242,414	1,200,000	Sprint Nextel Corp.†	14,545,353
10,000	Mirant Corp.†	192,014	184,000	Tele Norte Leste Participacoes	
140,000	Mirant Corp., Escrow† (a) . .	0		SA, ADR	2,443,834
2,000	Niko Resources Ltd.,		38,000	Telecom Argentina SA,	
	New York	110,842		ADR†	231,164
1,000	Niko Resources Ltd., Toronto	55,421	900,000	Telecom Italia SpA	3,682,362
10,000	NiSource Inc.	215,500	203,000	Telefonica SA, ADR	9,608,951
190,000	Northeast Utilities	3,663,753	52,000	Telefonos de Mexico SAB de	
19,000	Oceaneering			CV, Cl. L, ADR	239,723
	International Inc.†	512,207	265,000	Telephone & Data	
1,500	PetroChina Co. Ltd., ADR . .	105,964		Systems Inc.	12,354,090
3,500	Petroleo Brasileiro SA, ADR	115,194	360,000	Telephone & Data	
100,000	Progress Energy Inc., CVO†	52,000		Systems Inc., Special	15,809,811
193,000	Rowan Companies Inc.†	7,043,387	60,000	Telmex Internacional	
5,000	SJW Corp.	68,704		SAB de CV, ADR	187,288
20,000	Southwest Gas Corp.	451,132	15,000	TELUS Corp.	280,203
130,000	Spectra Energy Corp.	3,274,110	150,000	Verizon Communications Inc.	5,247,005
60,000	The AES Corp.†	342,618	5,169	Windstream Corp.	19,996
10,000	Transocean Ltd.†	782,489			85,993,711
265,000	Westar Energy Inc.	4,469,895			71,051,999
		85,902,687			
		94,375,871			
Diversified Industrial — 6.5%			Equipment and Supplies — 5.3%		
3,000	Acuity Brands Inc.	76,507	248,000	AMETEK Inc.	4,143,133
158,000	Ampco-Pittsburgh Corp.	2,060,108	4,000	Amphenol Corp., Cl. A	14,775
158,000	Baldor Electric Co.	5,291,250	94,000	Circor International Inc.	974,241
210,000	Cooper Industries plc	5,595,589	192,000	Donaldson Co. Inc.	2,979,493
250,000	Crane Co.	5,569,151	50,000	Fedders Corp.† (a)	71,252
200,000	General Electric Co.	4,727,229	134,000	Flowsolve Corp.	4,994,665
188,000	Greif Inc., Cl. A	2,290,527	23,000	Franklin Electric Co. Inc. . . .	250,434
18,000	Greif Inc., Cl. B	559,808	90,000	Gerber Scientific Inc.†	962,744
420,000	Honeywell International Inc.	13,993,263	85,000	GrafTech International Ltd.†	837,991
250,000	ITT Corp.	6,493,529	307,000	IDEX Corp.	7,355,178
5,000	Jardine Strategic		40,000	Ingersoll-Rand plc	826,578
	Holdings Ltd.	86,787	102,000	Lufkin Industries Inc.	990,973
30,000	Material Sciences Corp.†	30,306	11,000	Mueller Industries Inc.	485,034
98,000	Park-Ohio Holdings Corp.† . .	1,017,645	2,000	Sealed Air Corp.	17,404
1,000	Pentair Inc.	31,908	70,000	Tenaris SA, ADR	3,080,791
19,000	Sulzer AG	403,775	4,000	The Manitowoc Co. Inc.	25,450
70,000	Trinity Industries Inc.	899,679	90,000	The Weir Group plc	378,710
190,000	Tyco International Ltd.	9,059,347	190,000	Watts Water Technologies Inc.,	
		58,186,408		Cl. A	2,957,983
		79,328,904			31,346,829
					64,034,153

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (Continued)
December 31, 2009

Shares	Cost	Market Value	Shares	Cost	Market Value		
COMMON STOCKS (Continued)			110,000	Merck & Co. Inc. \$	2,705,749 \$	4,019,400	
Entertainment — 4.8%			10,000	Nobel Biocare Holding AG ..	286,712	336,217	
32,000	Canal+ Groupe \$	34,011 \$	260,562	98,000	Novartis AG, ADR	4,369,878	5,334,140
2,002	Chestnut Hill Ventures† (a) ..	54,500	67,527	100,000	SSL International plc	1,023,492	1,267,929
132,000	Discovery Communications			100,000	UnitedHealth Group Inc.	4,718,253	3,048,000
	Inc., Cl. A†	2,275,644	4,048,440	6,000	Watson Pharmaceuticals Inc.†	206,082	237,660
132,000	Discovery Communications			65,000	William Demant Holding		
	Inc., Cl. C†	1,588,657	3,500,640		A/S†	2,952,976	4,914,898
3,000	DreamWorks Animation			7,000	Zimmer Holdings Inc.†	339,145	413,770
	SKG Inc., Cl. A†	68,959	119,850			35,198,336	42,533,772
690,000	Grupo Televisa SA, ADR	8,053,491	14,324,400	Automotive: Parts and Accessories — 3.2%			
39,500	Liberty Media Corp. - Starz,			86,000	BorgWarner Inc.	1,126,424	2,856,920
	Cl. A†	791,786	1,822,925	173,000	CLARCOR Inc.	1,433,218	5,612,120
100,000	Pinnacle Entertainment Inc.†	483,433	898,000	215,000	Dana Holding Corp.†	1,440,698	2,330,600
10,000	Regal Entertainment Group,			275,000	Genuine Parts Co.	9,733,864	10,439,000
	Cl. A	134,259	144,400	198,000	Johnson Controls Inc.	4,110,529	5,393,520
10,000	The Walt Disney Co.	164,934	322,500	135,000	Midas Inc.†	1,878,589	1,140,750
300,000	Time Warner Inc.	13,128,270	8,742,000	340,000	Modine Manufacturing Co.†	7,797,338	4,025,600
110,000	Tokyo Broadcasting System			130,000	O'Reilly Automotive Inc.†	3,828,485	4,955,600
	Holdings Inc.	3,205,473	1,535,406	175,000	Standard Motor Products Inc.†	1,873,526	1,491,000
125,000	Universal			42,000	Superior Industries		
	Entertainment Corp.†	2,914,886	1,546,143		International Inc.	924,270	642,600
300,000	Viacom Inc., Cl. A†	13,911,309	9,450,000			34,146,941	38,887,710
400,000	Vivendi	11,744,513	11,924,251	Publishing — 2.9%			
		58,554,125	58,707,044	10,000	Idearc Inc.†	1,041	33
Consumer Products — 4.1%			1,630,587	Il Sole 24 Ore	13,663,384	4,485,710	
70,000	Avon Products Inc.	1,945,464	2,205,000	348,266	Independent News &		
17,000	Christian Dior SA	643,155	1,748,814		Media plc†	438,219	64,903
12,000	Church & Dwight Co. Inc.	79,628	725,400	200,000	Media General Inc., Cl. A†	10,814,644	1,568,000
12,000	Clorox Co.	667,921	732,000	120,000	Meredith Corp.	5,027,674	3,702,000
200,000	Eastman Kodak Co.†	1,869,099	844,000	1,380,000	News Corp., Cl. A	17,769,302	18,892,200
105,000	Energizer Holdings Inc.†	4,653,239	6,434,400	20,000	News Corp., Cl. B	186,274	318,400
120,000	Fortune Brands Inc.	5,780,354	5,184,000	332	Seat Pagine Gialle SpA†	15,932	77
2,266	Givaudan SA	653,003	1,810,478	30,000	The E.W. Scripps Co., Cl. A†	196,198	208,800
60,000	Hanesbrands Inc.†	1,376,148	1,446,600	170,000	The McGraw-Hill		
30,000	Harley-Davidson Inc.	1,393,692	756,000		Companies Inc.	6,610,424	5,696,700
4,000	Jarden Corp.	91,909	123,640			54,723,092	34,936,823
8,000	Mattel Inc.	144,000	159,840	Business Services — 2.4%			
13,500	National Presto Industries Inc.	428,276	1,474,605	6,000	ACCO Brands Corp.†	77,008	43,680
10,000	Oil-Dri Corp. of America	171,255	155,000	18,000	Ascent Media Corp., Cl. A†	550,594	459,540
78,000	Pactiv Corp.†	806,922	1,882,920	280,000	BPW Acquisition Corp.†	2,769,277	2,948,400
56,000	Reckitt Benckiser Group plc	1,721,681	3,035,534	120,000	Clear Channel Outdoor		
33,000	Svenska Cellulosa AB, Cl. B	450,176	440,252		Holdings Inc., Cl. A†	2,016,845	1,246,800
975,000	Swedish Match AB	10,871,307	21,381,549	180,000	Contax Participacoes SA,		
		33,747,229	50,540,032		ADR	73,939	486,000
Health Care — 3.5%			100,000	Diebold Inc.	3,782,286	2,845,000	
12,000	Abbott Laboratories	506,418	647,880	200,000	G4S plc	0	841,840
14,046	Allergan Inc.	655,380	885,038	1,000	Hertz Global Holdings Inc.†	7,031	11,920
38,000	Amgen Inc.†	2,221,438	2,149,660	12,000	Jardine Matheson		
20,000	Baxter International Inc.	1,150,370	1,173,600		Holdings Ltd.	289,300	362,160
3,000	Becton, Dickinson and Co.	247,299	236,580	92,000	Landauer Inc.	2,498,708	5,648,800
35,000	Biogen Idec Inc.†	806,669	1,872,500	40,500	MasterCard Inc., Cl. A	1,780,529	10,367,190
180,000	Boston Scientific Corp.†	2,039,963	1,620,000	50,000	Monster Worldwide Inc.†	1,145,594	870,000
85,000	Bristol-Myers Squibb Co.	2,152,363	2,146,250	340,000	The Interpublic Group of		
5,000	Cephalon Inc.†	330,435	312,050		Companies Inc.†	2,916,817	2,509,200
25,000	Covidien plc	1,067,172	1,197,250	8,000	Visa Inc., Cl. A	352,000	699,680
4,000	GlaxoSmithKline plc, ADR	216,096	169,000			18,259,928	29,340,210
30,000	Henry Schein Inc.†	764,324	1,578,000	Retail — 2.2%			
16,000	Hospira Inc.†	564,148	816,000	100,000	AutoNation Inc.†	1,070,027	1,915,000
55,000	Johnson & Johnson	3,568,740	3,542,550	500	AutoZone Inc.†	43,965	79,035
80,000	Life Technologies Corp.†	2,065,234	4,178,400	40,000	Coldwater Creek Inc.†	157,162	178,400
10,000	Mead Johnson Nutrition Co.						
	Cl. A	240,000	437,000				

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (Continued)
December 31, 2009

Shares	Cost	Market Value	Shares	Cost	Market Value		
COMMON STOCKS (Continued)			Hotels and Gaming — 1.5%				
Retail (Continued)			5,230	Accor SA \$ 270,296	\$ 286,778		
50,000	Costco Wholesale Corp. \$ 2,293,269	\$ 2,958,500	200,000	Gaylord Entertainment Co.†	5,147,797	3,950,000	
115,000	CVS Caremark Corp. 3,957,698	3,704,150	40,000	Interval Leisure Group Inc.†	774,061	498,800	
10,108	Denny's Corp.† 14,358	22,137	1,550,087	Ladbrokes plc	11,207,065	3,442,579	
29,000	HSN Inc.† 513,331	585,510	90,000	Las Vegas Sands Corp.†	769,685	1,344,600	
400,000	Macy's Inc. 7,302,180	6,704,000	3,900,000	Mandarin Oriental International Ltd.	7,272,574	5,811,000	
50,000	Sally Beauty Holdings Inc.†	416,927	382,500	MGM Mirage†	2,914,897	1,003,200	
40,000	SUPERVALU Inc. 1,155,671	508,400	110,000	Orient-Express Hotels Ltd., Cl. A†	903,469	425,880	
210,000	The Great Atlantic & Pacific Tea Co. Inc.†	3,744,698	2,475,900	34,000	Starwood Hotels & Resorts Worldwide Inc.	520,597	1,243,380
50,000	Wal-Mart Stores Inc. 2,439,001	2,672,500	200,000	The Hongkong & Shanghai Hotels Ltd.	155,450	293,033	
90,000	Walgreen Co. 3,081,212	3,304,800	2,000	Wynn Resorts Ltd.	74,539	116,460	
32,000	Whole Foods Market Inc.†	805,826	878,400				
	26,995,325	26,369,232			30,010,430	18,415,710	
Machinery — 2.1%			Electronics — 1.3%				
20,000	Caterpillar Inc. 136,559	1,139,800	6,000	Advanced Micro Devices Inc.†	57,915	58,080	
20,000	CNH Global NV† 135,583	499,600	16,000	Bel Fuse Inc., Cl. A	500,167	311,040	
435,000	Deere & Co. 12,737,846	23,529,150	5,000	Hitachi Ltd., ADR†	347,376	153,400	
	13,009,988	25,168,550	180,000	Intel Corp.	3,637,892	3,672,000	
Aviation: Parts and Services — 2.0%			75,000	LSI Corp.†	442,152	450,750	
350,000	Curtiss-Wright Corp. 4,965,900	10,962,000	5,000	MEMC Electronic Materials Inc.†	78,650	68,100	
290,000	GenCorp Inc.† 2,785,874	2,030,000	20,000	Molex Inc., Cl. A	519,697	382,600	
104,000	Precision Castparts Corp.	5,728,725	11,476,400	21,000	Rovi Corp.†	349,645	669,270
	13,480,499	24,468,400	35,000	Royal Philips Electronics NV	48,221	1,030,400	
Consumer Services — 2.0%			275,000	Texas Instruments Inc.	6,623,135	7,166,500	
100,000	IAC/InterActiveCorp.†	2,555,272	2,048,000	62,000	Tyco Electronics Ltd.	2,382,901	1,522,100
200,000	Liberty Media Corp. - Interactive, Cl. A†	4,375,109	2,168,000				
1,035,000	Rollins Inc. 10,606,254	19,954,800					
	17,536,635	24,170,800					
Aerospace — 1.7%			Wireless Communications — 1.3%				
630,000	BBA Aviation plc 1,504,391	1,668,820	94,000	America Movil SAB de CV, Cl. L, ADR	1,327,307	4,416,120	
30,899	Kaman Corp. 665,917	713,458	14,000	Clearwire Corp., Cl. A†	250,895	94,640	
6,000	Lockheed Martin Corp.	351,540	452,100	1,700	NTT DoCoMo Inc.	3,438,005	2,365,598
50,000	Northrop Grumman Corp.	2,832,021	2,792,500	32,165	Tim Participacoes SA, ADR	390,212	955,622
1,200,000	Rolls-Royce Group plc†	9,166,092	9,371,365	115,400	United States Cellular Corp.†	5,343,392	4,894,114
72,000,000	Rolls-Royce Group plc, Cl. C†	117,622	116,294	56,938	Vivo Participacoes SA, ADR	2,233,072	1,765,078
110,000	The Boeing Co. 6,421,247	5,954,300	36,000	Vodafone Group plc, ADR	978,620	831,240	
	21,058,830	21,068,837			13,961,503	15,322,412	
Specialty Chemicals — 1.7%			Metals and Mining — 1.2%				
13,000	Ashland Inc. 217,620	515,060	15,000	Agnico-Eagle Mines Ltd.	717,413	810,000	
30,000	E.I. du Pont de Nemours and Co.	1,263,365	1,010,100	70,000	Alcoa Inc.	1,424,369	1,128,400
550,000	Ferro Corp. 7,852,322	4,532,000	88,000	Barrick Gold Corp.	2,576,640	3,465,440	
4,000	FMC Corp. 136,430	223,040	4,000	Freeport-McMoRan Copper & Gold Inc.†	102,895	321,160	
45,000	H.B. Fuller Co. 620,163	1,023,750	75,000	Ivanhoe Mines Ltd.†	560,208	1,095,750	
70,000	International Flavors & Fragrances Inc.	3,296,486	2,879,800	52,000	New Hope Corp. Ltd.	70,252	219,531
280,000	Omnova Solutions Inc.†	1,795,698	1,716,400	155,000	Newmont Mining Corp.	4,747,145	7,333,050
260,000	Sensient Technologies Corp.	4,760,885	6,838,000				
100,000	Zep Inc. 1,293,508	1,732,000					
	21,236,477	20,470,150			10,198,922	14,373,331	
Communications Equipment — 1.5%			Agriculture — 1.1%				
470,000	Corning Inc. 4,016,595	9,075,700	290,000	Archer-Daniels-Midland Co.	6,675,316	9,079,900	
80,000	Motorola Inc.† 889,575	620,800	31,000	Monsanto Co.	1,451,491	2,534,250	
250,000	Thomas & Betts Corp.†	8,254,260	8,947,500	15,000	Syngenta AG, ADR	189,981	844,050
	13,160,430	18,644,000		10,000	The Mosaic Co.	176,051	597,300
					8,492,839	13,055,500	

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (Continued)
December 31, 2009

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>
COMMON STOCKS (Continued)			Real Estate Investment Trusts — 0.1%		
Environmental Services — 0.7%			2,000	Camden Property Trust \$ 37,490	\$ 84,740
97,000	Republic Services Inc. \$ 905,229	\$ 2,746,070	24,984	Rayonier Inc. 798,811	1,053,325
190,000	Waste Management Inc. 4,812,032	6,423,900		836,301	1,138,065
	5,717,261	9,169,970	TOTAL COMMON STOCKS 1,037,003,477 1,206,290,432		
Automotive — 0.7%			Convertible Preferred Stocks — 0.1%		
125,000	Navistar International Corp.† 3,272,936	4,831,250	Telecommunications — 0.1%		
96,750	PACCAR Inc. 431,444	3,509,123	23,000	Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B 720,607	851,000
	3,704,380	8,340,373	RIGHTS — 0.0%		
Broadcasting — 0.7%			Wireless Communications — 0.0%		
360,000	CBS Corp., Cl. A, Voting 11,170,705	5,058,000	14,000	Clearwire Corp., expire 06/21/10† 0	5,600
2,000	Cogeco Inc. 39,014	54,845	WARRANTS — 0.0%		
25,334	Corus Entertainment Inc., Cl. B, New York 46,981	476,279	Business Services — 0.0%		
6,666	Corus Entertainment Inc., Cl. B, Toronto 12,406	126,519	310,000	BPW Acquisition Corp., expire 02/26/14† 30,973	275,900
35,000	Gray Television Inc.† 117,772	52,850	Energy and Utilities — 0.0%		
16,000	Gray Television Inc., Cl. A† 174,110	24,320	12,183	Mirant Corp., Ser. A, expire 01/03/11† 36,353	5,848
77,000	Liberty Media Corp. - Capital, Cl. A† 990,182	1,838,760	TOTAL WARRANTS 67,326 281,748		
45,000	LIN TV Corp., Cl. A† 360,203	200,700	Principal Amount		
100,000	Television Broadcasts Ltd. 396,239	481,724	Convertible Corporate Bonds — 0.4%		
	13,307,612	8,313,997	Retail — 0.2%		
Computer Software and Services — 0.6%			The Great Atlantic & Pacific		
8,000	Alibaba.com Ltd. 13,935	18,572	\$3,300,000	Tea Co. Inc., Cv., 5.125%, 06/15/11 3,238,979	3,184,500
50,001	AOL Inc.† 1,585,079	1,164,017	Diversified Industrial — 0.2%		
10,000	Check Point Software Technologies Ltd.† 169,874	338,800	2,000,000	Griffon Corp., Sub. Deb. Cv., 4.000%, 01/15/17 (b) 2,000,000	2,117,500
100,000	NCR Corp.† 1,769,210	1,113,000	TOTAL CONVERTIBLE CORPORATE BONDS 5,238,979 5,302,000		
40,000	Rockwell Automation Inc. 1,653,266	1,879,200	CORPORATE BONDS — 0.0%		
25,256	Telecom Italia Media SpA† 26,868	3,635	Consumer Products — 0.0%		
180,000	Yahoo! Inc.† 5,445,736	3,020,400	1,000,000	Pillowtex Corp., Sub. Deb., 9.000%, 12/15/10† (a) 0	0
	10,663,968	7,537,624	U.S. GOVERNMENT OBLIGATIONS — 0.5%		
Transportation — 0.5%			U.S. Treasury Bills — 0.3%		
200,000	AMR Corp.† 2,691,024	1,546,000	3,390,000	U.S. Treasury Bills, 0.041% to 0.193%††, 03/25/10 to 05/20/10 3,388,527	3,389,203
165,000	GATX Corp. 4,548,661	4,743,750	U.S. Treasury Cash Management Bills — 0.2%		
3,000	Grupo TMM SA, Cl. A, ADR† 70,729	11,280	2,410,000	U.S. Treasury Cash Management Bill, 0.157%††, 06/10/10 2,408,319	2,408,192
	7,310,414	6,301,030	U.S. Treasury Notes — 0.0%		
Real Estate — 0.5%			370,000	U.S. Treasury Note, 4.125%, 08/15/10 378,922	378,773
2,000	Brookfield Asset Management Inc., Cl. A 70,670	44,360	TOTAL U.S. GOVERNMENT OBLIGATIONS 6,175,768 6,176,168		
55,500	Griffin Land & Nurseries Inc. 529,368	1,616,715			
145,000	The St. Joe Co.† 8,124,996	4,189,050			
	8,725,034	5,850,125			
Closed-End Funds — 0.4%					
31,500	Royce Value Trust Inc. 388,297	340,200			
104,000	The Central Europe and Russia Fund Inc. 2,391,965	3,430,960			
70,000	The New Germany Fund Inc. 754,518	839,300			
	3,534,780	4,610,460			
Manufactured Housing and Recreational Vehicles — 0.1%					
7,000	Martin Marietta Materials Inc. 144,225	625,870			
10,000	Nobility Homes Inc.† 195,123	104,500			
33,000	Skyline Corp. 1,126,258	607,200			
	1,465,606	1,337,570			

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (Continued)
December 31, 2009

	<u>Cost</u>	<u>Market Value</u>	<u>Geographic Diversification</u>	<u>% of Market Value</u>	<u>Market Value</u>
TOTAL INVESTMENTS — 100.0%	\$1,049,206,157	\$ 1,218,906,948			
Other Assets and Liabilities (Net)		(3,281,583)	North America	77.5%	\$ 944,752,783
PREFERRED STOCK			Europe	16.9	205,856,571
(8,218,262 preferred shares outstanding)		(305,356,550)	Latin America	3.9	47,061,389
			Japan	1.6	20,063,477
NET ASSETS — COMMON STOCK			Asia/Pacific	0.1	1,172,728
(180,862,988 common shares outstanding)		<u>\$ 910,268,815</u>	Total Investments	<u>100.0%</u>	<u>\$1,218,906,948</u>
NET ASSET VALUE PER COMMON SHARE					
(\$910,268,815 ÷ 180,862,988 shares outstanding)		<u>\$ 5.03</u>			

- (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, 2009, the market value of fair valued securities amounted to \$468,586 or 0.04% 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, 2009, the market value of Rule 144A securities amounted to \$2,518,559 or 0.21% of total investments.
- (c) At December 31, 2009, the Fund held an investment in a restricted security amounting to \$32,463 or 0.00% of total investments, which were valued under methods approved by the Board of Directors as follows:

<u>Acquisition</u>	<u>Shares</u>	<u>Issuer</u>	<u>Acquisition Date</u>	<u>Acquisition Cost</u>	<u>12/31/09 Carrying Value Per Unit</u>
	7,040,836	Cable & Wireless Jamaica Ltd.	09/30/93	\$128,658	\$0.0046

† Non-income producing security.
†† Represents annualized yield at date of purchase.
ADR American Depositary Receipt
CVO Contingent Value Obligation

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2009

Assets:	
Investments, at value (cost \$1,049,206,157)	\$ 1,218,906,948
Foreign currency, at value (cost \$2,544)	2,556
Cash	13,918
Receivable for investments sold	17,556
Dividends and interest receivable	1,770,353
Deferred offering expense	143,532
Prepaid expense	31,827
Other asset	26,389
Total Assets	<u>1,220,913,079</u>
Liabilities:	
Distributions payable	140,187
Payable for investment advisory fees	3,825,793
Payable for payroll expenses	40,016
Payable for accounting fees	11,250
Payable for auction agent fees	665,573
Payable for shareholder communications expenses	333,695
Unrealized depreciation on swap contracts	30,066
Other accrued expenses	241,134
Total Liabilities	<u>5,287,714</u>
Preferred Stock:	
Series C Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 5,200 shares authorized with 2,880 shares issued and outstanding)	72,000,000
Series D Cumulative Preferred Stock (5.875%, \$25 liquidation value, \$0.001 par value, 3,000,000 shares authorized with 2,363,860 shares issued and outstanding)	59,096,500
Series E Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 2,000 shares authorized with 1,120 shares issued and outstanding)	28,000,000
Series F Cumulative Preferred Stock (6.200%, \$25 liquidation value, \$0.001 par value, 6,000,000 shares authorized with 5,850,402 shares issued and outstanding)	<u>146,260,050</u>
Total Preferred Stock	<u>305,356,550</u>
Net Assets Attributable to Common Shareholders ..	<u>\$ 910,268,815</u>
Net Assets Attributable to Common Shareholders Consist of:	
Paid-in capital	\$ 819,662,252
Accumulated distributions in excess of net investment income	(874,905)
Accumulated net realized loss on investments, futures contracts, swap contracts, and foreign currency transactions	(78,193,618)
Net unrealized appreciation on investments	169,700,791
Net unrealized depreciation on swap contracts	(30,066)
Net unrealized appreciation on foreign currency translations	<u>4,361</u>
Net Assets	<u>\$ 910,268,815</u>
Net Asset Value per Common Share	
(\$910,268,815 ÷ 180,862,988 shares outstanding, at \$0.001 par value; 246,000,000 shares authorized)	<u>\$ 5.03</u>

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2009

Investment Income:	
Dividends (net of foreign taxes of \$675,205)	\$ 24,226,467
Interest	296,817
Total Investment Income	<u>24,523,284</u>
Expenses:	
Investment advisory fees	10,775,116
Shareholder communications expenses	818,825
Auction agent fees	284,517
Legal and audit fees	283,980
Payroll expenses	159,707
Custodian fees	152,530
Shareholder services fees	144,258
Directors' fees	143,313
Accounting fees	45,000
Interest expense	296
Tax expense	21
Miscellaneous expenses	320,154
Total Expenses	<u>13,127,717</u>
Less:	
Advisory fee reduction	(177,201)
Advisory fee reduction on unsupervised assets (Note 4) Custodian fee credits	(1,554) (13)
Total Reductions and Credits	<u>(178,768)</u>
Net Expenses	<u>12,948,949</u>
Net Investment Income	<u>11,574,335</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Futures Contracts, Swap Contracts, and Foreign Currency:	
Net realized loss on investments	(56,267,043)
Net realized gain on futures contracts	83,173
Net realized gain on swap contracts	691,544
Net realized gain on foreign currency transactions	<u>312,484</u>
Net realized loss on investments, futures contracts, swap contracts, and foreign currency transactions	<u>(55,179,842)</u>
Net change in unrealized appreciation/depreciation: on investments	344,399,783
on swap contracts	(107,194)
on foreign currency translations	<u>(255,413)</u>
Net change in unrealized appreciation/depreciation on investments, swap contracts, and foreign currency translations	<u>344,037,176</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Futures Contracts, Swap Contracts, and Foreign Currency	
Net Increase in Net Assets Resulting from Operations	<u>300,431,669</u>
Total Distributions to Preferred Stock Shareholders	<u>(12,991,753)</u>
Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations	<u>\$287,439,916</u>

See accompanying notes to financial statements.

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

	<u>Year Ended December 31, 2009</u>	<u>Year Ended December 31, 2008</u>
Operations:		
Net investment income	\$ 11,574,335	\$ 20,949,808
Net realized loss on investments, futures contracts, swap contracts, and foreign currency transactions	(55,179,842)	(16,429,163)
Net change in unrealized appreciation/depreciation on investments, swap contracts, and foreign currency translations	<u>344,037,176</u>	<u>(730,777,915)</u>
Net Increase/(Decrease) in Net Assets Resulting from Operations	<u>300,431,669</u>	<u>(726,257,270)</u>
Distributions to Preferred Shareholders:		
Net investment income	<u>(12,991,753)</u>	<u>(19,287,568)</u>
Total Distributions to Preferred Shareholders	<u>(12,991,753)</u>	<u>(19,287,568)</u>
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations	<u>287,439,916</u>	<u>(745,544,838)</u>
Distributions to Common Shareholders:		
Net investment income	(17,615)	(549,586)
Return of capital	<u>(127,616,760)</u>	<u>(138,218,574)</u>
Total Distributions to Common Shareholders	<u>(127,634,375)</u>	<u>(138,768,160)</u>
Fund Share Transactions:		
Net increase in net assets from common shares issued upon reinvestment of distributions	26,068,179	21,433,746
Net increase in net assets from repurchase of preferred shares	319,017	573,717
Offering costs for preferred shares charged to paid-in-capital	—	650
Net Increase in Net Assets from Fund Share Transactions	<u>26,387,196</u>	<u>22,008,113</u>
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders	186,192,737	(862,304,885)
Net Assets Attributable to Common Shareholders:		
Beginning of period	<u>724,076,078</u>	<u>1,586,380,963</u>
End of period (including undistributed net investment income of \$0 and \$0, respectively)	<u>\$ 910,268,815</u>	<u>\$ 724,076,078</u>

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout each period:

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Operating Performance:					
Net asset value, beginning of period	\$ 4.14	\$ 9.22	\$ 9.40	\$ 8.10	\$ 8.69
Net investment income	0.06	0.12	0.14	0.18	0.09
Net realized and unrealized gain/(loss) on investments, written options, futures contracts, swap contracts, and foreign currency transactions	1.62	(4.30)	1.12	2.18	0.47
Total from investment operations	1.68	(4.18)	1.26	2.36	0.56
Distributions to Preferred Shareholders:(a)					
Net investment income	(0.07)	(0.11)	(0.02)	(0.03)	(0.01)
Net realized gain	—	—	(0.12)	(0.12)	(0.14)
Total distributions to preferred shareholders	(0.07)	(0.11)	(0.14)	(0.15)	(0.15)
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations					
	1.61	(4.29)	1.12	2.21	0.41
Distributions to Common Shareholders:					
Net investment income	(0.00)(e)	(0.00)(e)	(0.12)	(0.16)	(0.08)
Net realized gain	—	—	(0.57)	(0.72)	(0.77)
Return of capital	(0.72)	(0.80)	(0.61)	—	—
Total distributions to common shareholders	(0.72)	(0.80)	(1.30)	(0.88)	(0.85)
Fund Share Transactions:					
Increase/(decrease) in net asset value from common stock share transactions	0.00(e)	0.01	—	—	(0.00)(e)
Decrease in net asset value from shares issued in rights offering	—	—	—	—	(0.15)
Increase in net asset value from repurchase of preferred shares	0.00(e)	0.00(e)	—	—	—
Offering costs for preferred shares charged to paid-in capital	—	0.00(e)	—	(0.03)	(0.00)(e)
Offering costs for issuance of rights charged to paid-in capital	—	—	—	(0.00)(e)	(0.00)(e)
Total fund share transactions	0.00(e)	0.01	—	(0.03)	(0.15)
Net Asset Value Attributable to Common Shareholders, End of Period	<u>\$ 5.03</u>	<u>\$ 4.14</u>	<u>\$ 9.22</u>	<u>\$ 9.40</u>	<u>\$ 8.10</u>
Net Asset Value Total Return †	<u>44.10%</u>	<u>(49.06)%</u>	<u>12.14%</u>	<u>28.17%</u>	<u>5.50%</u>
Market Value, End of Period	<u>\$ 5.04</u>	<u>\$ 3.70</u>	<u>\$ 9.28</u>	<u>\$ 9.41</u>	<u>\$ 8.03</u>
Total Investment Return ††	<u>61.56%</u>	<u>(54.77)%</u>	<u>12.75%</u>	<u>29.42%</u>	<u>0.66%</u>

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

FINANCIAL HIGHLIGHTS (Continued)

Selected data for a share outstanding throughout each period:

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Ratios and Supplemental Data:					
Net assets including liquidation value of preferred shares, end of period (in 000's)	\$1,215,626	\$1,106,614	\$1,990,123	\$2,114,399	\$1,764,634
Net assets attributable to common shares, end of period (in 000's)	\$ 910,269	\$ 724,076	\$1,586,381	\$1,586,906	\$1,345,891
Ratio of net investment income to average net assets attributable to common shares before preferred distributions	1.53%	1.73%	1.16%	2.12%	1.27%
Ratio of operating expenses to average net assets attributable to common shares before fees waived	1.74%	1.52%	—	—	—
Ratio of operating expenses to average net assets attributable to common shares net of fee reduction, if any	1.72%	1.19%	1.46%	1.43%	1.39%
Ratio of operating expenses to average net assets including liquidation value of preferred shares before fees waived	1.22%	1.14%	—	—	—
Ratio of operating expenses to average net assets including liquidation value of preferred shares net of fee reduction, if any	1.20%	0.89%	1.17%	1.11%	1.04%
Portfolio turnover rate †††	6.7%	13.5%	17.2%	29.5%	22.4%
Preferred Stock:					
7.200% Series B Cumulative Preferred Stock					
Liquidation value, end of period (in 000's)	—	—	—	\$ 123,750	\$ 165,000
Total shares outstanding (in 000's)	—	—	—	4,950	6,600
Liquidation preference per share	—	—	—	\$ 25.00	\$ 25.00
Average market value (b)	—	—	—	\$ 25.27	\$ 25.92
Asset coverage per share	—	—	—	\$ 100.21	\$ 105.35
Auction Rate Series C Cumulative Preferred Stock					
Liquidation value, end of period (in 000's)	\$ 72,000	\$ 117,000	\$ 130,000	\$ 130,000	\$ 130,000
Total shares outstanding (in 000's)	3	5	5	5	5
Liquidation preference per share	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Average market value (c)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Asset coverage per share	\$ 99,525	\$ 72,320	\$ 123,230	\$ 100,211	\$ 105,353
5.875% Series D Cumulative Preferred Stock					
Liquidation value, end of period (in 000's)	\$ 59,097	\$ 72,532	\$ 73,743	\$ 73,743	\$ 73,743
Total shares outstanding (in 000's)	2,364	2,901	2,950	2,950	2,950
Liquidation preference per share	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Average market value (b)	\$ 23.39	\$ 22.69	\$ 23.86	\$ 23.98	\$ 24.82
Asset coverage per share	\$ 99.53	\$ 72.32	\$ 123.23	\$ 100.21	\$ 105.35
Auction Rate Series E Cumulative Preferred Stock					
Liquidation value, end of period (in 000's)	\$ 28,000	\$ 45,000	\$ 50,000	\$ 50,000	\$ 50,000
Total shares outstanding (in 000's)	1	2	2	2	2
Liquidation preference per share	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Average market value (c)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Asset coverage per share	\$ 99,525	\$ 72,320	\$ 123,230	\$ 100,211	\$ 105,353
6.200% Series F Cumulative Preferred Stock					
Liquidation value, end of period (in 000's)	\$ 146,260	\$ 148,007	\$ 150,000	\$ 150,000	—
Total shares outstanding (in 000's)	5,850	5,920	6,000	6,000	—
Liquidation preference per share	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	—
Average market value (b)	\$ 24.08	\$ 23.48	\$ 24.69	\$ 25.12	—
Asset coverage per share	\$ 99.53	\$ 72.32	\$ 123.23	\$ 100.21	—
Asset Coverage (d)	398%	289%	493%	401%	421%

† Based on net asset value per share, adjusted for reinvestment of distributions, at prices dependent upon the relationship of the net asset value per share and the market value per share on the ex-dividend dates, including the effect of shares issued pursuant to the 2005 rights offering, assuming full subscription by shareholders.

†† Based on market value per share, adjusted for reinvestment of distributions, including the effect of shares issued pursuant to the 2005 rights offering, assuming full subscription by shareholders.

††† Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate to include cash proceeds due to mergers. Had this policy been adopted retroactively, the portfolio turnover rate for the years ended December 31, 2007, 2006, and 2005 would have been 27.3%, 33.1%, and 27.0%, respectively.

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

(b) Based on weekly prices.

(c) Based on weekly auction prices. Since February 2008, the weekly auctions have failed. Holders that have submitted orders have not been able to sell any or all of their stock in the auctions.

(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.

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.

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 sixty days prior to the implementation of any changes in the 80% Policy.

2. Significant Accounting Policies. The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) has become the exclusive reference of authoritative U.S. generally accepted accounting principles (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The ASC has superseded all existing non-SEC accounting and reporting standards. The Fund’s financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. 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 sixty 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 sixty days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

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

The inputs and valuation techniques used to measure fair value of the Fund’s investments are summarized into three levels as described in the hierarchy below:

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

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

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments and other financial instruments by inputs used to value the Fund's investments as of December 31, 2009 is as follows:

	Valuation Inputs			Total Market Value at 12/31/09
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
Energy and Utilities	\$ 94,375,871	—	\$ 0	\$ 94,375,871
Equipment and Supplies	64,034,153	—	0	64,034,153
Entertainment	58,639,517	—	67,527	58,707,044
Aerospace	20,952,543	\$ 116,294	—	21,068,837
Telecommunications	70,618,477	433,522	—	71,051,999
Other Industries (a)	897,052,528	—	—	897,052,528
Total Common Stocks	1,205,673,089	549,816	67,527	1,206,290,432
Convertible Preferred Stocks (a)	851,000	—	—	851,000
Rights (a)	5,600	—	—	5,600
Warrants (a)	281,748	—	—	281,748
Convertible Corporate Bonds	—	\$ 5,302,000	—	5,302,000
Corporate Bonds	—	—	0	0
U.S. Government Obligations	—	6,176,168	—	6,176,168
TOTAL INVESTMENTS IN SECURITIES	\$1,206,811,437	\$12,027,984	\$67,527	\$1,218,906,948
OTHER FINANCIAL INSTRUMENTS:				
LIABILITIES (Unrealized Depreciation): *				
Contract for Difference Swap Agreements	\$ —	\$ (30,066)	\$ —	\$ (30,066)

(a) Please refer to the Schedule of Investments for the industry classifications of these portfolio holdings.

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

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

	Balance as of 12/31/08	Accrued discounts/ (premiums)	Realized gain/ (loss)	Change in unrealized appreciation/ depreciation†	Net purchases/ (sales)	Transfers in and/or out of Level 3	Balance as of 12/31/09	Net change in unrealized appreciation/ depreciation during the period on Level 3 investments held at 12/31/09†
INVESTMENTS IN SECURITIES:								
ASSETS (Market Value):								
Common Stocks:								
Energy and Utilities	\$ 33,000	\$—	\$—	\$ —	\$—	\$(33,000)	\$ 0	\$ —
Equipment and Supplies	0	—	—	—	—	—	0	—
Entertainment	67,427	—	—	100	—	—	67,527	100
Total Common Stocks	100,427	—	—	100	—	(33,000)	67,527	100
Corporate Bonds	0	—	—	—	—	—	0	—
TOTAL INVESTMENTS IN SECURITIES	\$100,427	\$—	\$—	\$100	\$—	\$(33,000)	\$67,527	\$100

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

Derivative Financial Instruments.

The Fund may engage in various portfolio investment strategies by investing in a number of derivative financial instruments for the purpose of increasing the income of the Fund or hedging or protecting its exposure to interest rate movements and movements in the securities markets, hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase, or hedging against a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Investing in certain derivative financial instruments, including participation in the options, futures, or swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency market risks. Losses may arise if the Adviser's prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the counterparty does not perform its duties under a contract, or that, in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund's ability to pay distributions.

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

Options. The Fund may purchase or write call or put options on securities or indices for the purpose of increasing the income of the Fund. 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 written call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a written put option is exercised, the premium reduces the cost basis of the security.

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

In the case of call options, these exercise prices are referred to as “in-the-money”, “at-the-money”, and “out-of-the-money”, respectively. The Fund may write (a) in-the-money call options when the Adviser expects that the price of the underlying security will remain stable or decline during the option period, (b) at-the-money call options when the Adviser expects that the price of the underlying security will remain stable, decline, or advance moderately during the option period, and (c) out-of-the-money call options when the Adviser expects that the premiums received from writing the call option will be greater than the appreciation in the price of the underlying security above the exercise price. By writing a call option, the Fund limits its opportunity to profit from any increase 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. During the year ended December 31, 2009, the Fund had no investments in option contracts.

Swap Agreements. The Fund may enter into equity, contract for difference, and interest rate swap or cap transactions for the purpose of increasing the income of the Fund or to hedge or protect its exposure to interest rate movements and movements in the securities markets. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an interest rate swap, the Fund would agree to pay periodically to the other party (which is known as the “counterparty”) 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 Cumulative Preferred Stock and Series E Cumulative 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. 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. In a swap, a set of future cash flows is 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. Depending on the general state of short-term interest rates and the returns on the Fund’s portfolio securities at the time a swap 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.

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 gain or loss 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.

During the year ended December 31, 2009, the Fund had no investments in interest rate swap agreements.

The Fund has entered into equity contract for difference swap agreements with The Goldman Sachs Group, Inc. Details of the swaps at December 31, 2009 are as follows:

<u>Notional Amount</u>	<u>Equity Security Received</u>	<u>Interest Rate/ Equity Security Paid</u>	<u>Termination Date</u>	<u>Net Unrealized Depreciation</u>
	Market Value	One Month LIBOR plus		
	Appreciation on:	90 bps plus Market Value		
	Rolls-Royce Group plc	Depreciation on:		
\$1,434,950 (180,000 Shares)	Rolls-Royce Group plc	Rolls-Royce Group plc	6/25/10	\$(29,946)
17,556 (10,800,000 Shares)	Rolls-Royce Group plc, Cl. C	Rolls-Royce Group plc, Cl. C	6/25/10	(120)
				<u>\$(30,066)</u>

The Fund increased the volume of activity in equity contract for difference swap agreements during the year ended December 31, 2009 with an average notional amount of approximately \$1,076,433.

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

As of December 31, 2009, the value of equity contract for difference swap agreements that were held with equity risk exposure can be found in the Statement of Assets and Liabilities under Liabilities, Unrealized depreciation on swap contracts.

For the year ended December 31, 2009, the effect of equity contract for difference swap agreements with equity risk exposure can be found in the Statement of Operations, under Net Realized and Unrealized Gain/(Loss) on Investments, Futures Contracts, Swap Contracts, and Foreign Currency, Net realized gain on swap contracts, and Net change in unrealized appreciation/depreciation on swap contracts.

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. The Fund held equity futures contracts through October 1, 2009, with an average notional amount of approximately \$9,897,575. At December 31, 2009, there were no open futures contracts.

For the year ended December 31, 2009, the effect of equity futures contracts with equity risk exposure can be found in the Statement of Operations, under Net Realized and Unrealized Gain/(Loss) on Investments, Futures Contracts, Swap Contracts, and Foreign Currency, Net realized gain on futures contracts.

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

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. During the year ended December 31, 2009, the Fund had no investments in forward foreign exchange contracts.

Repurchase Agreements. The Fund may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System, or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. It is the policy of the Fund to always receive and maintain securities as collateral whose market value, including accrued interest, is 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, 2009, there were no open repurchase agreements.

Investments in other Investment Companies. The Fund may invest, from time to time, in shares of other investment companies (or entities that would be considered investment companies but are excluded from the definition pursuant to certain exceptions under the 1940 Act) (the "Acquired Funds") in accordance with the 1940 Act and related rules. As a shareholder in the Fund, you would bear the pro rata portion of the periodic expenses of the Acquired Funds in addition to the Fund's expenses. For the year ended December 31, 2009, the Fund's pro rata portion of the periodic expenses charged by the Acquired Funds was less than one basis point.

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

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

changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial trade date and subsequent sale trade date is included in realized gain/loss on investments.

Foreign Securities. The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the inability 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 liquidity.

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

Custodian Fee Credits and Interest Expense. When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, shown as “custodian fee credits.” When cash balances are overdrawn, the Fund is charged an overdraft fee equal to 110% of the 90 day Treasury Bill rate on outstanding balances. This amount, if any, would be included in “interest expense” in the Statement of Operations.

Distributions to Shareholders. Distributions to common shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under U.S. generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes 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 capital gains and swap gains. These reclassifications have no impact on the NAV of the Fund. For the year ended December 31, 2009, reclassifications were made to decrease accumulated distributions in excess of net investment income by \$957,389 and to increase accumulated net realized loss on investments, futures contracts, swap contracts, and foreign currency transactions by \$963,073, with an offsetting adjustment to paid-in capital.

Under the Fund’s distribution policy, the Fund declares and pays quarterly distributions from net investment income, capital gains, and paid-in capital. The actual source of the distribution is determined after the end of the year. Pursuant to this policy, distributions during the year may be made in excess of required distributions. To the extent such distributions are made from current earnings and profits, they are considered ordinary income or long-term capital gains. The Fund’s current distribution policy may restrict the Fund’s ability to pass through to shareholders all of its net realized long-term capital gains as a Capital Gain Dividend, subject to the maximum federal income tax rate of 15%, and may cause such gains to be treated as ordinary income subject to a maximum federal income tax rate of 35%. The Board will continue to monitor the Fund’s distribution level, taking into consideration the Fund’s net asset value and the financial market environment. The Fund’s distribution policy is subject to modification by the Board at any time.

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

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

The tax character of distributions paid during the years ended December 31, 2009 and December 31, 2008 was as follows:

	Year Ended December 31, 2009		Year Ended December 31, 2008	
	Common	Preferred	Common	Preferred
Distributions paid from:				
Ordinary income (inclusive of short-term capital gains)	\$ 17,615	\$12,991,753	\$ 549,586	\$19,287,568
Return of capital	<u>127,616,760</u>	<u>—</u>	<u>138,218,574</u>	<u>—</u>
Total distributions paid	<u>\$127,634,375</u>	<u>\$12,991,753</u>	<u>\$138,768,160</u>	<u>\$19,287,568</u>

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.

As of December 31, 2009, the components of accumulated earnings/losses on a tax basis were as follows:

Accumulated capital loss carryforwards	\$ (59,042,461)
Net unrealized appreciation on investments, swap contracts, and foreign currency translations	149,763,255
Other temporary differences*	(114,231)
Total	<u>\$ 90,606,563</u>

* Other temporary differences are primarily due to adjustments on preferred share class distribution payables, income from investments in hybrid securities, and swap mark-to-market and accrual adjustments.

At December 31, 2009, the Fund had net capital loss carryforwards for federal income tax purposes of \$59,042,461 which are available to reduce future required distributions of net capital gains to shareholders. \$5,677,941 of the loss carryforward is available through 2016; and \$53,364,520 is available through 2017.

At December 31, 2009, 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 on investments in real estate investment trusts and partnerships, and mark-to-market adjustments on passive foreign investment companies.

The following summarizes the tax cost of investments and the related unrealized appreciation/depreciation at December 31, 2009:

	Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation
Investments	\$1,069,117,988	\$323,836,379	\$(174,047,419)	\$149,788,960

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund’s tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed to not meet the more-likely-than-not threshold. For the year ended December 31, 2009, the Fund did not incur any interest or penalties. As of December 31, 2009, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund’s net assets or results of operations. Tax years ended December 31, 2007 through December 31, 2009, remain subject to examination by the Internal Revenue Service and state taxing authorities. On an ongoing basis, the Adviser will monitor its tax positions to determine if adjustments to this conclusion are necessary.

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 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 year ended December 31, 2009, the Fund’s total return on the NAV of the common shares exceeded the stated dividend rate or the corresponding swap rate of the outstanding Preferred Stock. Thus, advisory fees were accrued on these assets.

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

During the year ended December 31, 2009, the Fund paid brokerage commissions on security trades of \$180,396 to Gabelli & Company, Inc. (“Gabelli & Company”), an affiliate of the Adviser.

The cost of calculating the Fund’s NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the year ended December 31, 2009, 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 of the Fund, who are employed by the Fund and are not employed by the Adviser (although the officers may receive incentive based variable compensation from affiliates of the Adviser) and pays its allocated portion of the cost of the Fund’s Chief Compliance Officer. For the year ended December 31, 2009, the Fund paid or accrued \$159,707 in payroll expenses in the Statement of Operations.

The Fund pays each Director who is not considered an affiliated person an annual retainer of \$12,000 plus \$1,500 for each Board meeting attended. Each Director is reimbursed by the Fund for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$1,000 per meeting attended, the Audit Committee Chairman receives an annual fee of \$3,000, the Proxy Voting Committee Chairman receives an annual fee of \$1,500, the Nominating Committee Chairman receives an annual fee of \$2,000, and the Lead Director receives an annual fee of \$1,000. A Director may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

4. Advisory Fee Reduction on Unsupervised Assets. This reduction in the advisory fee paid to the Adviser relates to certain portfolio holdings, i.e., unsupervised assets, of the Fund with respect to which the Adviser has transferred dispositive and voting control to the Fund’s Proxy Voting Committee. During 2009, the Fund’s Proxy Voting Committee exercised control and discretion over all rights to vote or consent with respect to such securities and the Adviser reduced its fee with respect to such securities by \$1,554.

5. Portfolio Securities. Purchases and sales of securities for the year ended December 31, 2009, other than short-term securities and U.S. Government obligations, aggregated \$68,273,015 and \$157,718,172, respectively.

Purchases of U.S. Government obligations for the year ended December 31, 2009, other than short-term obligations, aggregated \$378,961.

6. 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 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 years ended December 31, 2009 and December 31, 2008, 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, 2009		Year Ended December 31, 2008	
	Shares	Amount	Shares	Amount
Net increase from shares issued upon reinvestment of distributions	5,943,836	\$26,068,179	2,814,862	\$21,433,746

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

A shelf registration authorizing the offering of additional preferred shares was declared effective by the SEC on March 20, 2008.

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

On June 27, 2002, the Fund received net proceeds of \$128,246,557 (after underwriting discounts of \$1,300,000 and offering expenses of \$453,443) from the public offering of 5,200 shares of Series C Auction Rate Cumulative Preferred Stock ("Series C Stock"). The dividend rate, as set by the auction process, which is generally held every seven days, is expected to vary with short-term interest rates. Since February 2008, the number of Series C Stock subject to bid orders by potential holders has been less than the number of Series C Stock subject to sell orders. Therefore, the weekly auctions have failed, and the dividend rate has been the maximum rate. Holders that have submitted sell orders have not been able to sell any or all of the Series C Stock for which they have submitted sell orders. The current maximum rate is 150% of the "AA" Financial Composite Commercial Paper Rate. The dividend rates of Series C Stock ranged from 0.105% to 1.725% during the year ended December 31, 2009. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Shareholders of Series C Stock may also trade their shares in the secondary market. The Fund, at its option, may redeem the Series C Stock in whole or in part at the redemption price at any time. During the year ended December 31, 2009, the Fund redeemed and retired 1,800 shares of Series C Stock. Shareholders received the redemption price of \$25,000 per share, which was equal to the liquidation preference, together with any accumulated and unpaid dividends, for each share redeemed. At the time the Fund redeemed its Series C Stock, the total return on the NAV of the Common Shares did not exceed the dividend rate of the Series C Stock; therefore advisory fees were not paid on these shares, reducing the advisory fee by \$103,562. At December 31, 2009, 2,880 shares of Series C Stock were outstanding with an annualized dividend rate of 0.120% and accrued dividends amounted to \$480.

During the year ended December 31, 2008, the Fund redeemed and retired 520 shares of Series C Stock.

On October 7, 2003, the Fund received net proceeds of \$72,375,842 (after underwriting discounts of \$2,362,500 and offering expenses of \$261,658) from the public offering of 3,000,000 shares of 5.875% Series D Cumulative Preferred Stock ("Series D Stock"). Commencing October 7, 2008 and thereafter, the Fund, at its option, may redeem the Series D Stock in whole or in part at the redemption price at any time. The Board has authorized the repurchase of Series D Stock in the open market at prices less than the \$25 liquidation value per share. During the year ended December 31, 2009, the Fund repurchased and retired 57,409 shares of Series D Stock in the open market at a cost of \$1,292,467 and an average discount of approximately 9.99% from its liquidation preference. In addition, the Fund also redeemed and retired 480,000 shares of its outstanding Series D Stock as authorized by the Board. The redemption date was March 26, 2009 and the redemption price was \$25.00 per Series D Stock, which was equal to the liquidation preference of the Series D Stock. Dividends on the redeemed Series D Stock ceased to accumulate on the redemption date. At the times the Fund redeemed or repurchased its Series D Stock, the total return on the NAV of the Common Shares did not exceed the dividend rate of the Series D Stock; therefore advisory fees were not paid on these shares, reducing the advisory fee by \$30,427. At December 31, 2009, 2,363,860 shares of 5.875% Series D Stock were outstanding and accrued dividends amounted to \$38,577.

During the year ended December 31, 2008, the Fund repurchased 48,431 shares of Series D Stock in the open market at a cost of \$977,750 and an average discount of approximately 19.29% from its liquidation preference.

On October 7, 2003, the Fund received net proceeds of \$49,350,009 (after underwriting discounts of \$500,000 and offering expenses of \$149,991) from the public offering of 2,000 shares of Series E Auction Rate Cumulative Preferred Stock ("Series E Stock"). The dividend rate, as set by the auction process, which is generally held every seven days, is expected to vary with short-term interest rates. Since February 2008, the number of Series E Stock subject to bid orders by potential holders has been less than the number of Series E Stock subject to sell orders. Therefore, the weekly auctions have failed, and the dividend rate has been the maximum rate. In that event, holders that have submitted sell orders have not been able to sell any or all of the Series E Stock for which they have submitted sell orders. The current maximum rate is 150% of the "AA" Financial Composite Commercial Paper Rate. The dividend rates of Series E Stock ranged from 0.060% to 0.675% during the year ended December 31, 2009. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Shareholders of Series E Stock may also trade shares in the secondary market. The Fund, at its option, may redeem the Series E Stock in whole or in part at the redemption price at any time. During the year ended December 31, 2009, the Fund redeemed and retired 680 shares of Series E Stock. Shareholders received the redemption price of \$25,000 per share, which was equal to the liquidation preference, together with any accumulated and unpaid dividends, for each share redeemed. At the time the Fund redeemed its Series E Stock, the total return on the NAV of the Common Shares did not exceed the dividend rate of the Series E Stock; therefore advisory fees were not paid on these shares, reducing the advisory fee by \$40,055. At December 31, 2009, 1,120 shares of Series E Stock were outstanding with an annualized dividend rate of 0.075% and accrued dividends amounted to \$373.

During the year ended December 31, 2008, the Fund redeemed and retired 200 shares of Series E Stock.

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

On November 10, 2006, the Fund received net proceeds of \$144,765,000 (after underwriting discounts of \$4,725,000 and estimated offering expenses of \$510,000) from the public offering of 6,000,000 shares of 6.20% Series F Cumulative Preferred Stock (“Series F Stock”). Commencing November 10, 2011 and thereafter, the Fund, at its option, may redeem the 6.20% Series F Stock in whole or in part at the redemption price at any time. The Board has authorized the repurchase of Series F Stock in the open market at prices less than the \$25 liquidation value per share. During the year ended December 31, 2009, the Fund repurchased and retired 69,864 shares of Series F Stock in the open market at a cost of \$1,570,341 and an average discount of approximately 10.13% from its liquidation preference. At the time the Fund repurchased its Series F Stock, the total return on the NAV of the Common Shares did not exceed the dividend rate of the Series F Stock; therefore advisory fees were not paid on these shares, reducing the advisory fee by \$3,157. At December 31, 2009, 5,850,402 shares of Series F Stock were outstanding and accrued dividends amounted to \$100,757.

During the year ended December 31, 2008, the Fund repurchased and retired 79,734 shares of Series F Stock in the open market at a cost of \$1,652,658 and an average discount of approximately 13.93% from its liquidation preference.

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

7. 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.

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

9. Subsequent Events. Management has evaluated the impact on the Fund of events occurring subsequent to December 31, 2009 through February 25, 2010, the date the financial statements were issued, and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

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, 2009, 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, 2009 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York
February 25, 2010

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

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

Name, Position(s) Address¹ and Age	Term of Office and Length of Time Served²	Number of Funds in Fund Complex Overseen by Director	Principal Occupation(s) During Past Five Years	Other Directorships Held by Director⁵
<u>INTERESTED DIRECTORS³:</u>				
Mario J. Gabelli Director and Chief Investment Officer Age: 67	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.	Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board of LICT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications)
<u>INDEPENDENT DIRECTORS⁶:</u>				
Thomas E. Bratter Director Age: 70	Since 1986*	4	Director, President, and Founder of The John Dewey Academy (residential college preparatory therapeutic high school)	—
Anthony J. Colavita⁴ Director Age: 74	Since 1999**	34	President of the law firm of Anthony J. Colavita, P.C.	—
James P. Conn⁴ Director Age: 71	Since 1989***	18	Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (insurance holding company) (1992-1998)	—
Frank J. Fahrenkopf Jr. Director Age: 70	Since 1998**	6	President and Chief Executive Officer of the American Gaming Association; Co-Chairman of the Commission on Presidential Debates; Former Chairman of the Republican National Committee (1983-1989)	—
Arthur V. Ferrara Director Age: 79	Since 2001*	8	Former Chairman of the Board and Chief Executive Officer of The Guardian Life Insurance Company of America (1993-1995)	—
Anthony R. Pustorino Director Age: 84	Since 1986***	13	Certified Public Accountant; Professor Emeritus, Pace University	Director of The LGL Group, Inc. (diversified manufacturing)
Salvatore J. Zizza Director Age: 64	Since 1986**	28	Chairman of Zizza & Co., Ltd. (consulting)	Director of Hollis-Eden Pharmaceuticals (biotechnology) Director of Trans-Lux Corporation (business services)

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: 58	Since 2003	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988 and an officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex. Director and President of Teton Advisors, Inc. 1998 through 2008; Chairman of Teton Advisors, Inc. since 2008; Senior Vice President of GAMCO Investors, Inc since 2008
Carter W. Austin Vice President Age: 43	Since 2000	Vice President of The Gabelli Dividend & Income Trust since 2003, The Gabelli Global Gold, Natural Resources & Income Trust since 2005, The Gabelli Global Deal Fund since 2006, and The Gabelli Healthcare & Wellness ^{6x} Trust since 2007; Vice President of Gabelli Funds, LLC since 1996
Molly A.F. Marion Vice President and Ombudsman Age: 55	Since 2009	Vice President of The Gabelli Global Gold, Natural Resources & Income Trust since 2005; Assistant Vice President of GAMCO Investors, Inc. since 2006
Agnes Mullady Treasurer and Secretary Age: 51	Since 2006	Senior Vice President of GAMCO Investors, Inc. since 2009; 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 through 2005
Peter D. Goldstein Chief Compliance Officer Age: 56	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

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

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

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

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

*** – Term expires at the Fund's 2012 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 12, 2009, 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.

THE GABELLI EQUITY TRUST INC.
INCOME TAX INFORMATION (Unaudited)
December 31, 2009

Cash Dividends and Distributions

<u>Payable Date</u>	<u>Record Date</u>	<u>Total Amount Paid Per Share (a)</u>	<u>Ordinary Investment Income (a)</u>	<u>Long-Term Capital Gains (a)</u>	<u>Return of Capital (c)</u>	<u>Dividend Reinvestment Price</u>
Common Stock						
03/24/09	03/17/09	\$0.20000	\$0.00010	—	\$0.19990	\$3.34000
06/23/09	06/16/09	0.20000	0.00010	—	0.19990	4.09450
09/23/09	09/16/09	0.16000	0.00010	—	0.15990	4.87350
12/17/09	12/14/09	0.16000	0.00010	—	0.15990	4.94000
		\$0.72000	\$0.00040	—	\$0.71960	
5.875% Series D Cumulative Preferred Stock						
03/26/09	03/19/09	\$0.36719	\$0.36719	—		
06/26/09	06/19/09	0.36719	0.36719	—		
09/28/09	09/21/09	0.36719	0.36719	—		
12/28/09	12/18/09	0.36719	0.36719	—		
		\$1.46875	\$1.46875	—		
6.200% Series F Cumulative Preferred Stock						
03/26/09	03/19/09	\$0.38750	\$0.38750	—		
06/26/09	06/19/09	0.38750	0.38750	—		
09/28/09	09/21/09	0.38750	0.38750	—		
12/28/09	12/18/09	0.38750	0.38750	—		
		\$1.55000	\$1.55000	—		

Auction Rate Series C and E Cumulative Preferred Stock

Auction Rate Preferred Stock pays dividends weekly based on a rate set at auction, usually held every seven days. There were no 2009 distributions derived from long-term capital gains for the Auction Rate Series C and Series E Cumulative Preferred Stock.

A Form 1099-DIV has been mailed to all shareholders of record which sets forth specific amounts to be included in the 2009 tax returns. Ordinary income distributions include net investment income and realized net short-term capital gains, if any. Ordinary income is reported in box 1a of Form 1099-DIV. Capital gain distributions are reported in box 2a of Form 1099-DIV. There were no long-term gain distributions for the year ended December 31, 2009.

Corporate Dividends Received Deduction, Qualified Dividend Income, and U.S. Government Securities Income

In 2009, the Fund paid to common, 5.875% Series D, and 6.200% Series F cumulative preferred shareholders ordinary income dividends totaling \$0.0004, \$1.46875, and \$1.5500 per share, respectively. The Fund paid weekly distributions to auction rate Series C and Series E cumulative preferred shareholders at varying rates throughout the year, including an ordinary income dividend totaling \$70.60 and \$65.24 per share, respectively, in 2009. For the year ended December 31, 2009, 100% 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 2009 derived from U.S. Government securities was 0.03%. 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 2009. The percentage of U.S. Government securities held as of December 31, 2009 was 0.51%.

The Annual Meeting of The Gabelli Equity Trust's shareholders will be held on Monday, May 17, 2010 at the Greenwich Library in Greenwich, Connecticut.

THE GABELLI EQUITY TRUST INC.
INCOME TAX INFORMATION (Continued) (Unaudited)

December 31, 2009

Historical Distribution Summary

	<u>Investment Income</u>	<u>Short- Term Capital Gains (b)</u>	<u>Long- Term Capital Gains</u>	<u>Non-Taxable Return of Capital</u>	<u>Undistributed Long-Term Capital Gains</u>	<u>Taxes Paid on Undistributed Capital Gains (c)</u>	<u>Total Distributions (a)</u>	<u>Adjustment to Cost Basis</u>
Common Stock								
2009	\$0.00040	—	—	\$0.71960	—	—	\$0.72000	\$0.71960
2008	0.01000	—	—	0.79000	—	—	0.80000	0.79000 –
2007 (d)	0.10455	\$0.05323	\$0.52679	0.63543	—	—	1.32000	0.63543 –
2006	0.15690	0.06400	0.65910	—	—	—	0.88000	—
2005 (e)	0.08756	0.00672	0.75572	—	—	—	0.85000	—
2004	0.01930	0.04990	0.73080	—	—	—	0.80000	—
2003	0.01140	0.04480	0.63380	—	—	—	0.69000	—
2002	0.05180	0.01550	0.88270	—	—	—	0.95000	—
2001 (f)	0.06700	0.06400	0.94900	—	—	—	1.08000	—
2000	0.04070	0.15500	1.11430	—	—	—	1.31000	—
1999 (g)	0.03010	0.21378	0.99561	0.91176	—	—	2.15125	0.91176 –
1998	0.06420	—	1.10080	—	—	—	1.16500	—
1997	0.07610	0.00210	0.93670	0.02510	—	—	1.04000	0.02500 –
1996	0.10480	—	0.78120	0.11400	—	—	1.00000	0.11400 –
1995 (h)	0.12890	—	0.49310	0.37800	—	—	1.00000	0.37800 –
1994 (i)	0.13536	0.06527	0.30300	1.38262	—	—	1.88625	1.38262 –
1993 (j)	0.13050	0.02030	0.72930	0.22990	—	—	1.11000	0.22990 –
1992 (k)	0.20530	0.04050	0.29660	0.51760	—	—	1.06000	0.51760 –
1991 (l)	0.22590	0.03990	0.14420	0.68000	—	—	1.09000	0.68000 –
1990	0.50470	—	0.22950	0.44580	—	—	1.18000	0.44580 –
1989	0.29100	0.35650	0.66250	—	\$0.62880	\$0.21380	1.31000	0.41500 +
1988	0.14500	0.20900	0.19600	—	0.25130	0.08540	0.55000	0.16590 +
1987	0.25600	0.49100	0.33500	—	—	—	1.08200	—
5.875% Series D Cumulative Preferred Stock								
2009	\$1.46875	—	—	—	—	—	\$1.46875	—
2008	1.46875	—	—	—	—	—	1.46875	—
2007	0.22096	\$0.11474	\$1.13305	—	—	—	1.46875	—
2006	0.26193	0.10688	1.09994	—	—	—	1.46875	—
2005	0.14405	0.01170	1.31300	—	—	—	1.46875	—
2004	0.03542	0.09159	1.34174	—	—	—	1.46875	—
2003	0.00535	0.02086	0.29610	—	—	—	0.32231	—

THE GABELLI EQUITY TRUST INC.
INCOME TAX INFORMATION (Continued) (Unaudited)
December 31, 2009

Historical Distribution Summary (Continued)

	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)	Total Distributions (a)	Adjustment to Cost Basis
6.200% Series F Cumulative Preferred Stock								
2009	\$1.55000	—	—	—	—	—	\$1.55000	—
2008	1.55000	—	—	—	—	—	1.55000	—
2007	0.23330	\$0.12100	\$1.19570	—	—	—	1.55000	—
2006	0.03527	0.01480	0.15229	—	—	—	0.20236	—
Auction Rate Series C Cumulative Preferred Stock								
2009	\$ 70.60000	—	—	—	—	—	\$ 70.60000	—
2008	760.66000	—	—	—	—	—	760.66000	—
2007	203.92150	\$105.89030	\$1,045.68820	—	—	—	1,355.50000	—
2006	219.92983	89.73249	923.57769	—	—	—	1,233.24000	—
2005	83.01020	6.73650	756.60330	—	—	—	846.35000	—
2004	9.15570	23.67550	346.83810	—	—	—	379.66930	—
2003	5.42000	21.05000	298.41000	—	—	—	324.88000	—
2002	12.28350	3.71450	209.89200	—	—	—	225.89000	—
Auction Rate Series E Cumulative Preferred Stock								
2009	\$ 65.24000	—	—	—	—	—	\$ 65.24000	—
2008	783.29000	—	—	—	—	—	783.29000	—
2007	199.17211	\$103.42412	\$1,021.33377	—	—	—	1,323.93000	—
2006	218.22316	89.03616	916.41068	—	—	—	1,223.67000	—
2005	82.44330	6.69050	751.43620	—	—	—	840.57000	—
2004	9.30280	24.05620	352.41090	—	—	—	385.76000	—
2003	1.07000	4.18000	59.32000	—	—	—	64.57000	—

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

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

AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS

Enrollment in the Plan

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

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

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

If your shares are held in the name of a broker, bank, or nominee, you should contact such institution. If such institution is not participating in the Plan, your account will be credited with a cash dividend. In order to participate in the Plan through such institution, it may be necessary for you to have your shares taken out of “street name” and re-registered 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.

Voluntary Cash Purchase Plan

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

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

Shareholders wishing to liquidate shares held at Computershare must do so in writing or by telephone. Please submit your request to the above mentioned address or telephone number. Include in your request your name, address, and account number. The cost to liquidate shares is \$2.50 per transaction as well as the brokerage commission incurred. Brokerage charges are expected to be less than the usual brokerage charge for such transactions.

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

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

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
President,
Anthony J. Colavita, P.C.

James P. Conn
Former Managing Director &
Chief Investment Officer,
Financial Security Assurance Holdings Ltd.

Frank J. Fahrenkopf, Jr.
President & Chief Executive Officer,
American Gaming Association

Arthur V. Ferrara
Former Chairman & Chief Executive Officer,
Guardian Life Insurance Company of America

Anthony R. Pustorino
Certified Public Accountant,
Professor Emeritus, Pace University

Salvatore J. Zizza
Chairman, Zizza & Co., Ltd.

Officers

Bruce N. Alpert
President

Carter W. Austin
Vice President

Peter D. Goldstein
Chief Compliance Officer

Molly A.F. Marion
Vice President & Ombudsman

Agnes Mullady
Treasurer & Secretary

Investment Adviser
 Gabelli Funds, LLC
 One Corporate Center
 Rye, New York 10580-1422

Custodian

The Bank of New York Mellon

Counsel

Willkie Farr & Gallagher LLP

Transfer Agent and Registrar

Computershare Trust Company, N.A.

Stock Exchange Listing

	5.875%	6.20%
	<u>Common</u>	<u>Preferred</u>
	GAB	GAB PrD
NYSE-Symbol:	GAB	GAB PrD
Shares Outstanding:	180,862,988	2,363,860
		5,850,402

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.

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, or e-mail us at: closedend@gabelli.com

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

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